

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

1. As of November 8, 2021
Date of Report

2. SEC Identification Number CS200930125 3. BIR Tax Identification No. 281-768-124-000

4. MerryMart Consumer Corp.
Exact name of issuer as specified in its charter

5. Manila, Philippines (SEC Use
Only)
Province, country or other jurisdiction of incorporation Industry Classification Code:

7. 9th Floor Tower 1 DoubleDragon Plaza, DD Meridian Park, Macapagal Ave. cor. Edsa
Extension, Bay Area, Pasay City, Philippines
1302
Address of principal office Postal Code

8. (02) 8743-1111
Issuer's telephone number, including area code

9. N/A
Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	7,594,936,709

11. Indicate the item numbers reported herein: (Copy furnished)

Annex "A" - Definitive Information Statement

Item 9. Other Events

The agenda of the meeting is set forth below:

- 1) Call to Order;
- 2) Certification by the Corporate Secretary of the Presence of Quorum;
- 3) Reading and Approval of the Minutes of the Previous Stockholders' Meeting;
- 4) Company Updates and Report;
- 5) Approval of the 2020 Audited Financial Statements and the 2020 Annual Report;
- 6) Ratification of the Actions of the Board of Directors and Officers;
- 7) Election of Directors;
- 8) Appointment of External Auditors;
- 9) Other Matters; and
- 10) Adjournment

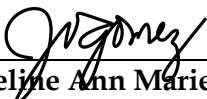
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MERRYMART CONSUMER CORP.

Issuer

November 18, 2021

Date



Jacqueline Ann Marie O. Gomez
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

- ☐ Preliminary Information Statement
☒ Definitive Information Statement

2. Name of Registrant as specified in its charter: **MERRYMART CONSUMER CORP.**

3. Country of Incorporation: **PHILIPPINES**

4. SEC Identification Number: **CS200930125**

5. BIR Tax Identification Code: **281-768-124-000**

6. Address of the principal office: **MerryMart Headquarters, 9th Floor, Tower 1, DoubleDragon Plaza, DD Meridian Park, Corner Macapagal Avenue and EDSA Extension, Bay Area, Pasay City, Metro Manila**

7. Registrant's telephone number, including area code: **(02) 87431111**

8. Date, time and place of the meeting of security holders: **December 17, 2021 10:30 am;
MerryMart Headquarters, Pasay City
Philippines;
by Remote Communication Via Zoom.
The Link will be provided at least three (3)
days prior to the meeting.**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **November 22, 2021**

10. In case of proxy solicitation:

i. Name of Person filing the statement/solicitor:

FERDINAND J. SIA

ii. Address and telephone No.:

MerryMart Headquarters, 9th Floor, Tower 1, DoubleDragon Plaza, DD Meridian Park,

Corner Macapagal Avenue and EDSA
Extension, Bay Area, Pasay City, Metro
Manila / (02) 87431111

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

<u>Title of Each class</u>	<u>Number of Shares of Stock Outstanding or Amount of Debt Outstanding</u>
Common	7,594,936,709

12. Are any or all of registrant's securities listed in a Stock Exchange? Yes ☒ No ☐

The 7,594,936,709 Common Shares are listed with the Philippine Stock Exchange ("PSE").



NOTICE OF ANNUAL STOCKHOLDERS' MEETING

December 17, 2021; 10:30 AM

MerryMart Headquarters, Pasay City
By Remote Communication Via Zoom.

To All Stockholders:

Kindly take notice that the Annual Stockholders' Meeting of **MerryMart Consumer Corp.** (the "**Company**") for the year 2021 will be held on December 17, 2021, 10:30 AM through remote communication via Zoom. The link will be provided at least three (3) days prior to the meeting. Registration for the said meeting will be from 9:00 AM November 29, 2021 to 6:00 PM of December 9, 2021.

The agenda of the meeting is set forth below:

- 11) Call to Order;
- 12) Certification by the Corporate Secretary of the Presence of Quorum;
- 13) Reading and Approval of the Minutes of the Previous Stockholders' Meeting;
- 14) Company Updates and Report;
- 15) Approval of the 2020 Audited Financial Statements and the 2020 Annual Report;
- 16) Ratification of the Actions of the Board of Directors and Officers;
- 17) Election of Directors;
- 18) Appointment of External Auditors;
- 19) Other Matters; and
- 20) Adjournment

The Board of Directors fixed the end of trading hours of the Philippine Stock Exchange ("PSE") on **November 22, 2021** as the record date (the "**Record Date**") for the determination of the common stockholders who are entitled to notice and to vote at the meeting and any adjournment thereof.

To participate in the annual meeting, the stockholders must register from 9:00 AM November 29, 2021 to 6:00 PM of December 9, 2021. The procedure for participation in the annual meeting via remote communication and voting in absentia are contained in Annex "A" to this Information Statement.

In the event that you cannot personally join the meeting, you are hereby requested to accomplish the attached proxy form, which need not be notarized, and email the same at corporatesecretary@merrymart.com.ph or return the same to the office of the Corporate

Secretary at MerryMart Headquarters, 9th Floor, Tower 1, DoubleDragon Plaza, DD Meridian Park, Corner Macapagal Avenue and EDSA Extension, Bay Area, Pasay City, Metro Manila no later than 6:00 P.M. on December 14, 2021. Kindly refer to Annex "A" for the requirements for registration.

Thank you very much.

Pasay City, November 8, 2021.

BY THE ORDER OF THE BOARD OF DIRECTORS



Ferdinand J. Sia

President

NOTE:

It is important that all stockholders be represented at the meeting. Common Stockholders who are unable to attend in person are requested to immediately sign, date, and email the accompanying proxy form. In the event a stockholder decides to personally participate in the meeting, he/she may, if he/she wishes, revoke the proxy and vote his/her shares in person.

**ANNEX TO NOTICE OF ANNUAL STOCKHOLDERS' MEETING OF
MERRYMART CONSUMER CORP.**

DECEMBER 17, 2021
10:30 A.M.
MerryMart Headquarters
Pasay City
By Remote Communication via Zoom

AGENDA

1) Call to Order

The Chairman or, in his absence, a president to be chosen by the stockholders will formally open the 2021 Annual Stockholders' Meeting (the "**Meeting**"). The directors and officers of the Company will be introduced.

2) Certification by the Corporate Secretary of the Presence of Quorum

The Corporate Secretary will certify that the copies of the Notice and the Information Statement were duly sent to stockholders as of the Record Date.

3) Reading and Approval of the Minutes of the Previous Stockholders' Meeting

The stockholders may examine the minutes of the previous meeting. Said minutes will also be available on the Company's website on or before November 22, 2021. The resolution for adoption will be the approval of the minutes of the previous stockholders' meeting.

4) Company Updates and Report

The report of the Chairman of the Board of Directors highlighting the Company's achievements and milestones for the previous year will be presented to the stockholders.

5) Approval of the 2020 Audited Financial Statements and the 2020 Annual Report

The 2020 Audited Financial Statements (the "**AFS**") of the Company audited by KPMG R.G. Manabat & Co., the Company's independent external auditor, along with the 2019 Annual Report (the "**Report**") will be presented. The AFS and the Report will be incorporated in the Definitive Information Statement which will be distributed to the stockholders. Copies of the Definitive Information Statement will also be made available on the Company's website. The resolution for adoption will be the approval of the AFS and the Report for the fiscal year ended December 31, 2020.

6) Ratification of the Actions of the Board of Directors and Officers

The Company's performance for the year 2020 as detailed in the Report, is attributed to the key policies and well-planned directions set by the members of the Board of Directors, and the management team's effective execution of and compliance with said policies and directions in conformity with excellent corporate governance and ethical best practices.

7) Election of Directors

The same set of directors has been duly evaluated and recommended by the Nomination Committee for re-election. The demonstrated competence, expertise, and qualifications will aid in sustaining the Company's solid performance. The profiles of the directors are available in the Company's website and are attached herewith for reference. The election of the directors will be held at the Meeting.

8) Appointment of External Auditor

The Board of Directors concurred with the recommendation of the Audit Committee to re-appoint KPMG R.G. Manabat & Co. as the Company's external auditor for 2021. The resolution for adoption will be the approval of the appointment of KPMG R.G. Manabat & Co. as the Company's external auditor for 2021.

9) Other Matters

Matters relevant to and appropriate for the Annual Stockholders' Meeting may be taken up.

10) Adjournment

PROFILES OF THE BOARD OF DIRECTORS

Edgar J. Sia II, age 44, is the Chairman and Chief Executive Officer of MM from 2019 to present and has been a director of MM since incorporation to present. He is the Founder of Mang Inasal and Co-Founder, Chairman and Chief Executive Officer of DD from 2012 to present and Chairman and Chief Executive Officer of III from 2007 to present. Mr. Sia took up Bachelors of Science in Architecture at the University of San Agustin and the same university in 2011 conferred him an Honorary Doctorate Degree – Major in Management.

Ferdinand J. Sia, age 42, is the President and Chief Operating Officer of MM from 2019 to present and has been a director of MM since incorporation to present. He is currently the President and Chief Operating Officer of DD since 2012 to present and III since 2007 to present. He previously served as Director and President of Mang Inasal from 2007 to 2012. He graduated from the Arellano University School of Law.

Marriana H. Yulo-Luccini, age 38, is the Chief Financial Officer and Chief Investment Officer of MM from 2020 to present and has been a director of MM from 2020 to present. She also serves as Chief Investment Officer of DD from 2015 to present. She was previously Chief Financial Officer of Alphaland Corporation and Group Chief Financial Officer of PhilWeb Corporation, ISM Communications Corporation, and Atok Big-Wedge Co. Inc. from 2011 to 2014. She graduated in Business Administration – Major in Management at Palawan State University and has a Masters in Business Administration Degree from the University of St. La Salle.

Gary P. Cheng, age 56, is an Independent Director of MM from 2020 to present. He is currently the Managing Director and Co-Founder of Fortman Cline Capital Markets Limited from 2007 to present. Dr. Cheng also serves as Independent Director of DD from 2013 to present. Dr. Cheng served as the former President/CEO of Amalgamated Investment Bancorporation from 2003 to 2018 and former Vice President of Investment Banking at J.P. Morgan from 1993 to 2002. Dr. Cheng obtained his doctorate in Philosophy from the University of Leeds, England.

Atty. Victoria R. Tamayao, age 62, is an Independent Director of MM from 2020 to present. She is the Senior and Managing Partner of Tamayao & Affiliates, Attorneys-at-Law from 2006 to present and is the Chairman and President of Glory Facilities and Development Inc. from 2019 to present. She obtained her Bachelor of Laws and Bachelors of Science in Business Economics degrees from the University of the Philippines, Diliman.

Atty. Jacqueline Ann Marie O. Gomez, age 38, is the Corporate Secretary and director of MM from 2020 to present. She joined III in 2014 to present and was previously an associate at Falgui Law Office from 2009 to 2013. She graduated cum laude from the University of the Philippines – Diliman with an Economics degree and obtained Juris Doctor Degree from the same university in 2008. Atty Gomez was admitted to the Philippine Bar in 2009.

Jose Roelph E. Desales, age 43, is the Assistant Corporate Secretary and director of MM from 2020 to present. He joined III in 2014 to present and was previously with VXI Global Holdings B.V. (Philippines) as Associate Director for Finance from 2010 to 2012. He graduated Bachelor

of Science in Accountancy at the University of the Philippines in the Visayas and is a Certified Public Accountant.

ADVISER TO THE BOARD

Ret. Chief Justice Artemio V. Panganiban, age 84, Filipino, is a retired Chief Justice of the Supreme Court of the Republic of the Philippines. He sits as an independent director of several listed companies including Meralco, Petron Corporation, First Philippine Holdings Corp., Philippine Long Distance Telephone Company (PLDT), Metro Pacific Investment Corp., and GMA Network, Inc., among others.

PART I
INFORMATION REQUIRED IN THE INFORMATION STATEMENT
Company/Registrant: MerryMart Consumer Corp.

A. GENERAL INFORMATION

Item 1. Date, Time, and Place of Meeting of the Stockholders

Date:	December 17, 2021
Time:	10:30 AM
Place	MerryMart Headquarters, Pasay City Through remote communication via Zoom. The link will be provided at least three (3) days prior to the meeting.

Mailing Address:	MerryMart Headquarters, 9th Floor, Tower 1, DoubleDragon Plaza, DD Meridian Park, Corner Macapagal Avenue and EDSA Extension, Bay Area, Pasay City, Metro Manila 1302
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Copies of this Information Statement will be sent on or around November 22, 2021 to all stockholders of record as of November 22, 2021. A copy of the Information Statement can be downloaded from the Company's website at www.merrymart.com.ph/ASM2021.

Stockholders who cannot join the Meeting may accomplish the attached Proxy Form and submit the same, through email at corporatesecretary@merrymart.com.ph, on or before 6:00PM of December 14, 2021. Voting procedures are contained in Annex A to this Information Statement. Cumulative voting is allowed. In that regard, kindly refer to Item 4 for an explanation on cumulative voting.

Item 2. Dissenters' Right of Appraisal

There is no corporate matter or action to be taken during the Meeting which will entitle a stockholder to a Right of Appraisal as provided under Section 80, Title X of the Revised Corporation Code of the Philippines ("Revised Corporation Code").

For the information of the stockholders, any stockholder of the Company shall have the right to dissent and demand payment of the fair value of his shares only in the following instances, as provided for by the Revised Corporation Code:

- 1) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or of extending or shortening the term of the corporate existence;

- 2) In case of sale, lease, exchange, transfer, mortgage, pledge, or other disposition of all or substantially all of the corporate property and assets;
- 3) In case of merger or consolidation; and
- 4) In case of investment of corporate fund for any purpose other than the primary purpose of the Company.

The dissenting stockholder who votes against a proposed corporate action may exercise the right of appraisal by making a written demand on the Company for the payment of the fair value of shares held within thirty (30) days from the date on which the vote was taken: provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the Company shall pay the stockholder, upon surrender of the certificate or certificates of stock representing the stockholder's shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If, within sixty (60) days from the approval of the corporate action by the stockholders, the withdrawing stockholder and the Company cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and the award shall be paid by the Company within thirty (30) days after such award is made: provided, that no payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment: provided, further, that upon payment by the Company of the agreed or awarded price, the stockholder shall forthwith transfer the shares to the Company.

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

None of the officers or directors or any of their associates has any substantial interest, direct or indirect, by security holdings or otherwise, in any matters to be acted upon in the Meeting, other than election to office.

No incumbent director has informed the Company in writing of an intention to oppose any action to be taken in the Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

<i>As of October 31, 2021</i>			
<i>Issued Shares</i>	Shares Allowed To Foreigners (100% equity)	Shares Owned By Foreigners (.05%)	Shares Owned By Filipinos (99.95%)
7,594,936,709	7,594,936,709	3,970,000	7,590,966,709

As of October 31, 2021, there were 7,594,936,709 outstanding common shares of stock of the Company which are entitled to vote. Each common share of stock of the Company is entitled to one (1) vote.

Only holders of the Company's common stock as of the close of business on Record Date on November 22, 2021 are entitled to notice and to vote at the Meeting to be held on December 17, 2021.

RECORD DATE

All common stockholders of record as of November 22, 2021 are entitled to notice of and to vote at the Meeting.

MANNER OF VOTING AND ELECTION OF DIRECTORS (Cumulative Voting)

Each common share of the Company owned by a stockholder as of the Record Date is entitled to one (1) vote (each, a "Voting Share") except in the election of directors where one share is entitled to as many votes as there are directors to be elected. The election of directors shall be by ballot and each stockholder entitled to vote may cast the vote to which the number of shares he owns entitles him, for as many persons as there are to be elected as directors, or he may cumulate or give to one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he may see fit, provided that the whole number of the votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected. Thus, since there are seven directors to be elected, each Voting Share is entitled to seven (7) votes.

The shareholder holding a Voting Share may vote in absentia or by proxy. If he chooses to vote through proxy, the Company's By-Laws requires the submission of a Proxy Form to the Corporate Secretary no later than 6:00 P.M. on December 14, 2021 thorough email at corporatesecretary@merrymart.com.ph

Validation of proxies, chaired by the Corporate Secretary or by the Assistant Corporate Secretary, and attended by the Company's stock and transfer agent and the external auditors, shall be convened on December 15, 2021 at the MerryMart Headquarters, 9th Floor, Tower 1, DoubleDragon Plaza, DD Meridian Park, Corner Macapagal Avenue and EDSA Extension, Bay Area, Pasay City, Metro Manila. Any questions and issues relating to the validity and sufficiency, both as to form and substance, of proxies shall only be resolved by the Corporate Secretary or Assistant Corporate Secretary at that forum. The Corporate Secretary or Assistant Corporate Secretary's decision shall be final and binding on the stockholders, and those not settled at such forum shall be deemed waived and may no longer be raised during the Meeting.

Refer to Annex "A" of this Information Statement for a detailed procedures and requirements for participation and voting in the Meeting.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following are the owners of the Company's common stock in excess of 5% of the total outstanding shares:

Security Ownership of Certain Record and Beneficial Owners of more than 5% of the Company's voting securities as of October 31, 2021

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent (of Total outstanding shares)
Common	Injap Investments Inc. 9th Flr. Tower One and Exchange Plaza, Ayala Triangle, Ayala Ave., Makati City	Injap Investments Inc. ¹	Filipino	5,999,989,995	78.99%
Common	PCD Nominee Corporation (Filipino) ²	Participants acting in their own capacity or their principals ³ .	Filipino	1,590,916,709	20.95%

As of October 31, 2021, foreign shareholders owned 0.05% of the Common Shares of the Company.

The natural persons who will be the duly authorized representative to vote the common shares of Injap Investments Inc., respectively, will be decided and voted upon by their respective Board of Directors in a separate meeting held for that purpose.

There are no other persons holding more than 5% of a class under a voting trust or any similar agreements as of balance sheet date.

¹ Injap Investments Inc. is the principal shareholder of the Company.

² PCD is not related to the Company.

³ Each beneficial owner of shares through a PCD participant with the certification of ownership of shares from the PCD has the power to vote in absentia or through the President of the meeting as proxy.

SECURITY OWNERSHIP OF MANAGEMENT
(As of October 31, 2021)

Security Ownership of Directors and Officers as of the date of this report.

The following table sets forth security ownership of the Company's Directors, and Officers, as of October 31, 2021:

Title of Class	Name of Record Owner	Position	Citizenship	Amount and Nature of Beneficial Ownership		Percentage of Ownership
				Shares		
				Direct	Indirect	
Common	Edgar J. Sia II	Director	Filipino	838,000	2,579,995,698 ⁴	0.01%
Common	Ferdinand J. Sia	Director	Filipino	276,000	1,379,997,699 ⁵	0.00%
Common	Marriana H. Yulo-Luccini	Director	Filipino	1	10,500,000	0.14%
Common	Atty. Jacqueline Ann Marie O. Gomez	Director & Corporate Secretary	Filipino	1	2,000,000	0.03%
Common	Jose Roelph E. Desales	Director & Asst. Corporate Secretary	Filipino	1	725,000	0.01%
Common	Atty. Victoria R. Tamayao	Independent Director	Filipino	1		0.00%
Common	Gary P. Cheng	Independent Director	Filipino	1	500,000	0.01%
Common	Shella A. Sia	Treasurer & EVP	Filipino	0	0	0.00%
Common	Rizza Marie Joy S. Javelona	Comptroller	Filipino	2000	0	0.00%
Common	Maribel N. Sibayan	Subsidiary COO	Filipino	0	600,000	0.01%
Common	Ma. Mercedes L. Taleon	Chief Development Officer	Filipino	0	150,000	0.01%

⁴ Indirect Beneficial Ownership under Injap Investments Inc.

⁵ Indirect Beneficial Ownership under Injap Investments Inc.

Except as disclosed above, there is no director or key officer of the Company that owns at least 5% of its issued and outstanding shares of common.

The aggregate number of common shares for all directors and officers is 3,975,584,402.

And as of October 31, 2021, the Stockholders of the Corporation are as follows:

	Name	No. of Shares	Percentage	Nationality
1	PCD - Filipino	7,590,906,704	99.9469382675	Filipino
2	PCD- Non Filipino	3,970,000	0.0522716667	Non - Filipino
3	Irish Hazel G. Manaois	23,000	0.0003028333	Filipino
4	Daphne Dianne D. Mendoza	5,000	0.0000658333	Filipino
5	Joyce Anne M. Coralde	5,000	0.0000658333	Filipino
6	Myrna P. Villanueva	5,000	0.0000658333	Filipino
7	Myra P. Villanueva	9,000	0.0001185000	Filipino
8	Edgar J. Sia	2,000	0.0000263333	Filipino
9	Edgar J. Sia II	2,000	0.0000263333	Filipino
10	Ferdinand J. Sia	2,000	0.0000263333	Filipino
11	Pacita J. Sia	2,000	0.0000263333	Filipino
12	Rizza Marie Joy J. Sia	2,000	0.0000263333	Filipino
13	Milagros P. Villanueva	1,000	0.0000131667	Filipino
14	Marietta V. Cabreza	1,000	0.0000131667	Filipino
15	Juan Carlos V. Cabreza	1,000	0.0000131667	Filipino
16	Marriana H. Yulo-Luccini	1	0.0000000132	Filipino
17	Jacqueline Ann Marie O. Gomez	1	0.0000000132	Filipino
18	Jose Roelph E. Desales	1	0.0000000132	Filipino
19	Victoria R. Tamayao	1	0.0000000132	Filipino
20	Gary Emerson P. Cheng	1	0.0000000132	Filipino
	Total	7,594,936,709	100.0000000000	

CHANGES IN CONTROL

The Company is not aware of any change in control or arrangement that may result in a change in control of the Company since beginning of its last fiscal year.

There are no existing or planned stock warrant offerings. There are no arrangements that may result in a change in control of the Company.

Item 5. Directors and Executive Officers

The incumbent Directors and Executive Officers of the Company are as follows:

<u>Office</u>	<u>Name</u>	<u>Age</u>	<u>Citizenship</u>
Chairman	Edgar J. Sia II	44	Filipino
Director and President	Ferdinand J. Sia	42	Filipino
Director and CFO	Marriana H. Yulo-Luccini	38	Filipino

Independent Director	Gary P. Cheng	56	Filipino
Independent Director	Atty. Victoria R. Tamayao	62	Filipino
Director and Corp. Secretary	Atty. Jacqueline Ann Marie Gomez	38	Filipino
Director and Asst. Corp. Secretary	Jose Roelph E. Desales	43	Filipino
Adviser to the Board	Chief Justice Artemio V. Panganiban	84	Filipino

BOARD OF DIRECTORS

The Directors of the Company are elected at the Meeting to hold office until the succeeding annual stockholder's meeting and until their respective successors have been appointed or elected and qualified.

The following are the business experience/s of the Company's Directors for the last five (5) years (*or more*):

Edgar J. Sia II, age 44, Filipino, is the Chairman and Chief Executive Officer of Injap Investments Inc., MerryMart Consumer Corp. and MerryMart Grocery Centers Inc. Mr. Sia II is also the Founder of Mang Inasal Philippines, Inc. and various other companies. He has served as the Chairman of DoubleDragon Properties Corp. since 2009. He obtained his Doctorate Degree from the University of San Agustin Honoris Causa Major in Management in 2012.

Ferdinand J. Sia, age 42, Filipino, is the President and Chief Operating Officer of Injap Investments Inc. and MerryMart Consumer Corp. He also served as a Director of Mang Inasal Philippines, Inc. from 2006-2016. He has served as a Director and President of DoubleDragon Properties Corp. since 2009. He graduated from the University of the Philippines Visayas with a degree in Bachelor of Arts in Political Science and took up law in Arellano University School of Law.

Marriana H. Yulo-Luccini, age 38, is the Chief Financial Officer and Chief Investment Officer of MM from 2020 to present and has been a director of MM from 2020 to present. She also serves as Chief Investment Officer of DD from 2015 to present. She was previously Chief Financial Officer of Alphaland Corporation and Group Chief Financial Officer of PhilWeb Corporation, ISM Communications Corporation, and Atok Big-Wedge Co. Inc. from 2011 to 2014. She graduated in Business Administration - Major in Management at Palawan State University and has a Masters in Business Administration Degree from the University of St. La Salle.

Gary P. Cheng, age 56, is an Independent Director of MM from 2020 to present. He is currently the Managing Director and Co-Founder of Fortman Cline Capital Markets Limited from 2007 to present. Dr. Cheng also serves as Independent Director of DD from 2013 to present. Dr. Cheng served as the former President/CEO of Amalgamated Investment Bancorporation from 2003 to 2018 and former Vice President of Investment Banking at J.P. Morgan from 1993 to 2002. Dr. Cheng obtained his doctorate in Philosophy from the University of Leeds, England.

Other directorships and affiliations are:

Company/Organization	Position/Relationship	Period of Service
Wealth Development Bank	Independent Director	November 2016 - Present
Artists Theatre UK Limited	Member of the Board of Advisor	April 2016 - Present
Institute of Corporate Directors	Fellow	July 2004 - Present
British Alumni Association	Member	2004 - Present
Peregrine Eye and Laser Institute	Board Director	May 2012 - Present

Atty. Victoria R. Tamayao, age 62, is an Independent Director of MM from 2020 to present. She is the Senior and Managing Partner of Tamayao & Associates, Attorneys-at-Law from 2006 to present and is the Chairman and President of Glory Facilities and Development Inc. from 2019 to present. She obtained her Bachelor of Laws and Bachelors of Science in Business Economics degrees from the University of the Philippines, Diliman.

Atty. Jacqueline Ann Marie O. Gomez, age 38, is the Corporate Secretary and director of MM from 2020 to present. She joined III in 2014 to present and was previously an associate at Falgui Law Office from 2009 to 2013. She graduated cum laude from the University of the Philippines – Diliman with an Economics degree and obtained Juris Doctor Degree from the same university in 2008. Atty Gomez was admitted to the Philippine Bar in 2009.

Jose Roelph E. Desales, age 43, is the Assistant Corporate Secretary and director of MM from 2020 to present. He joined III in 2014 to present and was previously with VXI Global Holdings B.V. (Philippines) as Associate Director for Finance from 2010 to 2012. He graduated Bachelor of Science in Accountancy at the University of the Philippines in the Visayas and is a Certified Public Accountant.

ADVISERS TO THE BOARD

Chief Justice Artemio V. Panganiban, age 84, Filipino, is a retired Chief Justice of the Supreme Court of the Republic of the Philippines. He sits as an independent director of several listed companies including Meralco, Petron Corporation, First Philippine Holdings Corp., Philippine Long Distance Telephone Company (PLDT), Metro Pacific Investment Corp., and GMA Network, Inc., among others.

Other directorships and affiliations are:

Listed Companies

Independent Director	Asian Terminals, Inc.
Independent Director	First Philippine Holdings Corp.
Independent Director	GMA Network, Inc.
Independent Director	GMA Holdings, Inc.
Independent Director	MERALCO
Independent Director	Metro Pacific Investment Corp.
Independent Director	Petron Corporation
Independent Director	Philippine Long Distance Telephone Company
Independent Director	Robinsons Land Corp.

Senior Adviser
Member, Advisory Council

Metropolitan Bank and Trust Company
Bank of the Philippine Islands

Non-listed Companies

Independent Director
Independent Director
Independent Director
Independent Director
Director
Chairman, Board of Advisors
Chairman, Board of Directors
Chairman, Board of Directors
Chairman, Board of Trustees
Chairman, Board of Trustees
Chairman, Philippine Chapter
Chairman Emeritus
President

Asian Hospital Inc.
Liberty Telecoms Holdings Inc.
Metro Pacific Tollways Corp.
Tollways Management Corporation
TeaM Energy Corporation
Metrobank Foundation
Pan Philippine Resources Corp.
Peecee Holdings Corporation
Foundation for Liberty and Prosperity
Philippine Judges Foundation
ASEAN Law Association
Philippine Dispute Resolution Center, Inc.
Manila Metropolitan Cathedral – Basilica
Foundation

Trustee

Tan Yan Kee Foundation, Claudio Teehankee
Foundation, Speaker Laurel Foundation and
ASEAN Law Foundation

Adviser

Asian Institute of Management Corporate
Governance Center, World Bank (Philippines)
and
Johann Strauss Society, DoubleDragon Properties
Corp.
Judicial and Bar Council
Permanent Court of Arbitration, The Hague,
Netherlands

Consultant
Member

*Independent Director - the Company has complied with the Guidelines set forth by Securities Regulation Code (SRC) Rule 38 regarding the Nomination and Election of Independent Director. The Company's Articles of Incorporation **amended on November 15, 2020**, incorporate the procedures for the nomination and election of independent director/s in accordance with the requirements of the said rule.

(The Company amended its Articles of Incorporation on November 15, 2020 to incorporate the provisions of the SRC Rule 38.)

PERIOD OF DIRECTORSHIP

<u>Name</u>	<u>Period Served</u>
Edgar J. Sia II	2009 to present
Ferdinand J. Sia	2009 to present
Marriana H. Yulo-Luccini	2020 to present
Atty. Victoria R. Tamayao	2020 to present
Gary P. Cheng	2020 to present
Atty. Jacqueline O. Gomez	2020 to present
Jose Roelph E. Desales	2020 to present

The Directors of the Company are elected at the Meeting to hold office until the next succeeding annual stockholders' meeting and until their respective successors have been appointed or elected and qualified. The same set of directors will be nominated in the coming annual stockholders' meeting. The Directors possess all the qualifications and none of the disqualifications provided for in the SRC and its Implementing Rules and Regulations.

Nomination of Independent Directors shall be conducted by the Nomination Committee prior to the Meeting. The Nomination Committee shall prepare a Final List of Candidates from those who have passed the Guidelines, Screening Policies and Parameters for nomination of independent directors and which list shall contain all the information about these nominees. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Director. No other nomination shall be entertained or allowed on the floor during the actual Meeting. In case of resignation, disqualification or cessation of independent directorship and only after notice has been made to the Nomination Committee within five (5) days from such resignation, disqualification or cessation, the vacancy shall be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum, upon the nomination of the Nomination Committee otherwise, said vacancies shall be filled by stockholders in a regular or special meeting called for that purpose. An Independent Director so elected to fill a vacancy shall serve only for the unexpired term of his or her predecessor in office.

The members of the Company's Nomination Committee are the following:

Chairman	:	Atty. Victoria R. Tamayao
Members	:	Ferdinand J. Sia Marriana H. Yulo-Luccini

Since the last annual stockholder's meeting, no director has resigned or has declined to stand re-election to the Board of Directors, and no director has had any disagreement with the Company on any matter relating to the Company's operations, policies, or practices. Mr. Gary P. Cheng and Atty. Victoria R. Tamayao were nominated for inclusion in the List of Candidates for Independent Directors. The Company has complied with the guidelines set forth by SRC Rule 38, as amended, regarding the Nomination and Election of Independent Director.

SIGNIFICANT EMPLOYEES

The Company has no significant employee who is not an Executive Officer but is expected by the Company to make significant contributions to the business.

FAMILY RELATIONSHIPS

Mr. Edgar J. Sia II, Mr. Ferdinand J. Sia are siblings. Mr. Edgar J. Sia II and Ms. Shella A. Sia are married to each other. There are no other family relationships known to the Company other than the ones disclosed herein.

INVOLVEMENT IN LEGAL PROCEEDINGS OUT OF THE ORDINARY COURSE OF BUSINESS

Neither the Company nor any of its subsidiaries are involved in, or the subject of, any legal proceedings which, if determined adversely to the Company or the relevant subsidiary's

interests, would have a material effect on the business or financial position of the Company or any of its subsidiaries.

The Company is not involved in any bankruptcy, receivership or similar proceedings. Neither is it aware of any bankruptcy, receivership or similar proceedings involving any of its Subsidiaries.

As of December 31, 2020, there is no existing serious question relating to the ability or integrity of any of the Company's Directors and Corporate Officers to serve as such for the past five years.

LEGAL PROCEEDINGS

Neither the Corporation nor any of its directors, executive officer, promoter or control person are involved in, or the subject of, any legal proceedings which, if determined adversely, would have a material effect on the business or financial position of the Corporation.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Contracts may be entered into by the Company with any of its directors, executive officers or stockholders or with companies associated with the majority stockholders of the Company (the "Related Parties"), provided the terms thereof are at least favorable to the Company as would be obtainable in arm's-length dealings with unrelated third persons. This policy is to prevent conflicts of interest between the Company and Related Parties, which may result in action taken by the Company that does not fully reflect the interests of all stockholders of the Company.

The Company, in the normal course of business, enters into transactions with related companies primarily consisting of advances for working capital requirements and other business-related purposes. Related parties are able to settle their obligations in connection with transactions with the Company and the Company does not foresee risks or contingencies arising from these transactions. Additional information on related party transactions is provided in the Notes to the Audited Financial Statements of the Company.

Refer to Note 18, Related Party Transactions of the 2020 Audited Consolidated Financial Statements of the Company and Note 14, Related Party Transactions of the September 30, 2021 Unaudited Interim Financial Statement of the Company.

The Company has no other transaction without proper disclosure wherein a director, executive officer, nominee for election as director, nor any beneficial owner of more than 5% of the Company's outstanding shares direct or indirect) or any member of his immediate family was involved or had a direct or indirect material

Item 6. Compensation of Directors and Executive Officers

For each of the years ended December 31, 2018, 2019 and 2020 the total salaries and allowances and bonuses paid to all other officers as a group unnamed are as follows:

Name & Position	Year	Salary, Bonus and Other Benefits
Edgar J. Sia II Ferdinand J. Sia Rizza Marie Joy S. Javelona Shella A. Sia	FY 2020	₱7,368,210.00
Marriana H. Yulo-Luccini Mercedes L. Taleon Maribel N. Sibayan	FY 2019	₱-
Atty. Jacqueline Ann Marie O. Gomez <i>Aggregate compensation paid to all officers and directors as a group</i>	FY 2018	₱-

For the years 2018 and 2019, MM did not recognize expenses for key management compensation.

Compensation of Directors

Independent directors and advisors to the Board will receive a standard per diem for attendance in Board meetings effective 2020. For the years ended December 31, 2020, total directors fee amounts to P360,000. For the years ended December 31, 2019 and 2018 the Directors did not receive any compensation. There are no other existing arrangements/agreements under which directors are to be compensated during the last completed fiscal year and the ensuing year.

Standard Arrangements

Other than payment of reasonable gross per diem per non-executive director for every meeting, there are no standard arrangements pursuant to which the Board of Directors are compensated, or are to be compensated, director or indirectly, for any services provided as director.

Other Arrangements

There are no other arrangements pursuant to which any of the Company's Directors compensated, directly or indirectly.

The above-named executive officers are covered by letters of appointment stating their respective functions.

Warrants and Options Outstanding: Repricing

There are no outstanding warrants or options in connection with the shares of the Company held by any of the directors or executive officers.

Item 7. Independent Public Accountant

The accounting firm of KPMG R.G. Manabat & Co. ("KPMG") was appointed as the Company's auditor to audit the Company's year end financial statements. Since their appointment, and during the two most recent fiscal years the Company has no disagreement with KPMG on any matters relating to accounting principles and practices, financial statement disclosures or auditing scope or procedures. The same auditing firm has been endorsed for re-appointment by the Audit Committee to the Executive Committee.

The following are the External Audit Fees paid to KPMG for its services, particularly for the audit of the financial statements for the year 2020 and 2019, to the Company as well as to its subsidiaries.

	2019	2020
	(P)	
Audit and Audit-Related Fees	900,000.00	2,900,000.00
All Other Fees	135,000.00	435,000.00
Tax Fees	-	-
Total	<u>1,035,000.00</u>	<u>3,335,000.00</u>

All Other Fees

These are out of pocket expenses by the auditors arising from the audit of the Company's financial statements.

Tax Fees

The Company does not engage KPMG for professional services covering tax accounting or any other form of tax services.

The members of the Company's Audit Committee are the following:

Chairman	:	Gary P. Cheng
Members	:	Ferdinand J. Sia Marriana H. Yulo-Luccini

The partner-in-charge for the ensuing year is Mr. Darwin P. Virocel of KPMG R.G. Manabat & Co. SRC Rule 68, Part 3(b)(iv)(ix) provides that "the independent auditors or in the case of an audit firm, the signing partner, of the aforementioned regulated entities shall be rotated after every five (5) years of engagement. A two-year cooling-off period shall be observed in the engagement of the same signing partner or individual auditor". The Company is compliant with this rule.

The resolution for adoption will be the approval of the appointment of KPMG as the Company's independent external auditor.

Except for the preparation of the financial statements required for the Company's annual filing with the SEC and the submission of the required financial statements in relation to the registration of its securities, the aforementioned independent public accountants provide no other type of services.

In relation to the audit of the Company's annual financial statements, the Company's Audit Committee shall, among other activities, (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of our policies, controls, processes and activities; (ii) ensure that other non-audit work provided by the external auditors, if any, are not in conflict with their functions as external auditors; and (iii) ensure our compliance with acceptable auditing and accounting standards and regulations.

Representatives from the KPMG R.G. Manabat are expected to present at the meeting and be expected to be available to respond to appropriate queries and make statements

Item 8. Employee Compensation Plans

No action is to be taken during the Annual Stockholders' Meeting with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

No action is to be taken with respect to the authorization or issuance of any securities otherwise than for exchange for outstanding securities of the registrant.

Item 10. Modification or Exchange of Securities

No action will be presented for the stockholders' approval at the Meeting which involves the modification of any class of the Company's securities or the issuance of one class of securities in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

The Company's audited consolidated financial statements for the year ended December 31, 2020 and the audited separate financial statements are attached herein as **Annex C** and are incorporated by reference.

The resolution for adoption will be the approval of the audited consolidated financial statements for the year ended December 31, 2020.

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

No action will be presented for the stockholders' approval at the Meeting which involves:

- 1) The merger or consolidation of the Company into or with any other person, or of any other person into or with the Company.
- 2) Acquisition by the Company or of its shareholders of the securities of another person.
- 3) Acquisition by the Company of any other going business or of the assets thereof.

- 4) Sale or transfer of all or substantially all of the Company's assets.
- 5) Liquidation or the dissolution of the Company.

Item 13. Acquisition or Disposition of Property

In the normal course of business, the Company and its subsidiaries buy real estate properties for future business sites.

No action will be presented for the stockholders' approval at the Meeting which involves acquisition or disposition of the property of the Company.

Item 14. Restatement of Account

No action will be presented for the stockholders' approval at the Meeting which involves the restatement of any of the Company's assets, capital, or surplus account.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

Action is to be taken on the reading and approval of the following:

1) Reading and Approval of the Previous Minutes.

The minutes of the previous stockholders' meeting will be posted on the website of the Company and will be available for the inspection of the stockholders.

The resolution for adoption will be the approval of the minutes of the previous meeting.

2) Management Reports

The Company's Management Report will be submitted for approval by the stockholders. A copy of the Management Report is attached to this Information Statement as **Annex B** and **Annex C**.

The resolution for adoption will be the approval of the Management Report for the year ended December 31, 2020.

Market Information

The Company's Common Shares are traded and listed with the Philippine Stock Exchange starting June 15, 2020.

2020 Prices (in PhP/share)

	High	Low	Close
First Quarter	-	-	-
Second Quarter	₱ 3.71	₱ 1.00	₱ 3.50
Third Quarter	₱ 3.36	₱ 2.19	₱ 3.03
Fourth Quarter	₱ 6.25	₱ 3.00	₱ 6.18

2021 Prices (in PhP/share)

	High	Low	Close
First Quarter	₱ 8.56	₱ 4.39	₱ 5.44
Second Quarter	₱ 5.74	₱ 3.65	₱ 4.06
Third Quarter	₱ 4.29	₱ 3.02	₱ 3.86

As of September 30, 2021, the closing price of the Company's common shares was ₱3.86 per share with a total market capitalization of ₱29,316,454,900.

3) General Ratification of the Acts of the Board of Directors and the Officers

The acts of the Board of Directors and Officers of the Company are covered by resolutions of the Board of Directors duly-adopted in the normal course of trade or business. Said acts include, but are not limited to, the following:

1. Application for Permits, Licenses, Clearances, Accreditations, and Registrations for Properties;
2. Opening, Updating and Maintenance of Bank Accounts and other Bank Transactions;
3. Property Acquisitions, Leases and Joint Ventures;
4. Investment to newly-formed subsidiaries MM Consumer Technologies Corp. and MBox Smart Lockers Corp.
5. Agreement with Carlos Drugs-Lucena, Inc.
6. Appointment of Representatives in Various Proceedings;
7. Approval of authority to enter into any contract necessary for the operation of the Company and the designation of signatories; and
8. Entry into multi-year lease contract with Lessors
9. Adopting measures for protection against COVID-19 and in compliance with the regulations of the Inter-Agency Task Force.

The resolution for adoption will be the approval and ratification of the acts of the Board of Directors and the Officers of the Company.

Item 16. Matters not Required to be Submitted

There is no action to be taken with respect to any matter which is required to be submitted to a vote of the stockholders. Ratification of the acts of the Board, corporate officers and management as of September 30, 2021 refers only to acts done in the ordinary course of business and operations of the Company. Ratification is being sought for the purpose of transparency. Below is a summary of board meetings and board resolutions approved by the Board of Directors as of September 30, 2021:

1. Application for Permits, Licenses, Clearances, Accreditations, and Registrations for Properties;
2. Opening, Updating and Maintenance of Bank Accounts and other Bank Transactions;
3. Property Acquisitions, Leases and Joint Ventures;
4. Investment to newly-formed subsidiaries MM Consumer Technologies Corp. and MBox Smart Lockers Corp.
5. Agreement with Carlos Drugs-Lucena, Inc.
6. Appointment of Representatives in Various Proceedings;
7. Approval of authority to enter into any contract necessary for the operation of the Company and the designation of signatories; and
8. Entry into multi-year lease contract with Lessors
9. Adopting measures for protection against COVID-19 and in compliance with the regulations of the Inter-Agency Task Force.

Item 17. Amendment of Charter, By-laws or Other Documents

There is no proposal nor approved resolution for the amendment of Charter, By-Laws or other Documents.

Item 18. Other Proposed Action

(a) Approval of the minutes of the Previous Stockholder's Meeting

(b) Approval of the 2020 Audited Financial Statements and 2020 Annual Report

This proposal is for the purpose of informing the stockholders of the key results of the Company's operations in 2020, in accordance with Section 74 of the Revised Corporation Code. The Company's audited financial statements as of December 31, 2020 is integrated and made part of the Company's 2020 Information Statement.

(c) Ratification of Acts, Resolutions and Proceedings of the Board of Directors, Corporate Officers and Management from the date the last shareholders meeting.

The purpose of the proposal is to allow the stockholders to ratify the acts of the Board of Directors and Officers of the Company as a matter of procedure or policy. The resolutions

approved by the Board in its regular and special meetings refer only to acts done by the Board, Corporate Officers and Management in the ordinary course of business.

(d) Election of the members of the Board of Directors, including the independent directors, for the ensuing year.

(e) Appointment of KPMG R.G. Manabat & Co. as Independent External Auditor.
The proposal is intended to appoint an auditing firm which can provide assurance to the directors and stockholders of the integrity of the Company's financial statements and adequacy of its internal controls.

Item 19. Voting Procedures

Stockholders as of the November 22, 2021 Record Date may participate and vote in absentia. Registration of the stockholders and proxies attending the Meeting will be from 9:00 am November 29, 2021 to 6:00PM December 9, 2021. See **Annex A** of this Information Statement for the Procedures and Requirements for Voting and Participation in the 2021 Annual Stockholder's Meeting.

Approval of the resolutions or matters requiring the stockholder action as set forth in the Agenda and this Information Statement would require the affirmative vote of the stockholders owning at least a majority of the outstanding capital stock.

In the election of directors, cumulative voting may be adopted. Cumulative voting is explained under Item 4 of this Information Statement.

Stockholders shall be entitled to vote either in absentia or by proxy. The procedure for voting, validating and tabulating the Proxies and ballots are set forth under Item 4 of this Information Statement.

The Company's Stock and Transfer Agent, PNB - Trust Banking Group and Stock Transfer Operations Department, is tasked and authorized to count votes on any matter properly brought to the vote of the stockholders, and they have also been appointed to validate the ballots when necessary.

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY UNDERTAKES TO FURNISH SAID STOCKHOLDER A COPY OF SEC FORM 17-A (ANNUAL REPORT) FREE OF CHARGE, EXCEPT FOR EXHIBITS ATTACHED THERETO WHICH SHALL BE CHARGED AT COST. ANY WRITTEN REQUEST FOR A COPY OF SEC FORM 17-A SHALL BE ADDRESSED AS FOLLOWS:

MerryMart Consumer Corp.

MerryMart Headquarters, 9th Floor, Tower 1, DoubleDragon Plaza,
DD Meridian Park, Corner Macapagal Avenue and EDSA Extension,
Bay Area, Pasay City, Metro Manila 1302

Attention: Atty. Jacqueline Ann Marie Gomez

PART II

PLEASE FILL-UP AND SIGN THIS PROXY FORM AND IMMEDIATELY RETURN TO THE CORPORATE SECRETARY. A RETURN ENVELOPE IS PROVIDED FOR YOUR CONVENIENCE.

PROXY FORM

STOCKHOLDER'S NAME: _____ **NO. OF SHARES:** _____

The undersigned stockholder of **MerryMart Consumer Corp.** (the "Company") hereby appoints **Mr. Ferdinand J. Sia**, or in his absence, the Chairman of the Meeting, as attorney and proxy, with full powers of substitution, to represent and vote all shares registered in the name of the undersigned stockholder at the Annual Stockholders' Meeting of the Company to be held by remote communication via Zoom on December 17, 2021 at 10:30 AM, and at any of the adjournments thereof for the purpose of acting on the following matters:

(a) Approval of the minutes of the previous meeting:	
<input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> ABSTAIN	
(b) Approval of the 2020 Audited Financial Statements and the 2020 Annual Report	(c) Ratification of the actions of the Board of Directors and Officers
<input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> ABSTAIN	<input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> ABSTAIN
(d) Election of Directors	
<input type="checkbox"/> VOTE FOR ALL NOMINEES LISTED BELOW	
Edgar J. Sia II Ferdinand J. Sia Marriana H. Yulo-Luccini Atty. Victoria R. Tamayao Gary P. Cheng Atty. Jacqueline Ann Marie O. Gomez Jose Roelph E. Desales	
<input type="checkbox"/> WITHHOLD AUTHORITY FOR ALL NOMINEES LISTED ABOVE	

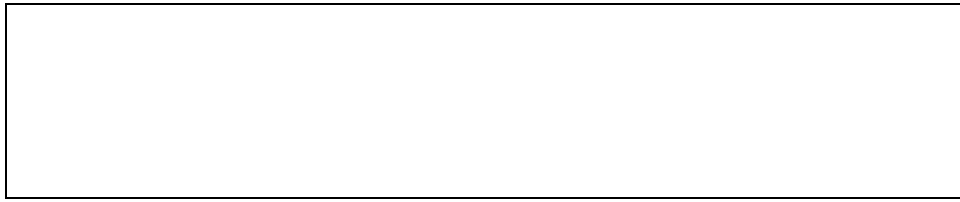
<input type="checkbox"/> WITHHOLD AUTHORITY TO VOTE FOR THE NOMINEES LISTED BELOW <div style="display: flex; justify-content: space-around;"> <div>_____</div> <div>_____</div> </div> <div style="display: flex; justify-content: space-around;"> <div>_____</div> <div>_____</div> </div> <div style="display: flex; justify-content: space-around;"> <div>_____</div> <div>_____</div> </div>	
(e) Appointment of KPMG R.G. Manabat & Co. as independent external auditors <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> ABSTAIN	(f) Approval of the Amendments to the Articles of Incorporation <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> ABSTAIN
At their discretion, the proxy named above is authorized to vote upon such matters as may properly come before the Meeting.	
<div style="text-align: center;"> _____ (SIGNATURE OVER PRINTED NAME OF STOCKHOLDER/ AUTHORIZED REPRESENTATIVE AND DATE) </div>	

THIS PROXY FORM SHOULD BE SENT BY EMAIL TO corporatesecretary@merrymart.com.ph ON OR BEFORE 6:00 PM OF December 14, 2021.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED "FOR" THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING, INCLUDING MATTERS WHICH THE SOLICITOR(S) DID NOT COME TO KNOW WITHIN A REASONABLE TIME PRIOR TO THE PRESENTMENT OF THIS SOLICITATION IN THE MEETING, IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS.

A PROXY SUBMITTED BY A CORPORATION SHOULD BE ACCOMPANIED BY A CORPORATE SECRETARY'S CERTIFICATE QUOTING THE BOARD RESOLUTION DESIGNATING A CORPORATE OFFICER TO EXECUTE THE PROXY. PROXIES EXECUTED BY BROKERS MUST BE ACCOMPANIED BY A CERTIFICATION UNDER OATH STATING THAT THE BROKER HAS OBTAINED THE WRITTEN CONSENT OF THE ACCOUNT HOLDER.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER ATTENDS THE MEETING IN PERSON AND EXPRESSES HIS INTENTION TO VOTE IN PERSON. THE PROXY SHALL BE VALID FOR FIVE (5) YEARS FROM THE DATE HEREOF UNLESS OTHERWISE INDICATED IN THE BOX HEREIN PROVIDED.



NO DIRECTOR OR EXECUTIVE OFFICER, NOMINEE FOR ELECTION AS DIRECTOR, OR ASSOCIATE OF SUCH DIRECTOR, EXECUTIVE OFFICER OR NOMINEE, OF THE COMPANY AT ANY TIME SINCE THE BEGINNING OF THE LAST FISCAL YEAR, HAS ANY SUBSTANTIAL INTEREST, DIRECT OR INDIRECT, BY SECURITY HOLDINGS OR OTHERWISE IN ANY OF THE MATTERS TO BE ACTED UPON IN THE MEETING, OTHER THAN ELECTION TO OFFICE.

PART III
SIGNATURE PAGE

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

Registrant
MERRYMART CONSUMER CORP.

By:



Ferdinand J. Sia
President

REPUBLIC OF THE PHILIPPINES)
City of **PASAY CITY**

) S.S.

SECRETARY'S CERTIFICATE

I, Atty. Jacqueline Ann Marie O. Gomez, of legal age, Filipino citizen, being the duly elected and qualified Corporate Secretary of **MERRYMART CONSUMER CORP.** (the "Corporation"), a corporation duly organized and existing in accordance with Philippine laws, with office address at 9th Flr. Tower 1 DoubleDragon Plaza, DD Meridian Park, after having been duly sworn in accordance with the law, hereby certify that:

1. None of the directors or officers of the Company are connected with any government agencies or instrumentalities.
2. I have caused this Preliminary Information Statement and Definitive Information Statement to be prepared on behalf of the Corporation.
3. I have read and understood its contents which are true and correct based on my own personal knowledge and/or authentic records.
4. The Corporation will comply with the requirements set forth in the SEC notice to effect a complete and official submission of reports and/or documents through electronic mail.
5. I am fully aware that submitted documents which require pre-evaluation and/or payment of processing fee shall be considered complete and officially received only upon payment of a filing fee, and
6. The email account designated by the Corporation pursuant to SEC Memorandum Circular no. 28, S. 2020 shall be used by the Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand on the date at **PASAY CITY**


ATTY. JACQUELINE ANN MARIE O. GOMEZ
CORPORATE SECRETARY

SUBSCRIBED AND SWORN TO before me this November 18, 2021 at the place stated above, affiant exhibiting to me her Passport No. P6783876A issued by the DFA Manila, on April 16, 2018.

Doc. No. 95 ;
Page No. 20 ;
Book No. 6 ;
Series of 2021.


ERIKA ESTEL G. CUSI
Notary Public for Pasay
Until December 31, 2021
Commission No.
Roll No. 63306
IBP Lifetime Member No. 01261/03/28/2014
PTR No. 736012 01/04/2021 Pasay City
DoubleDragon Headquarters, 10th Floor, Tower 1
DoubleDragon Plaza, DD Meridian Park
Cor. Macapagal Avenue & SDSA Ext., Bay Area, Pasay

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **GARY P. CHENG**, Filipino, of legal age and a resident of #8 Bel-Air, One Roxas Triangle, Makati City after having been duly sworn in accordance with law do hereby declare that:

1. I am an Independent Director of **MerryMart Consumer Corp.** and have been its Independent Director since January 2020.
2. I am affiliated with the following companies for the past ten years:

Company/Organization	Position/Relationship	Period of Service
DoubleDragon Properties Corp.	Independent Director	January 2014-Present
Fortman Cline Capital Markets Limited	Co-Founder and Managing Director	February 2007 - Present
Wealth Development Bank	Independent Director	November 2016 - Present
Artists Theatre UK Limited	Member of the Board of Advisor	April 2016 - Present
Institute of Corporate Directors	Fellow	July 2004 - Present
British Alumni Association	Member	2004 - Present
Peregrine Eye and Laser Institute	Board Director	May 2012 - Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **MERRYMART CONSUMER CORP.** as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of **MERRYMART CONSUMER CORP.** and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not related to any director/officer/substantial shareholder of **MERRYMART CONSUMER CORP.** and its subsidiaries and affiliates.

7. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
8. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
9. I shall inform the Corporate Secretary of **MerryMart Consumer Corp.** of any changes in the abovementioned information within five days from its occurrence.

[Signature page follows]

IN WITNESS WHEREOF, I have hereunto set my hand this in
PASAY CITY, Philippines.


Gary P. Cheng
Independent Director

SUBSCRIBED AND SWORN to before me this day of NOV 08 2021, affiant
exhibited to me his/her competent evidence of identity P7178698A issued at DFA
Manila valid until 5/15/2028.

Doc No.: 27;
Page No.: 9;
Book No.: 6;
Series of 2021.


ERIKA ESTEL G. CUSI
Notary Public for Pasay
Until December 31, 2021
Commission No.
Roll No. 63306
IBP Lifetime Member No. 012614 03/28/2014
PTR No. 7353012 01/04/2021/Pasay City
DoubleDragon Headquarters, 10th Floor, Tower 1
DoubleDragon Plaza, DD Meridian Park
Cor. Macapagal Avenue & EDSA Ext. Bay Area, Pasay

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ATTY. VICTORIA R. TAMAYAO**, Filipino, of legal age and a resident of Unit 3119, The Maridien, Tower 2, 26th Street cor. 9th Avenue BGC, Taguig City, after having been duly sworn in accordance with law, do hereby declare that:

1. I am an Independent Director of **MerryMart Consumer Corp.** and have been its Independent Director since January 23, 2020.
2. I am affiliated with the following companies in the past ten years until the present:

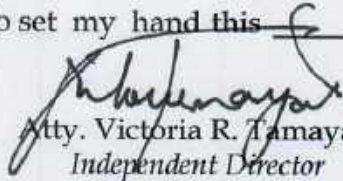
NAME OF OFFICE	POSITION	PERIOD OF SERVICE
Tamayao & Affiliates, <i>Attorneys-at-Law</i>	Sr. Partner/Managing Partner	Partner, since 22 July 2006
Glory Facilities and Development, Inc.	Chairman and President, Director	Stockholder, since 2019
Glory Philippines, Inc.	Director/Corporate Secretary	Nominee Stockholder, since 1994
Cognizant Technology Solutions Philippines, Inc.	Director/Corporate Secretary	Nominee Stockholder, since 2007
Medicall Philippines, Inc.	Director/Corporate Secretary	Nominee Stockholder, since 2012
Forest Lake Development, Inc.	Corporate Secretary	Since 2008
Forest Lake San Pedro, Inc.	Corporate Secretary	Since 2008
Forest Lake Manila South, Inc.	Corporate Secretary	Since 2008
Forest Lake Memorial Services Corporation	Corporate Secretary	Since 2019
Forest Lake MCF Corporation	Corporate Secretary	Since 2017
Leisure Farms Tagaytay, Inc.	Corporate Secretary	Since 2008
Vision Express Holdings, Inc.	Corporate Secretary	Since 2007
Alexcy Corporation	Corporate Secretary	Since 2009
AB Holdings Corporation	Corporate Secretary	Since 2009

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **MERRYMART CONSUMER CORP.** as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of **MERRYMART CONSUMER CORP.** and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of **MerryMart Consumer Corp.** of any changes in the abovementioned information within five days from its occurrence.

[Signature page follows]

IN WITNESS WHEREOF, I have hereunto set my hand this 8 in
PASAY CITY, Philippines.


Atty. Victoria R. Tamayao
Independent Director

SUBSCRIBED AND SWORN TO BEFORE ME this 8 day of NOV 08 2021 at
PASAY CITY, affiant exhibiting to me her Passport Identification Number P7676941A
issued by DFA Manila; valid until 25 June 2028.

Doc No.: 76 ;
Page No.: 9 ;
Book No.: 6 ;
Series of 2021.


ERIKA ESTEL G. CUSI
Notary Public for Pasay
Until December 31, 2021
Commission No.
Roll No. 63306
IBP Lifetime Member No. 012614 03/28/2014
PTR No. 7359012 01/04/2021/Pasay City
DoubleDragon Headquarters, 10th Floor, Tower 1
DoubleDragon Plaza, DD Meridian Park
Cor. Macapagal Avenue & EDSA Ext., Sky Area, Pasay



PROCEDURES AND REQUIREMENTS FOR PARTICIPATION AND VOTING IN THE 2021 ANNUAL STOCKHOLDER'S MEETING

To ensure the safety of our stockholders during these times of pandemic crisis and in compliance with the guidelines of the government on social distancing and prohibition on mass gatherings, MERRYMART CONSUMER CORP. (the "Corporation") will conduct the 2021 Annual Shareholders' Meeting ("ASM") scheduled on December 17, 2021, 10:30 AM by remote communication and will conduct voting in absentia or by proxy.

Only stockholders of record as of November 19, 2021 are entitled to participate and vote in the 2021 ASM.

The Corporation has adopted the following procedures and requirements to enable its stockholders to register, participate and vote in the 2021 ASM.

I. ONLINE REGISTRATION STEPS AND REQUIREMENTS

A. Stockholders may register from 9:00 AM November 29, 2021 to 6:00 PM of December 9, 2021 to signify his/her/its intention to participate in the 2021 ASM by remote communication. The registration steps and requirements are available in the Company's website www.merrymart.com.ph/ASM2021.

B. To register, stockholder shall submit the following requirements to the Office of the Corporate Secretary via email at corporatesecretary@merrymart.com.ph.

B.1 For Individual Stockholders -

- (i) Scanned copy of stock certificate issued in the name of the individual stockholder or
- (ii) Valid email address and active contact number; and
- (iii) Scanned copy of valid government-issued identification card.

B.2 For Stockholders with Joint Accounts -

- (i) Authorization letter signed by all stockholders indicating the name of the person authorized to cast the votes;

- (ii) Scanned copy of the stock certificate issued in the name of the joint stockholders;
- (iii) Valid email address and active contact number of the authorized stockholder; and
- (iv) Scanned copy of valid government-issued identification card of the authorized stockholder.

B.3 For stockholders under PCD Participant/Brokers Account or holding 'Scripless Share'

- (i) Stockholders should coordinate with their broker and request for the full account name and reference number or account number they provided the Company;
- (ii) Broker's Certification on the stockholder's number of shareholdings;
- (iii) Valid email address and active contact number of the stockholder; and
- (iv) Scanned copy of valid government-issued identification card of stockholder.

B.4 For Corporate Stockholders -

- (i) Secretary's Certificate attesting to the authority of the representative to vote the shares on behalf of the corporate stockholders.
- (ii) Scanned copy of stock certificate issued in the name of the corporate stockholder;
- (iii) Valid email address and active contact number of authorized representative; and
- (iv) Valid government-issued identification card of authorized representative.

II. ELECTRONIC VOTING IN ABSENTIA

- A. Duly registered stockholders have the option to vote for the matters contained in the agenda for the 2021 ASM through electronic voting in absentia. The deadline for registration is 6:00 PM of December 9, 2021. Beyond this date, stockholders may no longer avail of the option to vote in absentia.

- B. After verification, the Company shall send a ballot to the registered stockholder through his/her/its email address which shall contain all the agenda items for approval as indicated in the Notice of Meeting and the registered stockholder may vote as follows:
- (1) For items other than Election of Directors, the registered stockholder has the option to vote: In Favor of, Against or Abstain. The vote is considered cast for all the registered stockholder's share.
 - (2) For the election of Directors, the registered stockholder may vote for all nominees, not for any of the nominees, or vote for some nominees only, in such number of shares as preferred by the stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected. The total number of votes the stockholder is allowed to cast shall be based on the number of shares he/she or it owns.
 - (3) Once voting on the agenda items is finished, the stockholder can proceed to submit the accomplished ballot via email to corporatesecretary@merrymart.com.ph.
 - (4) After the ballot has been submitted, the stockholder may no longer change his/her vote. The stockholder will receive a confirmation email that his/her vote has been recorded.
- C. The Office of the Corporate Secretary shall tabulate all valid and confirmed votes cast through electronic voting; together with the votes through proxies, subject to validation by representatives of the Company's external auditors.
- D. Registered stockholders shall have until 6:00 PM of December 9, 2021 to cast their votes in absentia.
- E. Stockholders will not be allowed to cast votes during the proceedings of the 2021 ASM.

III. VOTING BY PROXY

- A. For individual stockholders holding certificated shares of the Company - Download the proxy form that is available at www.merrymart.com.ph/ASM2021.
- B. For stockholders holding 'scripless' shares or shares held under PCD Participant/Broker - Download the proxy form that is available at www.merrymart.com.ph/ASM2021. Stockholders are advised to coordinate with their brokers first for the execution of this type of proxy.
- C. For corporate stockholders - Download the proxy form that is available at www.merrymart.com.ph/ASM2021. A copy of the duly signed and notarized Secretary's Certificate must be submitted together with the proxy form.

D. GENERAL INSTRUCTION ON VOTING BY PROXY:

- (1) Download and fill up the appropriate proxy form. Follow the instructions on how to cumulate or allocate votes in the election of directors.
- (2) Send the scanned copy of the duly executed proxy form via email to corporatesecretary@merrymart.com.ph or submit the original proxy form to the Office of the Corporate Secretary c/o Atty. Jacqueline Ann Marie Gomez. at MerryMart Headquarters 9th Floor Tower 1 DoubleDragon Plaza, Macapagal corner EDSA Ext Avenues Pasay City 1302.
- (3) Deadline for the submission of proxies is at 6:00 PM of December 14, 2021.
- (4) Validation of proxies will be on December 15, 2021.
- (5) If a stockholder avails the option to cast his/her vote in absentia and also issues proxy votes with differing instructions, the duly accomplished ballots sent through email shall replace the proxy votes issued by the stockholder.

IV. PARTICIPATION BY REMOTE COMMUNICATION

- A. Only duly registered stockholders will be included in determining the existence of a quorum.
- B. Duly registered stockholder may send their question and/or comments prior to the ASM through email at asm2021@merrymart.com.ph. The deadline for submitting questions shall be at 6:00 PM of December 14, 2021.
- C. The proceedings during the 2021 ASM will be recorded.

For any clarifications, please contact the Office of the Corporate Secretary via email at corporatesecretary@merrymart.com.ph.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

INTERIM SEPTEMBER 30, 2021 AND SEPTEMBER 30, 2020

September 30, 2021 versus September 30, 2020 Results of Operations

MERRYMART CONSUMER CORP. AND SUBSIDIARIES

(Formerly Injap Supermart Inc.)

UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

For the nine months ended September 30, 2021 and September 30, 2020

	September 30, 2021	September 30, 2020	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2021	2020
REVENUES						
Sale of goods	₱2,753,066,867	₱2,393,801,110	₱359,265,757	15.0%	98.0%	98.8%
Display rental	18,346,083	17,931,187	414,896	2.3%	0.7%	0.7%
Other operating income	38,425,528	12,191,031	26,234,497	215.2%	1.3%	0.5%
	2,809,838,478	2,423,923,328	385,915,150	15.9%	100.0%	100.0%
COST OF SALES	2,395,502,992	2,209,435,484	186,067,508	8.4%	85.3%	91.2%
GROSS PROFIT	414,335,486	214,487,844	199,847,642	93.2%	14.7%	8.8%
OPERATING EXPENSES	376,527,915	183,769,049	192,758,866	104.9%	13.4%	7.6%
INCOME FROM OPERATIONS	37,807,571	30,718,795	7,088,776	23.1%	1.3%	1.3%
INTEREST EXPENSE	8,754,019	16,215,055	(7,461,036)	(46.0%)	0.3%	0.7%
INTEREST INCOME	1,215,234	4,351,771	(3,136,537)	(72.1%)	0.0%	0.2%
INCOME BEFORE TAX	30,268,786	18,855,511	11,413,275	60.5%	1.1%	0.8%
INCOME TAX EXPENSE	7,263,386	4,351,122	2,912,264	66.9%	0.3%	0.2%
NET INCOME/TOTAL COMPREHENSIVE INCOME	₱23,005,400	₱14,504,389	₱8,501,011	58.6%	0.8%	0.6%

MERRYMART CONSUMER CORP. AND SUBSIDIARIES

(Formerly Injap Supermart Inc.)

UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

For the quarters ended September 30, 2021 and September 30, 2020

			Horizontal Analysis		Vertical Analysis	
	September 30, 2021	September 30, 2020	Increase (Decrease)		2021	2020
REVENUES						
Sale of goods	₱949,867,183	₱769,964,936	₱179,902,247	23.4%	98.3%	98.4%
Display rental	5,712,255	5,958,732	(246,477)	(4.1%)	0.6%	0.8%
Other operating income	10,498,431	6,809,072	3,689,359	54.2%	1.1%	0.9%
	966,077,869	782,732,740	183,345,129	23.4%	100.0%	100.0%
COST OF SALES	798,169,430	693,411,793	104,757,637	15.1%	82.6%	88.6%
GROSS PROFIT	167,908,439	89,320,947	78,587,492	88.0%	17.4%	11.4%
OPERATING EXPENSES	157,219,799	85,831,099	71,388,700	83.2%	16.3%	11.0%
INCOME FROM OPERATIONS	10,688,640	3,489,848	7,198,792	206.3%	1.1%	0.4%
INTEREST EXPENSE	2,277,037	6,840,113	(4,563,076)	(66.7%)	0.2%	0.9%
INTEREST INCOME	283,331	3,181,637	(2,898,306)	(91.1%)	0.0%	0.4%
INCOME BEFORE TAX	8,694,934	(168,628)	8,863,562	(5256.3%)	0.9%	(0.0%)
INCOME TAX EXPENSE (BENEFIT)	2,102,900	(1,005,080)	3,107,980	(309.2%)	0.2%	(0.1%)
NET INCOME/TOTAL COMPREHENSIVE INCOME	₱6,592,034	₱836,452	₱5,755,582	688.1%	0.7%	0.1%

For the Nine Months Ended September 30, 2021 compared to the Nine Months Ended September 30, 2020

For the nine months ended September 30, 2021, the Group booked consolidated revenues of ₱2,809.84 million an increase of 15.9% from ₱2,423.92 million from the same period in 2020. This was driven by the expansion of the Group's grocery retail store with the opening of additional MerryMart-branded groceries and stores and the continuous growth of the existing stores. As at September 30, 2021, MM Group has 42 stores compared to 11 stores as at September 30, 2020.

For the nine months ended September 30, 2021, sale of goods contributes 98.0% of the total revenue.

The other operating income relates mainly to the franchise fees of the Group and listing fees of new products in the store.

For the nine months ended September 30, 2021, the Group's cost of sales is ₱2,395.50 million, an increase of 8.4% compared to ₱2,209.44 million for the nine months ended September 30, 2020, due to the increase in sale of goods .

For the nine months ended September 30, 2021, the Group realized an increase of 93.2% in consolidated gross profit from ₱214.49 million in nine months of 2020 to ₱414.34 million in nine months of 2021, driven by strong sales growth and increase in other operating income of the Group.

Operating expenses increased by ₱192.76 million or 104.9% from the ₱183.77 million in the nine months ended September 30, 2020 to ₱376.53 million in the nine months ended September 30, 2021. 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 ₱8.75 million for the nine months 2021. The amount mainly pertains to the interest expense on the lease liabilities of the Group in accordance with accounting standards (PFRS 16).

Income tax expense for the nine months of 2021 amounted to ₱7.26 million, an increase of 66.9% from same period in 2020. The increase is due to higher taxable income driven by continuous sales growth of the Group.

For the nine months ended September 30, 2021, the Group booked consolidated net income of ₱23.01 million, an increase of 58.6% from ₱14.50 million in nine months ended September 30, 2020. The increase in net income was driven by higher revenue from stores and increase in other operating income offset by the increase in operating expenses.

For the Quarter Ended September 30, 2021 compared to the Quarter Ended September 30, 2020

For the quarter ended September 30, 2021, MM Group booked consolidated revenues of ₱966.08 million an increase of 23.4% from ₱782.73 million from the same period in 2020. This was driven by the expansion of the Group's groceries with the opening of additional MerryMart-branded groceries and higher other operating income for the period.

For the quarter ended September 30, 2021, the Group realized an increase of 88.0% in consolidated gross profit from ₱89.32 million for the quarter ended September 30, 2020 to ₱167.91 million for the quarter ended September 30, 2021, driven by the increase in revenues and gross margin of the Group.

Operating expenses increased by ₱71.39 million or 83.2% from the ₱85.83 million in the quarter ended September 30, 2020 to ₱157.22 million in 2021. The increase in operating expenses is mainly from increase in the number of operating stores and higher head office expenses of the Group.

For the quarter ended September 30, 2021, the Group booked consolidated net income of ₱6.59 million, an increase of 688.1% from ₱0.84 million for the quarter ended September 30, 2020. The increase in net income was driven by higher revenue from stores and increase in other operating income, offset by increase in operating expenses.

September 30, 2021 versus December 31, 2020 Statements of Financial Position

MERRYMART CONSUMER CORP. AND SUBSIDIARIES

(Formerly Injap Supermart Inc.)

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2021 and DECEMBER 31, 2020

	September 30, 2021	December 31, 2020	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		September 30, 2021	December 31, 2020
ASSETS	Unaudited	Audited				
Current Assets						
Cash and cash equivalents	₱716,590,619	₱940,641,989	(₱224,051,370)	(23.8%)	17.9%	27.1%
Receivables	40,693,846	25,071,685	15,622,161	62.3%	1.0%	0.7%
Inventories	1,108,488,515	737,572,923	370,915,592	50.3%	27.6%	21.2%
Prepaid expenses and other current assets	250,143,253	199,090,553	51,052,700	25.6%	6.2%	5.7%
Total Current Assets	₱2,115,916,233	₱1,902,377,150	213,539,083	11.2%	52.7%	54.7%
Noncurrent Assets						
Property and equipment - net	₱1,168,397,353	₱908,849,180	₱259,548,173	28.6%	29.1%	26.1%
Right-of-use asset	408,464,572	402,933,511	5,531,061	1.4%	10.2%	11.6%
Intangible asset	50,562,429	42,910,253	7,652,176	17.8%	1.3%	1.2%
Deferred tax asset	66,347,558	44,276,810	22,070,748	49.8%	1.7%	1.3%
Other noncurrent assets	203,158,246	174,714,961	28,443,285	16.3%	5.1%	5.0%
Total Noncurrent Assets	₱1,896,930,158	₱1,573,684,715	323,245,443	20.5%	47.3%	45.3%
Total Assets	₱4,012,846,391	₱3,476,061,865	₱536,784,526	15.4%	100.0%	100.0%
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and other current liabilities	₱549,514,400	₱416,433,885	₱133,080,515	32.0%	13.7%	12.0%
Short-term loans payable	1,025,000,000	450,000,000	575,000,000	127.8%	25.5%	12.9%
Income tax payable	22,215,414	-	22,215,414	0.0%	0.6%	0.0%
Due to related parties	-	62,482,842	(62,482,842)	(100.0%)	0.0%	1.8%
Total Current Liabilities	₱1,596,729,814	₱928,916,727	₱667,813,087	71.9%	39.8%	26.7%
Noncurrent Liabilities						
Retirement liability	₱8,024,699	₱8,024,699	-	0.0%	0.2%	0.2%
Other noncurrent liabilities	2,580,000	1,380,000	1,200,000	87.0%	0.1%	0.0%
Long-term loans payable	83,333,333	250,000,000	(166,666,667)	(66.7%)	2.1%	7.2%
Lease liability	388,555,692	376,322,986	12,232,706	3.3%	9.7%	10.8%
Total Noncurrent Liabilities	₱482,493,724	₱635,727,685	(153,233,961)	(24.1%)	12.0%	18.3%
Total Liabilities	₱2,079,223,538	₱1,564,644,412	₱514,579,126	32.9%	51.8%	45.0%
Equity						
Capital stock	₱379,746,835	₱379,746,835	-	0.0%	9.5%	10.9%
Additional paid-in capital	1,386,292,253	1,386,292,253	-	0.0%	34.5%	39.9%
Retained earnings	169,040,156	146,834,756	22,205,400	15.1%	4.2%	4.2%
Remeasurement loss on defined benefit	(1,456,391)	(1,456,391)	-	0.0%	(0.0%)	(0.0%)
Total Equity	₱1,933,622,853	₱1,911,417,453	₱22,205,400	1.2%	48.2%	55.0%
Total Liabilities and Equity	₱4,012,846,391	₱3,476,061,865	₱536,784,526	15.4%	100.0%	100.0%

As of September 30, 2021 vs December 31, 2020

Total assets as at September 30, 2021 was ₱4.01 billion compared to ₱3.48 billion as at December 31, 2020, or a 15.4% increase.

Current Assets

As at September 30, 2021 and December 31, 2020, total current assets amounted to ₱2.12 billion or 52.7% of total assets, and ₱1.90 billion or 54.7% of total assets, respectively, for an increase of ₱213.54 million or 11.2%.

Cash and cash equivalents decreased by 23.8% from ₱940.64 million as at December 31, 2020 to ₱716.59 million as at September 30, 2021 primarily due to cash used for construction and working capital requirements of new stores.

Receivables only accounts for 1.0% of the total assets as at September 30, 2021. It increased by 62.3% from ₱25.07 million as at December 31, 2020 to ₱40.69 million as at September 30, 2021. Increase in receivables mainly due increase in receivables from credit card transactions that are settled within 1-3 days from transaction date and receivables from display rental.

Inventories increased by 50.3% from ₱737.57 million as at December 31, 2020 to ₱1.11 billion as at September 30, 2021. Inventories accounts for 27.6% of the total assets as at September 30, 2021. Increase in inventories was due to the opening of a central distribution center in CentralHub – Tarlac and opening of additional stores.

Prepaid expenses and other current assets increased by 25.6% from ₱199.09 million as at December 31, 2020 to ₱250.14 million as at September 30, 2021 primarily due to the increase in input VAT related to the construction of new stores, additional prepayments and advances to suppliers.

Noncurrent Assets

As at September 30, 2021 and December 31, 2020, total noncurrent assets amounted to ₱1.90 billion or 47.3% of total assets, and ₱1.57 billion or 45.3% of total assets, respectively, for an increase of ₱323.25 million or 20.5%. The increase in noncurrent assets is mainly due to the increase in property and equipment and deferred tax asset.

Property and equipment increased by 28.6% from ₱908.85 million as at December 31, 2020 to ₱1.17 billion as at September 30, 2021 due primarily to the increase in leasehold improvements of the new stores, as well as acquisitions of store equipment.

Right-of-Use is in relation to the adoption of PFRS 16 in 2019. Right-of-Use Assets amounted to ₱408.46 million as at September 30, 2021, which is 10.2% of total assets and ₱402.93 million as at December 31, 2020. The increase is due to the recognition of Right-of-Use related to lease contracts of new stores.

Intangible Assets increased by 17.8% from ₱42.91 million as at December 31, 2020 to ₱50.56 million as at September 30, 2021 due to additions to software and information system of the Group.

Deferred tax assets increased by 49.8% from ₱44.28 million as at December 31, 2020 to ₱66.35 million as at September 30, 2021. The increase in deferred tax assets is mainly from the additional NOLCO from subsidiaries.

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 ₱203.16 million as at September 30, 2021 or 5.1% of total assets and ₱174.71 million as at December 31, 2020.

Current Liabilities

As at September 30, 2021 and December 31, 2020, total current liabilities amounted to ₱1.60 billion or 39.8% of total assets, and ₱928.92 million or 26.7% of total assets, respectively, for an increase of ₱667.81 million or 71.9%. The increase in current liabilities is mainly due to availment of additional short term loan and increase in the current portion of loans payable.

Accounts payable and other current liabilities increased by 32.0% to ₱549.51 million as at September 30, 2021, or 13.7% of total assets, due to increase in payable to trade suppliers.

Short-term loans payable amounted to ₱1.03 billion as at September 30, 2021, the increase is due to the additional short-term loan availed in the nine months of 2021 and reclassification of the current portion of long-term loans.

Due to related parties amounted to nil as at September 30, 2021 from ₱62.48 as at December 31, 2020. The decrease was due to payments to related parties made during the period.

Income tax payable amounted to ₱22.22 million or 0.6% of total assets and nil or 0.0% of total assets as at September 30, 2021 and December 31, 2020, respectively. Increase is due to the current tax expense for the period.

Noncurrent Liabilities

As at September 30, 2021 and December 31, 2020, total noncurrent liabilities amounted to ₱482.49 million or 12.0% of total assets, and ₱635.73 million or 18.3% of total assets, respectively, for a decrease of ₱153.23 million or 24.1%.

Retirement benefits liability pertains to retirement cost recognized by the Group for its retirement obligation to its employees.

Long-term loans payable amounted to ₱83.33 million on September 30, 2021, a decrease of ₱166.67 million or 66.7% from ₱250.00 million as at December 31, 2020. The decrease is due to reclassification of current portion to short-term loans payable and payment of the principal.

Lease liability amounting to ₱388.56 million as at September 30, 2021 and ₱376.32 as at December 31, 2020 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 additional spaces qualified under PFRS 16 leased by the Group for its newly opened stores.

Equity

As at September 30, 2021 and December 31, 2020, total equity amounted to ₱1.93 billion or 48.2% of total assets, and ₱1.91 million or 55.0% of total assets, respectively, for an increase of ₱22.21 million or 1.2%. The increase is from the net income for the period.

Key Performance Indicators of the Company

	Unaudited September 30, 2021	Audited December 31, 2020
Current Ratio	1.33	2.05
Asset to Equity	2.08	1.82
Debt to Equity Ratio	0.57	0.24
Acid Test Ratio	0.47	1.04

	Unaudited For the nine months ending September 30, 2021	Unaudited For the nine months ending September 30, 2020
Return on Equity	1.20%	1.46%
Net Income to Revenue	0.82%	0.60%
Revenue Growth	15.92%	28.35%
Income Growth	58.61%	26.42%
EBITDA	Php92.72 million	Php61.79 million
Solvency Ratio	0.05	0.04

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
$$\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Total Revenue}}$$

6. Revenue Growth	$\frac{\text{Total Revenue (Current Period)} - \text{Total Revenue (Prior Period)}}{\text{Total Revenue (Prior Period)}}$
7. Income Growth	$\frac{\text{Net Income Attributable to Owners of the Parent (Current Period)} - \text{Net Income Attributable to Owners of the Parent (Prior Period)}}{\text{Net Income Attributable to Owners of the Parent (Prior Period)}}$
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	$\frac{\text{Net Income} + \text{Depreciation and Amortization}}{\text{Total Liabilities}}$

Other Disclosures

MM Group is not aware of any known trends, demands, commitments, events, or uncertainties that will have a material impact on MM Group's liquidity.

MM Group is not aware of any event that will trigger direct or contingent financial obligation that is material to MM Group, including default or acceleration of any obligation.

MM Group has no material off-balance sheet transactions, arrangements, or obligations that were likely to have a current or future material effect on our financial condition, revenues or expenses, results of operations, liquidity or capital expenditures.

MM Group has no material commitments for capital expenditures other than those performed in the ordinary course of trade of business and MM Group's store expansion plan.

MM Group also has no unconsolidated subsidiaries.

MM Group does not have any significant elements of income or loss that did not arise from its continuing operations.

MM Group experiences the fourth quarter of the year with increase in sales due to Christmas & New Year holidays.

CALENDAR YEAR ENDED DECEMBER 31, 2020 AND 2019

RESULTS OF OPERATION

MERRYMART CONSUMER CORP. AND SUBSIDIARY **Audited Consolidated Statements of Comprehensive Income** **For the year ended December 31, 2020 & 2019**

	December 31, 2020	December 31, 2019	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2020	2019
REVENUES						
Sale of goods	3,412,521,282	2,482,302,804	930,218,478	37.5%	98.2%	98.7%
Display rental	26,326,260	20,870,590	5,455,670	26.1%	0.8%	0.8%
Other operating income	35,236,233	12,062,959	23,173,274	192.1%	1.0%	0.5%
	3,474,083,775	2,515,236,353	958,847,422	38.1%	100.0%	100.0%
COST OF SALES	3,145,722,630	2,370,672,389	775,050,241	32.7%	90.5%	94.3%
GROSS PROFIT	328,361,145	144,563,964	183,797,181	127.1%	9.5%	5.7%
OPERATING EXPENSES	304,656,866	98,053,988	206,602,878	210.7%	8.8%	3.9%
INCOME FROM OPERATIONS	23,704,279	46,509,976	(22,805,697)	(49.0%)	0.7%	1.8%
INTEREST EXPENSE	12,550,872	6,653,777.00	5,897,095	88.6%	0.4%	0.3%
INTEREST INCOME	5,769,988	109,993	5,659,995	5145.8%	0.2%	0.0%
INCOME BEFORE TAX	16,923,395	39,966,192	(23,042,797)	(57.7%)	0.5%	1.6%
INCOME TAX EXPENSE (BENEFIT)	31,317,679	(11,956,860)	43,274,539	(361.9%)	0.9%	(0.5%)
NET INCOME	48,241,074	28,009,332	20,231,742	72.2%	1.4%	1.1%
OTHER COMPREHENSIVE INCOME						
REMEASUREMENT GAIN ON DEFINED BENEFIT LIABILITY	(1,456,391)	-	(1,456,391)	0.0%	(0.0%)	0.0%
NET COMPREHENSIVE INCOME (LOSS)	46,784,683	28,009,332	18,775,351	67.0%	1.9%	1.3%

For the year ended December 31, 2020, the MM Group earned a consolidated revenue of ₱3.5 billion an increase of 38.1% from ₱2.5 billion in 2019. This was driven by the expansion of the MM Group's grocery retail store with the opening of 22 additional stores in 2020 and the continuous strong growth of the first two grocery stores in Roxas, Capiz.

For the year ended December 31, 2020, sale of goods contributes 98.2% of the total revenue.

The increase in display rental is due to more stores operating in 2020.

The increase in other operating income is due to the increase in product listing fee, supplier opening support and franchise application fees of the MM Group..

For the year ended December 31, 2020, the MM Group's cost of sales is ₱3,145.7 million, an increase of 32.7% compared to ₱2,370.7 million for the year ended December 31, 2019, which is in line with the increase of revenues, primarily driven by the increase in sales.

For the year ended December 31, 2020, the MM Group realized an increase of 127.1% in consolidated gross profit from ₱144.6 million in 2019 at 5.7% margin to ₱328.4 million at 9.5% margin in the same

period of 2020, driven by strong sales growth from old and new stores and increase in other operating income.

Operating expenses increased by ₱206.6 million or 210.7% from the ₱98.1 million in the year ended December 31, 2019 to ₱304.7 million in 2020. The additional operating expenses are mainly attributable to the opening of a new stores in 2020 and the pre-operating expenses of some branches.

Interest expense pertains to the accounting adjustment for the adoption of PFRS 16. The amount is the computed interest expense for the lease contract liability recognized. The increase in interest expense of ₱5.9 million or 88.6% from ₱6.7 million in the year ended December 31, 2019 to ₱12.6 million in 2020 is due to additional leases of MM Group qualified under PFRS 16.

Interest income increased by 5,145.8% in 2020 due to increase in deposit placement.

Income tax benefit for the year ended December 31, 2020 amounted to ₱31.3 million due to the net operating loss from the Company's subsidiary.

For the year ended December 31, 2020, the MM Group earned a consolidated net income of ₱48.2 million an increase of 72.2% from ~~₱~~₱28.0 million in 2019. The increase is due to the increase in revenue of the Group and income tax benefit recorded for the year.

FINANCIAL POSITION

MERRYMART CONSUMER CORP. AND SUBSIDIARY

Audited Consolidated Statements of Financial Position

As at December 31, 2020 & 2019

	December 31, 2020	December 31, 2019	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2020	2019
ASSETS						
Current Assets						
Cash and cash equivalents	₱940,641,989	₱270,308,599	₱670,333,390	247.99%	27.1%	29.6%
Receivables	25,071,685	9,841,735	15,229,950	154.75%	0.7%	1.1%
Inventories	737,572,923	183,418,743	554,154,180	302.13%	21.2%	20.1%
Prepaid expenses and other current assets	199,090,553	46,369,239	152,721,314	329.36%	5.7%	5.1%
Total Current Assets	1,902,377,150	509,938,316	1,392,438,834	273.06%	54.7%	55.8%
Noncurrent Assets						
Property and equipment - net	908,849,180	₱221,794,668	687,054,512	309.77%	26.1%	24.2%
Right-of-use asset	402,933,511	118,264,628	284,668,883	240.71%	11.6%	12.9%
Intangible asset	42,910,253	14,612,773	28,297,480	193.65%	1.2%	1.6%
Deferred tax asset	44,276,810	8,352,008	35,924,802	430.13%	1.3%	0.9%
Other noncurrent assets	174,714,961	41,672,212	133,042,749	319.26%	5.0%	4.6%
Total Noncurrent Assets	1,573,684,715	404,696,289	1,168,988,426	288.86%	45.3%	44.2%
	₱3,476,061,865	₱914,634,605	₱2,561,427,260	280.05%	100.0%	100.0%
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and other current liabilities	₱416,433,885	₱145,041,049	₱271,392,836	187.11%	12.0%	15.9%
Short-term loans payable	450,000,000	150,000,000	300,000,000	200.00%	12.9%	16.4%
Income tax payable	-	37,782,980	(37,782,980)	(100.00%)	0.0%	4.1%
Due to a related party	62,482,842	49,762,571	12,720,271	25.56%	1.8%	5.4%
Total Current Liabilities	928,916,727	382,586,600	546,330,127	142.80%	26.7%	41.8%
Noncurrent Liabilities						
Retirement benefits liability	8,024,699	6,196,332	1,828,367	29.51%	0.2%	0.7%
Other noncurrent liabilities	1,380,000	1,380,000	-	0.00%	0.0%	0.2%
Lease liabilities	376,322,986	117,477,991	258,844,995	220.33%	10.8%	12.8%
Deposit for future subscription	-	298,750,000	(298,750,000)	(100.00%)	0.0%	32.7%
Total Noncurrent Liabilities	635,727,685	423,804,323	211,923,362	50.01%	18.3%	46.3%
Total Liabilities	1,564,644,412	806,390,923	758,253,489	94.03%	45.0%	88.2%
Equity						
Capital stock	379,746,835	1,250,000	378,496,835	30279.75%	10.9%	0.1%
Additional paid-up capital	1,386,292,253	-	1,386,292,253	0.00%	39.9%	0.0%
Retained earnings	146,834,756	106,993,682	39,841,074	37.24%	4.2%	11.7%
Remeasurement gain on defined benefit liability	(1,456,391)	-	(1,456,391)	0.00%	(0.0%)	0.0%
Total Equity	1,911,417,453	108,243,682	1,803,173,771	1665.85%	55.0%	11.8%
Total Liabilities and Equity	₱3,476,061,865	₱914,634,605	₱2,561,427,260	280.05%	100.0%	100.0%

ASSETS

Total assets as at December 31, 2020 is ₱3,476.1 million compared to ₱914.6 million as at December 31, 2019, a ₱2,561.4 million or 280.0% increase.

Current Assets

As at December 31, 2020 and 2019, total current assets amounted to ₱1,902.4 million or 54.7% of total assets, and ₱509.9 million or 55.8% of total assets, respectively, for an increase of ₱1,392.4 million or 273.1%.

Cash and cash equivalents increased by 248.0% from ₱270.3 million as at December 31, 2019 to ₱940.6 million as at December 31, 2020 primarily due from the proceeds of loan and issuance of shares by the Company.

Receivables only accounts for 0.7% of the total assets as at December 31, 2020. It increased by 154.8% from ₱9.8 million as at December 31, 2019 to ₱25.1 million as at December 31, 2020 due to increase in receivables from credit card and QR-based mobile payment sales.

Inventories increased by 302.1% from ₱183.4 million as at December 31, 2019 to ₱737.6 million as at December 31, 2020 this increase is due from the increase in operations of the Group, with 22 additional stores in 2020.

Prepaid expenses and other current assets increased by 329.4% from ₱46.4 million as at December 31, 2019 to ₱199.1 million as at December 31, 2020 primarily due to the increased in input VAT related to the construction of new stores and prepaid expenses.

Noncurrent Assets

As at December 31, 2020 and 2019, total noncurrent assets amounted to ₱1,573.7 million or 45.3% of total assets, and ₱404.7 million or 44.2% of total assets, respectively, for an increase of ₱1,169.0 million or 288.9%.

Property and equipment increased by 309.8% from ₱221.8 million as at December 31, 2019 to ₱908.8 million as at December 31, 2020 due primarily to the increase in construction in progress and leasehold improvements for MerryMart's additional stores.

Right-of-Use asset is in relation to the adoption of PFRS 16. Right-of-Use Assets amounted to ₱402.9 million and ₱118.3 million as at December 31, 2020 and December 31, 2019, respectively, which is 11.6% of total assets. The increase in right-of-use asset is due to the additional leases of the Group qualified under PFRS 16.

Intangible Assets increased by 193.6% from ₱14.6 million as at December 31, 2019 to ₱42.9 million as at December 31, 2020 due to additional cost for the installation and implementation of MM's SAP system.

Deferred tax assets increased by 430.1% from ₱8.4 million as at December 31, 2019 to ₱44.3 million as at December 31, 2020 due to increase in the deferred tax component of NOLCO from the Company's subsidiary.

Other noncurrent assets mainly pertain to the deposits and prepaid rent for the leases of its stores. Other noncurrent assets increased by ₱174.7 million or 319.3% from ₱41.7 million as at December 31, 2019 to ₱174.7 million in December 31, 2020, which is 5.0% of the total assets.

LIABILITIES

Total liabilities as at December 31, 2020 is ₱1,564.6 million compared to ₱806.4 million as at December 31, 2019, a ₱758.3 million or 94.0% increase.

Current Liabilities

As at December 31, 2020 and 2019, total current liabilities amounted to ₱928.9 million or 26.7% of total assets, and ₱382.6 million or 41.8% of total assets, respectively, for an increase of ₱546.3 million or 142.8%.

Accounts payable and other current liabilities increased by 187.1% to ₱416.4 million as at December 31, 2020, or 12.0% of total assets, due to higher payables to suppliers, accrued expenses and current portion lease liabilities as at December 31, 2020.

Loans payable amounted to ₱450 million as at December 31, 2020, an increase of ₱300.0 million or 200.0% from ₱150.0 million as at December 31, 2019. The increase is due to the short-term loans availed by the Group in 2020.

Income tax payable is nil for December 31, 2020, all income taxes due were paid by the Group before December 31, 2020.

Due to related parties increased by 25.6% or ₱12.7 million from ₱49.8 million as at December 31, 2019 to ₱62.5 million, 1.8% of total assets, in December 31, 2020 due to advances made for the year.

Noncurrent Liabilities

As at December 31, 2020 and 2019, total noncurrent liabilities amounted to ₱635.7 million or 18.3% of total assets, and ₱423.8 million or 46.3% of total assets, respectively, for an increase of ₱211.9 million or 50.0%.

Retirement benefits liability increased by ₱1.8 million or 29.5% due to the additional accrual recognized by the MM Group for its retirement obligation to its employees.

Lease liability pertains to the contractual lease liability recognized by the MM Group for its stores and office space in relation to the PFRS 16 adoption amounting to ₱376.3 million as at December 31, 2020, an increase of ₱258.8 million or 220.3% from ₱117.5 million as at December 31, 2019. The increase is due to additional leases by the Group qualified under PFRS 16.

Deposit for future subscription is nil as at December 31, 2020, 100.0 % decrease from ₱298.8 million as at December 31, 2019. The deposit for future subscription has been converted to equity in 2020.

EQUITY

As at December 31, 2020 and 2019, total equity amounted to ₱1,911.4 million or 55.0% of total assets, and ₱108.2 million or 11.8% of total assets, respectively, for an increase of ₱1,803.2 million or 1,665.8%. The

increase in equity is due to increase in Capital stock and recognition of additional paid-in capital for the year, and net income for the year offset by the dividends declared.

CALENDAR YEAR ENDED DECEMBER 31, 2019 AND 2018

RESULTS OF OPERATION

MERRYMART CONSUMER CORP. AND SUBSIDIARY Audited Consolidated Statements of Comprehensive Income For the year ended December 31, 2019 & 2018

	December 31, 2019	December 31, 2018	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2019	2018
REVENUES						
Sale of goods	2,482,302,804	2,095,408,067	386,894,737	18.5%	98.7%	99.0%
Display rental	20,870,590	21,562,804	(692,214)	(3.2%)	0.8%	1.0%
Other operating income	12,062,959	-	12,062,959	0.0%	0.5%	0.0%
	2,515,236,353	2,116,970,871	398,265,482	18.8%	100.0%	100.0%
COST OF SALES	2,370,672,389	2,023,262,656	347,409,733	17.2%	94.3%	95.6%
GROSS PROFIT	144,563,964	93,708,215	50,855,749	54.3%	5.7%	4.4%
OPERATING EXPENSES	98,053,988	35,781,808	62,272,180	174.0%	3.9%	1.7%
INCOME FROM OPERATIONS	46,509,976	57,926,407	(11,416,431)	(19.7%)	1.8%	2.7%
INTEREST EXPENSE	6,653,777	-	6,653,777	0.0%	0.3%	0.0%
INTEREST INCOME	109,993	49,649	60,344	121.5%	0.0%	0.0%
INCOME BEFORE TAX	39,966,192	57,976,056	(18,009,864)	(31.1%)	1.6%	2.7%
INCOME TAX EXPENSE	(11,956,860)	(17,377,922)	5,421,062	(31.2%)	(0.5%)	(0.8%)
NET INCOME/TOTAL COMPREHENSIVE INCOME	28,009,332	40,598,134	(12,588,802)	(31.0%)	1.1%	1.9%

For the year ended December 31, 2019, the MM Group earned a consolidated revenue of ₱2.5 billion an increase of 18.8% from ₱2.1 billion in 2018. This was driven by the expansion of the MM Group's grocery retail store with the opening of its first MerryMart brand and the continuous strong growth of the first two grocery stores in Roxas, Capiz. MerryMart-DoubleDragon Plaza started its operations May 2019 and have been contributing sales of goods and concession sales to the MM Group.

For the year ended December 31, 2019, sale of goods contributes 98.7% of the total revenue.

Table showing the significant increase in the sale of goods for the two Injap Supermart grocery brand:

	2018	2019
Sale of Goods	2,095,408,067	2,482,302,804
% Change	19.7%	13.0%

The other operating income consists of the concession sales net of cost of concession, supplier marketing fees and franchise fees of the MM Group. The increase is due to the operating income recognized by MMGC which started operation in 2019.

For the year ended December 31, 2019, the MM Group's cost of sales is ₱2,370.7 million, an increase of 17.2% compared to ₱2,023.3 million for the year ended December 31, 2018, which is in line with the increase of revenues, primarily driven by the increase in sales.

For the year ended December 31, 2019, the MM Group realized an increase of 54.3% in consolidated gross profit from ₱93.7 million in 2018 at 4.4% margin to ₱144.6 million at 5.7% margin in the same period of 2019, driven by strong sales growth from old and new stores and continuous suppliers' support through additional trade discounts and promos.

Operating expenses increased by ₱62.3 million or 174.0% from the ₱35.8 million in the year ended December 31, 2018 to ₱98.1 million in 2019. The additional operating expenses are mainly attributable to the opening of a new store in 2019 and the pre-operating expenses of MM.

Interest expense amounted to ₱6.7 million in 2019 pertains to the accounting adjustment for the adoption of PFRS 16. The amount is the computed interest expense for the lease contract liability recognized.

Interest income increased by 121.8% in 2019 due to higher interest income earned from MM Group's cash in banks.

Income tax expense for 2019 amounted to ₱12.0 million, a decrease of 31.2% from 2018. The decrease is mainly due to lower taxable income of the company in 2019.

For the year ended December 31, 2019, the MM Group earned a consolidated net income of ₱28.0 million a decrease of 31.0% from ₱40.6 million in 2018. The decrease is due to the pre-operating expenses of the Issuer's subsidiary.

FINANCIAL POSITION

MERRYMART CONSUMER CORP. AND SUBSIDIARY

Audited Consolidated Statements of Financial Position

As at December 31, 2019 & 2018

	December 31, 2019	December 31, 2018	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2019	2018
ASSETS						
Current Assets						
Cash and cash equivalents	₱270,308,599	₱20,907,865	₱249,400,734	1192.9%	29.6%	6.3%
Receivables	9,841,735	914,421	8,927,314	976.3%	1.1%	0.3%
Inventories	183,418,743	270,448,890	(87,030,147)	(32.2%)	20.1%	81.0%
Prepaid expenses and other current assets	46,369,239	3,838,876	42,530,363	1107.9%	5.1%	1.2%
Total Current Assets	509,938,316	296,110,052	213,828,264	72.2%	55.8%	88.7%
Noncurrent Assets						
Property and equipment - net	221,794,668	29,011,645	192,783,023	664.5%	24.2%	8.7%
Right-of-use asset	118,264,628	-	118,264,628	0.0%	12.9%	0.0%
Intangible asset	14,612,773	7,200,000	7,412,773	103.0%	1.6%	2.2%
Deferred tax asset	8,352,008	1,417,238	6,934,770	489.3%	0.9%	0.4%
Other noncurrent assets	41,672,212	-	41,672,212	0.0%	4.6%	0.0%
Total Noncurrent Assets	404,696,289	37,628,883	367,067,406	975.5%	44.2%	11.3%
	₱914,634,605	₱333,738,935	₱580,895,670	174.1%	100.0%	100.0%
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and other current liabilities	₱145,041,049	₱95,187,658	₱49,853,391	52.4%	15.9%	28.5%
Loans payable	150,000,000	-	150,000,000	0.0%	16.4%	0.0%
Income tax payable	37,782,980	19,163,976	18,619,004	97.2%	4.1%	5.7%
Due to related parties	49,762,571	134,896,958	(85,134,387)	(63.1%)	5.4%	40.4%
Total Current Liabilities	382,586,600	249,248,592	133,338,008	53.5%	41.8%	74.7%
Noncurrent Liabilities						
Retirement liability	6,196,332	4,255,993	1,940,339	45.6%	0.7%	1.3%
Other noncurrent liabilities	1,380,000	-	1,380,000	0.0%	0.2%	0.0%
Lease liability	117,477,991	-	117,477,991	0.0%	12.8%	0.0%
Deposit for future subscription	298,750,000	-	298,750,000	0.0%	32.7%	0.0%
Total Noncurrent Liabilities	423,804,323	4,255,993	419,548,330	9857.8%	46.3%	1.3%
Total Liabilities	806,390,923	253,504,585	552,886,338	218.1%	88.2%	76.0%
Equity						
Capital stock	1,250,000	1,250,000	-	0.0%	0.1%	0.4%
Retained earnings	106,993,682	78,984,350	28,009,332	35.5%	11.7%	23.7%
Total Equity	108,243,682	80,234,350	28,009,332	34.9%	11.8%	24.0%
Total Liabilities and Equity	₱914,634,605	₱333,738,935	₱580,895,670	174.1%	100.0%	100.0%

ASSETS

Total assets as at December 31, 2019 is ₱914.6 million compared to ₱333.7 million as at December 31, 2018, or a 174.1% increase.

Current Assets

As at December 31, 2019 and 2018, total current assets amounted to ₱509.9 million or 55.8% of total assets, and ₱296.1 million or 88.7% of total assets, respectively, for an increase of ₱213.8 million or 72.2%.

Cash and cash equivalents increased by 1192.9% from ₱20.9 million as at December 31, 2018 to ₱270.3 million as at December 31, 2019 primarily due to net cash generated from operations and deposits for future subscription.

Receivables only accounts for 1.1% of the total assets as at December 31, 2019. It increased by 976.3% from ₱914.4 thousand as at December 31, 2018 to ₱9,841.7 thousand as at December 31, 2019 due to additional receivables from MM-DoubleDragon Plaza Pasay which only started operations in 2019. These receivables pertain to receivables from credit card and QR-based mobile payment sales.

Inventories decreased by 32.2% from ₱270.4 million as at December 31, 2018 to ₱183.4 million as at December 31, 2019 due to lower purchases during the second half of 2019 compared to the same period in 2018 as MM plans to maintain a lower warehouse inventories at year end 2019.

Prepaid expenses and other current assets increased by 1,107.9% from ₱3.8 million as at December 31, 2018 to ₱46.4 million as at December 31, 2019 primarily due to the increased in input VAT related to the construction of new stores.

Noncurrent Assets

As at December 31, 2019 and 2018, total noncurrent assets amounted to ₱404.7 million or 44.2% of total assets, and ₱37.6 million or 11.3% of total assets, respectively, for an increase of ₱367.1 million or 975.5%

Property and equipment increased by 664.5% from ₱29 million as at December 31, 2018 to ₱221.8 million as at December 31, 2019 due primarily to the increase in construction in progress and leasehold improvements for MerryMart's additional stores, as well as acquisitions of store equipment and office furniture and fixtures for MM's new office.

Right-of-Use asset is in relation to the adoption of PFRS 16 in 2019. Right-of-Use Assets amounted to ₱118.3 million as at December 31, 2019, which is 12.9% of total assets.

Intangible Assets increased by 103.0% from ₱7.2 million as at December 31, 2018 to ₱14.6 million as at December 31, 2019 due primarily to the installation of MM's SAP system.

Deferred tax assets increased by 489.3% from ₱1.4 million as at December 31, 2018 to ₱8.4 million as at December 31, 2019 due to increase in the deferred tax component from retirement liability and MMGC's NOLCO.

Other noncurrent assets mainly pertain to the deposits made by the MMGC in 2019 for the lease of its new and upcoming stores. Other noncurrent assets amounted to ₱41.7 million as at December 31, 2019 or 4.6% of total assets.

LIABILITIES

Current Liabilities

As at December 31, 2019 and 2018, total current liabilities amounted to ₱382.6 million or 41.8% of total assets, and ₱249.3 million or 74.7% of total assets, respectively, for an increase of ₱133.3 million or 53.5%.

Accounts payable and other current liabilities increased by 52.4% to ₱145.0 million as at December 31, 2019, or 15.9% of total assets, due to higher payables to suppliers as at December 31, 2018.

Loans payable amounted to ₱150 million as at December 31, 2019, the increase is due to the short-term loans availed by MMGC in 2019.

Due to related parties decreased by 63.1% due to payments made in 2019. Due to related parties accounts to 5.4% of total assets.

Income tax payable amounted to ₱37.8 million as at December 31, 2019 or 4.1% of total asset, 97.2% higher than ₱19.2 million as at December 31, 2018 is due to higher taxes incurred by the company for the year.

Noncurrent Liabilities

As at December 31, 2019 and 2018, total noncurrent liabilities amounted to ₱423.8 million or 46.3% of total assets, and ₱4.3 million or 1.3% of total assets, respectively, for an increase of ₱419.5 million or 9,857.8%.

Retirement benefits liability increased by ₱1.9 million or 45.6% due to the additional accrual recognized by the MM Group for its retirement obligation to its employees.

Deposit for future subscription amounted to ₱298.8 million as at December 31, 2019 as a result of MM's planned increase in authorized capital stock.

Lease liability amounting to ₱117.5 million as at December 31, 2019 pertains to the contractual lease liability recognized by the MM Group for its stores and office space in relation to the PFRS 16 adoption.

EQUITY

As of December 31, 2019 and 2018, total equity amounted to ₱108.2 million or 11.8% of total assets, and ₱80.2 million or 24.0% of total assets, respectively, for an increase of ₱28.0 million or 34.9%. The increase in equity is due to the net income recognized by the MM Group for the year.

Key Performance Indicators of the Company

The following are the key performance indicators used by the Group as at December 31, 2020, 2019 and 2018.

	December 31, 2020	December 31, 2019	December 31, 2018
Current Ratio	2.05	1.33	1.19
Asset to Equity	1.82	8.45	4.16
Debt to Equity Ratio	0.24	1.39	
Acid Test Ratio	1.04	0.73	0.09
Return on Equity	4.78%	29.72%	67.74%
Net Income to Revenue	1.39%	1.11%	1.92%
Revenue Growth	38.12%	18.81%	20.28%
Income Growth	72.23%	-31.01%	103.02%
EBITDA (PHP in thousands)	91,125.1	65,020.5	59,343.8
Solvency Ratio	0.03	0.06	0.17

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	$\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Total Revenue}}$	
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	$\frac{\text{Net Income} + \text{Depreciation and Amortization}}{\text{Total Liabilities}}$
--------------------	---

Liquidity & Capital Resources

MM expects to meet its operating assets and liabilities, capital expenditure and investment requirements for the next 12 months primarily from its operating cash flows and borrowings and issuance of shares. It may from time to time seek other sources of funding, which may include debt or equity financings, depending on its financing needs and market conditions.

Principal uses of cash are for working capital requirements and capital expenditures for stores expansion.

Material Events and Uncertainties

MM Group is not aware of any known trends, demands, commitments, events, or uncertainties that will have a material impact on MM Group's liquidity.

MM Group is not aware of any event that will trigger direct or contingent financial obligation that is material to MM Group, including default or acceleration of any obligation.

MM Group is not aware of any trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on revenues or income from continuing operations.

MM Group has no material off-balance sheet transactions, arrangements, or obligations that were likely to have a current or future material effect on our financial condition, revenues or expenses, results of operations, liquidity or capital expenditures.

MM Group has no material commitments for capital expenditures other than those performed in the ordinary course of trade of business and MM Group's store expansion plan.

MM Group also has no unconsolidated subsidiaries.

MM Group does not have any significant elements of income or loss that did not arise from its continuing operations.

MM Group experiences the fourth quarter of the year with increase in sales due to Christmas & New Year holidays.

CALENDAR YEAR ENDED DECEMBER 31, 2018 AND 2017

	2017* (Amended)	2018
<i>Amount in ₱ in thousands</i>	₱	₱
Revenues		
Sale of goods	1,750,689.7	2,095,408.1
Display rental	9,409.1	21,562.8
Other operating income	-	-
	1,760,098.8	2,116,970.9
Cost of Sales	(1,690,409.7)	(2,023,262.7)
Gross Profit	69,689.1	93,708.2
Operating Expenses	(41,189.9)	(35,781.8)
Income from Operations	28,499.2	57,926.4
Interest Expense	-	-
Interest Income	48.1	49.6
Income before Income Tax	28,547.3	57,976.0
Income Tax Expense	(8,549.8)	(17,377.9)
Net Income/Total Comprehensive Income	19,997.5	40,598.1

**MM's Individual Financial Statements*

Year Ended December 31, 2018 compared to year ended December 31, 2017

	Year Ended December 31,		Analysis		
	2017*	2018	Horizontal	Vertical	
	<i>₱ in thousands</i>		<i>% Change</i>	<i>% of Total Revenue</i>	
Revenue	1,760,098.8	2,116,970.9	20.3%	100.0%	100.0%
Gross Profit	69,689.1	93,708.2	34.5%	4.0%	4.4%
Operating Expenses	(41,189.9)	(35,781.8)	-13.1%	-2.3%	-1.7%
Income from Operations	28,499.2	57,926.4	103.3%	1.6%	2.7%
Net Income	19,997.5	40,598.1	103.0%	1.1%	1.9%

**MM's Individual Financial Statements*

For the year ended December 31, 2018, the MM Group earned a consolidated revenue of ₱2.1 billion an increase of 20.3% from ₱1.8 billion in 2017. The increase was due to the higher sales from the grocery stores and gondola rentals.

For the year ended December 31, 2018, the MM Group's cost of sales is ₱2,023.3 million, an increase of 19.7% compared to ₱1,690.4 million for the year ended December 31, 2017, which is in line with the increase of revenues, primarily driven by the increase in sales.

For the year ended December 31, 2018, the MM Group realized an increase of 34.5% in consolidated gross profit due to higher gross profit margin, from ₱69.7 million in 2017 at 4.0% margin to ₱93.7 million at 4.4% margin in the same period of 2018.

Operating expenses decreased by 13.1% from the ₱41.2 million in the year ended December 31, 2017 to ₱35.78 million in 2018. The lower operating expenses are due to the increase in operational efficiency of the stores.

For the year ended December 31, 2018, the MM Group earned a consolidated net income of ₱40.6 million an increase of 103.0% from ₱20.0 million in 2017. Income taxes for 2018 also increased as a result of the higher taxable income of the branches.

As of December 31, 2018 vs. December 31, 2017

FINANCIAL POSITION

	As of December 31,		Analysis		
	2017*	2018	Horizontal	Vertical	
	<i>₱ in thousands</i>		<i>% Change</i>	<i>% of Total Assets</i>	
Total Current Assets	223,622.0	296,110.1	32.4%	97.4%	88.7%
Total Noncurrent Assets	6,048.5	37,628.8	522.1%	2.6%	11.3%
Total Assets	229,670.5	333,738.9	45.3%	100.0%	100.0%
<hr/>					
Total Current Liabilities	186,430.6	249,248.5	33.7%	81.2%	74.7%
Total Noncurrent Liabilities	3,603.7	4,256.0	18.1%	1.6%	1.3%
Total Liabilities	190,034.3	253,504.5	33.4%	82.7%	76.0%
Total Equity	39,636.2	80,234.4	102.4%	17.3%	24.0%
Total Liabilities and Equity	229,670.5	333,738.9	45.3%	100.0%	100.0%

*MM's Individual Financial Statements

Total assets as at December 31, 2018 is ₱333.7 million compared to ₱229.7 million as at December 31, 2017, or a 45.3% increase.

Current Assets

As at December 31, 2018 and 2017, total current assets amounted to ₱296.1 million or 88.7% of total assets, and ₱223.6 million or 97.4% of total assets, respectively, for an increase of ₱72.5 million or 32.4%.

Cash and cash equivalents increased by 5.5% from ₱19.8 million as at December 31, 2017 to ₱20.9 million as at December 31, 2018 primarily due to net cash generated from operations.

Receivables only accounts for 0.3% of the total assets as at December 31, 2018. It decreased by 44.5% from ₱1,647.8 thousand as at December 31, 2017 to ₱914.4 thousand as at December 31, 2018 due to lower outstanding receivables as of 2018 year end.

Inventories increased by 33.8% from ₱202.2 million as at December 31, 2017 to ₱270.4 million as at December 31, 2018. Inventories accounts for 81.0% of the total assets as at December 31, 2018 due to higher purchases during the last quarter of 2019 compared to the same period in 2018.

Prepaid expenses and other current assets amounted to ₱3.8 million as at December 31, 2018 and only accounts for 1.2% of total assets. The increased in prepaid expenses and other current assets is due to the input vat of MMGC related to the construction of its first store.

Noncurrent Assets

As at December 31, 2018 and 2017, total noncurrent assets amounted to ₱37.6 million or 11.3% of total assets, and ₱6.0 million or 2.6% of total assets, respectively, for an increase of ₱31.6 million or 552.1%.

Property and equipment increased by 484.0% from ₱5.0 million as at December 31, 2017 to ₱29.0 million as at December 31, 2018 due primarily to the additional store and office equipment.

Intangible Assets increased to ₱7.2 million as at December 31, 2018 to the installation of the SAP system.

Deferred tax assets increased by 31.1% from ₱1.1 million as at December 31, 2017 to ₱1.4 million as at December 31, 2018 due to increase in the deferred tax component from retirement liability and MMGC's NOLCO.

Current Liabilities

As at December 31, 2018 and 2017, total current liabilities amounted to ₱249.2 million or 74.7% of total assets, and ₱186.4 million or 81.2% of total assets, respectively, for an increase of ₱62.8 million or 33.7%.

Accounts payable and other current liabilities decreased by 12.5% to ₱95.2 million as at December 31, 2018 due to lower outstanding payable to suppliers as of 2018 year end.

Due to related parties amounted to ₱134.9 million as at December 31, 2018, which accounts to 40.4% of total assets as at December 31, 2018. It increased by 85.9% due to the advances made by the parent company to support the planned expansion of the company.

Income tax payable as at December 31, 2018 amounted to ₱19.2 million or 5.7% of total assets, increase of 272.5% or ₱14.0 million from ₱5.1 million as at December 31, 2017 due to higher output taxes and other taxes incurred by the MM Group.

Noncurrent Liabilities

As at December 31, 2018 and 2017, total noncurrent liabilities of the MM Group only pertain to the retirement benefit liability of the MM Group to its employees. As at December 31, 2018 and December 31, 2017, retirement benefit liability amounted to ₱4.3 million or 1.3% of total assets, and ₱3.6 million or 1.6% of total assets, respectively, for an increase of 18.1%.

Equity

As at December 31, 2018 and 2017, total equity amounted to ₱80.2 million or 24.0% of total assets, and ₱39.6 million or 17.3% of total assets, respectively, for an increase of ₱40.6 million or 102.4%. The increase in equity is due to the net income recognized by the MM Group for the year.

S.E.C. Registration Number

(Company's Full Name)

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

Rizza Marie Joy Sia

Contact Person

(02) 8743-1111

Company Telephone Number

Month

Day

FORM TYPE

Month

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

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)

SEC Form 17-A Annual Report

(Form Type)

N/A

Amendment Designation

December 31, 2020

Period Ended Date

N/A

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2020**
2. 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
<u>Common Shares</u>	<u>7,594,936,709</u>

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

13. Aggregate market value of the voting stock held by non-affiliates: **P9,762,086,881.62** as of December 31, 2020.

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PART I BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

MerryMart Consumer Corp., formerly Injap Supermart Inc., is an emerging consumer focused retail company principally engaged in the operation of retail stores in the supermarket and, beginning January 30, 2020 household essentials category. The Issuer, through its subsidiary, MMGC, will pioneer the franchise business model covering supermarkets and household essentials stores in the Philippines.

The principal shareholder of MM is Injap Investments, Inc., which is the investment holding company of the Sia family, primarily led by its major shareholder and Chairman, Edgar J. Sia II.

MM was incorporated in 2009. However, the Sia family has long been engaged in the supermarket business. MM opened its first two stores, Injap Supermart TATC and Injap Supermart Burgos Roxas City after its incorporation in 2009. Injap Supermarts like MerryMart Groceries are full size supermarkets offering a wide variety of food and non-food products with up to 20,000 SKUs. Injap Food Shop is a food section that sells ready-to-eat food inside Injap Supermart.

On September 28, 2018, MM aims to capitalize on its extensive experience in the retail business with the incorporation of a wholly owned subsidiary MMGC, which MM would use to rollout three retail formats nationwide under a new brand, MerryMart.

MERRYMART has set its Vision 2030 with the goal of rolling out a total of 1,200 MERRYMART branches nationwide with an aim of reaching Php 120 Billion in systemwide sales revenue.

MM plans to develop the MerryMart brand through company-owned stores, as well as opening it for franchising to the public. MM will serve as a platform for the existing local and traditional supermarkets to convert and be part of a modern-branded retail chain network while retaining ownership of the store as a franchisee of MM. Being part of the MerryMart network will allow current traditional retailers to remain relevant for the coming decades and also enable them to bridge the ongoing shift from traditional retail to modern retail.

MMGC aims to cover all the grocery retail categories from small, medium, and large grocery retail formats and will have, in particular, three grocery retail formats:

1. MerryMart Grocery

MerryMart Grocery is a full size supermarket that offers a wide variety of food and non-food products, a broad selection of personal care products, as well as a pharmaceutical section. MerryMart Grocery caters to lower to middle-income consumers and offers competitive prices. MerryMart Grocery will be available for franchising via conversion of existing traditional supermarkets.

2. MerryMart Market

MerryMart Market is a medium format specialized grocery that offers a larger selection of premium and imported grocery items and will feature a large fresh selection of fruits and vegetables, as well as fresh seafood products. MerryMart Market will also offer personal care

and pharmaceutical products but will cater to the middle to high-income consumers in central business districts and other urbanized communities. MerryMart Market expansion will only be for company-owned stores due to its specialized nature and distinct target market.

3. MerryMart Store

MerryMart Store is a small format household essentials store with a unique three-in-one concept which combines a mini-grocery, personal care shop, and pharmacy in one store, effectively providing operational cost efficiencies. This household essentials store will cater to the general population of each community and neighborhood it serves. The MerryMart Store expansion will be primarily through a franchise platform.

On June 15, 2020, the Company's shares debuted on the Philippine Stock Exchange's ("PSE") Small, Medium, and Emerging Board ("SME Board") under the stock symbol "MM" through an initial public offering of 21% of its outstanding common shares.

On September 23, 2020 MM has signed an agreement with FoodPanda Philippines to operate and pioneer the 'dark grocery' store concept in the Philippines with the aim of becoming the first 15-minute grocery delivery service in the country. PandaMart is FoodPanda's instant grocery delivery service which covers convenience grocery goods, personal care essentials and other fast moving consumer goods. 'Dark groceries' are branches that will generally be invisible and will solely cater to online deliveries within the vicinity.

As of December 31, 2020, MM already has 6 operational dark stores:

FORMAT	STORE LOCATION
DARK STORE	MerryMart Dark Store – MAKATI
DARK STORE	MerryMart Dark Store – MANILA
DARK STORE	MerryMart Dark Store - SAN JUAN
DARK STORE	MerryMart Dark Store - QC NORTH
DARK STORE	MerryMart Dark Store – ALABANG
DARK STORE	MerryMart Dark Store – PASAY

On November 16, 2020, MM launched its inhouse online delivery app www.merrymartdelivery.com.ph today which will enable shoppers across Metro Manila to have MERRYMART products delivered to their doorstep with no minimum purchase.



As of December 31, 2020, MM Group has 25 operational branches, with the opening of 22 new stores in 2020 across the country.



Map shows the distribution of the MM Group's operational branches as of December 31, 2020

The following table shows the opening date MM Group's operational branches as of the date December 31, 2020:

STORE LOCATION	Opening Date
Injap Supermart – TATC ROXAS CITY	2009
Injap Supermart – BURGOS ROXAS CITY	2009
MerryMart Grocery – DOUBLEDragon PLAZA PASAY	April 29, 2019
MerryMart Grocery – CALAMBA LAGUNA	January 22, 2020
MerryMart Store - AYALA MALLS MANILA BAY	January 30, 2020
MerryMart Grocery – SORSOGON CITY	February 14, 2020
MerryMart Grocery – MAYOMBO DAGUPAN CITY	February 28, 2020
MerryMart Grocery – ISULAN	August 8, 2020
MerryMart Grocery – BULUA CDO CITY	August 8, 2020
MerryMart Grocery - ROXAS AVENUE CAPIZ*	September 8, 2020
MerryMart Grocery - SAN CARLOS CITY PANGASINAN	September 18, 2020
MerryMart Grocery - MACTAN TOWN CENTER CEBU CITY	October 10, 2020
MerryMart Dark Store – MAKATI	October 17, 2020
MerryMart Dark Store – MANILA	October 17, 2020
MerryMart Grocery - CALAPAN CITY MINDORO	October 17, 2020
MerryMart Store - LAPAZ ILOILO CITY (<i>Franchised</i>)	October 20, 2020
MerryMart Market - ROCKWELL ARTON STRIP QC	October 24, 2020
MerryMart Store – ALIMALL	October 31, 2020
MerryMart Grocery - CADIZ CITY NEGROS	November 20, 2020
MerryMart Grocery - IPONAN CDO CITY	November 27, 2020
MerryMart Dark Store - SAN JUAN	December 17, 2020
MerryMart Dark Store - QC NORTH	December 18, 2020
MerryMart Dark Store – ALABANG	December 20, 2020
MerryMart Dark Store – PASAY	December 22, 2020
MerryMart Store - MARKET MARKET	December 28, 2020

The first two branches located in TATC Roxas City and Burgos Roxas City are legacy branches directly owned by MM and currently doing business under the name Injap Supermart.

In addition, MM Group already opened 9 additional branches in 2021.

STORE LOCATION	Opening Date
MerryMart Store – TSQUARE	January 11, 2021
MerryMart Store - ROXAS AVE	January 11, 2021
MerryMart Store - J DE LEON	January 11, 2021
MerryMart Store - QUINTIN SALAS JARO	January 11, 2021
MerryMart Store - PAVIA ILOILO	January 11, 2021
MerryMart Grocery – TUGUEGARAO	March 1, 2021
MerryMart Store – TUGUEGARAO	March 1, 2021
MerryMart Grocery – APARRI	March 25, 2021
MerryMart Store – APARRI	March 25, 2021

For the year ended December 31, 2020, the MM Group booked consolidated revenues of ₱3.5 billion, an increase of 38.1% from the prior year's consolidated revenues of ₱2.5 billion. For

the year ended December 31, 2020, the MM Group booked consolidated net income of ₱48.2 million, an increase of 72.2% from the prior year's consolidated net income of ₱28.0 million.

The MM Group places emphasis on providing consumers with a relevant and wide assortment of merchandise at competitive pricing whilst achieving excellent customer experience all the time.

As of the date of December 31, 2020, the MM Group owns and operates 25 stores nationwide.

The following table shows the historical same store sale of goods growth of legacy branches in the last three years:

Store	2018 (₱)	2019 (₱)	2020 (₱)	Same Store Sales 2018 vs. 2019	Same Store Sales 2019 vs. 2020
Injap Supermart TATC ROXAS CITY	727,170,354	740,457,334	809,150,691	2%	9%
Injap Supermart BURGOS ROXAS CITY	1,368,237,713	1,626,522,944	1,663,895,430	19%	2%
Total	2,095,408,067	2,366,980,278	2,473,046,121	13%	4%

The other branches operate under the MerryMart brand.

The following tables show the historical sale of goods growth for MM Group, with CAGR of 24.9% for 2017 to 2020.

	2017	2018	2019	2020
Sale of goods	1,750,689,674	2,095,408,067	2,482,302,804	3,412,521,282

Actual photos of MERRYMART opening



MERRYMART Grocery – Isulan, Sultan Kudarat



MERRYMART Grocery – Bulua, Cagayan de Oro

On January 15, 2021, MerryMart launched its MM Wholesale Club program. The MM Wholesale Club is open for business or individual memberships and the membership is currently free of charge. Business membership will be suited for sari-sari stores, restaurants, carinderias, minimarts, hotels, offices, canteens, LGUs, hospitals, catering services, etc. While individual membership will be suited for any individual who opts to buy supplies in bulk or by the case for household consumption, or for any of their wholesale requirements from time to time for special events.



Always cheaper by the case!

The MM wholesale operations is slated to commence and fully service its members in 2021, in time for the full completion of the new modern 11,000-sq.m. MM Logistics Distribution Center in CentralHub-Tarlac in North Luzon. Currently, MM's operating distribution center is located in South Luzon (Laguna).

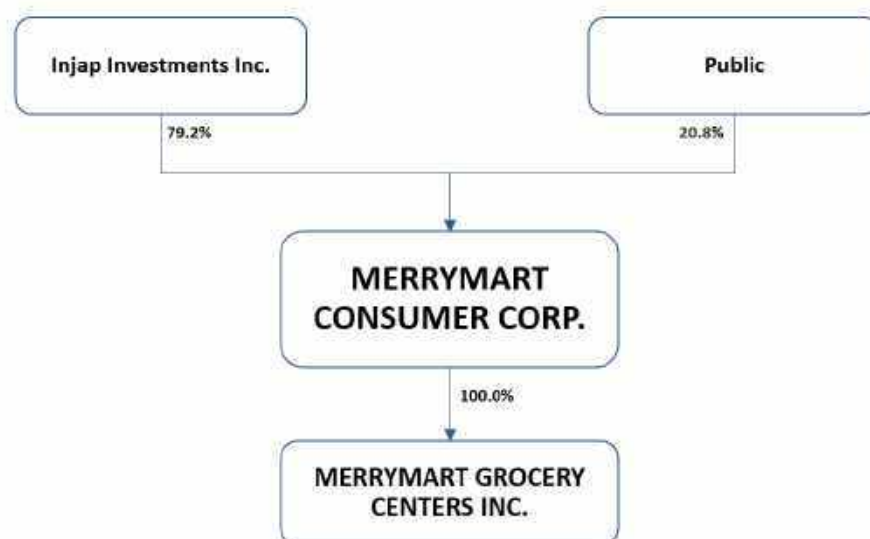
In 2021, MERRYMART is also scheduled to open its first Drive Thru store along Diversion Road, Iloilo City.



Perspective of MERRYMART's first Drive Thru store to be located on Diversion Road, Iloilo City

CORPORATE STRUCTURE

The following chart sets forth an overview of the corporate structure of the MM Group as of December 31, 2020.



MM is a wholly owned subsidiary of III. III is the holding company of the Sia family, led by its major shareholder and Chairman, Mr. Edgar J. Sia II, the Founder of Mang Inasal and Co-Founder of DD. III is one of the major shareholders of DD owning 35% of its outstanding capital stock as of December 31, 2019.

MerryMart Grocery Centers Inc.

MM wholly owns MMGC, which operates and acts as the master franchisor of MerryMart Grocery, MerryMart Market and MerryMart Store. It was incorporated on September 28, 2018 to engage in the business, 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 MerryMart Grocery.

As of December 31, 2020, MMGC is the only subsidiary of MM.

EMPLOYEES

As of December 31, 2020, the MM Group has 318 direct employees.

	Direct Employees
MerryMart Consumer Corp.	136
MerryMart Grocery Centers, Inc.	182
Total	318

In addition to direct employees, the MM Group have entered into contracts with third party agencies for the supply of additional manpower services to meet the required staffing requirements, including security personnel, warehouse staffs, store staffs, drivers, maintenance and utility staff.

The MM Group has no collective bargaining agreements with its employees due to the absence of organized labor organizations within the organization. Aside from complying with the minimum compensation standards mandated by law, the MM Group makes available to qualified personnel supplemental benefits such as health insurance, car plans and merit-based bonuses. The MM Group has not experienced any disruptive labor disputes, strikes or threats of strikes, and the MM Group believes that the it maintains a healthy relationship with employees.

INTELLECTUAL PROPERTY

The operations of MM and its subsidiary, MMGC, are not dependent on any copyright, patent, trademark, license, franchise, concession or royalty agreement. The Company's subsidiary, MMGC, has the following trademark registered with the Intellectual Property Office as of December 31, 2020:

Trademark	Mark	Registrant	Registration Date	Expiry Date
MERRYMART GROCERY		Merrymart Grocery Centers Inc.	September 13, 2019	September 13, 2029

The above trademark is important because name recognition and exclusivity of use are contributing factors to the success of the Company's developments. In the Philippines, certificates of registration of a trademark filed with the Intellectual Property Office are generally effective for a period of 10 years, unless terminated earlier.

The Company is also the owner of one domain name: <https://merrymart.com.ph>.

HEALTH, SAFETY AND ENVIRONMENT

The MM Group regards occupational health and safety as one of its most important corporate and social responsibilities and it is the Company's corporate policy to comply with existing environmental laws and regulations. Permits and approvals are regularly monitored by the MM Group to ensure that all are properly renewed and maintained. The Group also conducts regular trainings on environment, health and safety.

INVENTORY AND LOGISTICS MANAGEMENT

All merchandise inventories of the MM Group are stored in the MM Group's distribution centers and warehouses located at each branch. The intention is for all MerryMart Store formats to be 100% supplied by the MM Group's distribution centers once established nationwide. Meanwhile, MerryMart Groceries have an option to purchase inventories direct from suppliers and distributors or through the MM Group's distribution centers. The goal of the MM Group in the medium to long-term is to consolidate all purchases of the MM Group's branch network through its distribution centers so that it can benefit from volume purchases and discounts and establish direct lines and supplier relationships with large manufacturers. Inventories supplied by the MM Group's distribution center to its franchisees will contribute to its consolidated revenues. The intention is for the MM Group to earn a margin from the supply chain operations of its distribution centers in the near-term.

Suppliers are a combination of manufacturers and third-party distributors. The MM Group plans to centralize the storage of merchandise inventories in order to efficiently manage the movement of inventories and inventory requirements of each branch. Distribution centers deliver inventories to the branch; then, each branch will place orders, receive inventory, remove damaged goods and rotate stock to improve inventory turnover. On a case to case basis manufacturers and third-party distributors deliver directly to the branches. Direct deliveries are accommodated for expedited deliveries and highly-perishable items such as bread, refrigerated or frozen items and chocolate.

MMGC uses the SAP system to manage its inventories. The system helps track the movement of merchandise and provides analytics to the merchandising team to plan and timely make adjustments.

CASH MANAGEMENT AND INTERNAL CONTROL

The MM Group deals with large amounts of cash transactions daily and has implemented a simplified and uniform cash management processes across all branches.

The MM Group uses a POS system to track sales and cash flow. With a POS, the MM Group can easily see collections for the day and the payment methods used by the customers. Currently, MMGC branches accept cash, credit cards, debit cards, gift checks, checks and QR-based mobile payment technology like Alipay, WeChat, GCash and PayMaya.

Each store has a cashier supervisor responsible for counting all cash and reconciling sales and collections daily. Branches send a daily sales and collections report to the head office for proper reconciliation and reporting. All cash collections are stored in the secured vaults for bank pick up. Since the cashiers will be the front and center handling cash payments, all cashiers of the MM Group are trained to identify counterfeit currencies as an internal control to minimize the risk of accepting fake bills.

The MM Group has implemented certain internal controls to provide reasonable assurance of the safekeeping of assets, like cash and inventories, and the reliability of accounting records. Internal control procedures include segregation of duties, annual and cycle inventory counts, security measures, operational audits, using an automated system, performing regular reconciliations and regular review and analysis of historical data.

INSURANCE

The MM Group maintains the following types of insurance policies for its branches: Property All Risks (Material Damage – All risks of sudden, accidental and unforeseen, direct and physical loss, destruction of or damage to the property), Comprehensive General Liability (Use, Operations and Maintenance of the Premises) which includes third party property damage and/or bodily injury, fire and explosion legal liability, elevator and escalator liability, excess automobile liability, premises medial payments, first aid payment, car park liability, independent contractors, 72 hours sudden and accidental pollution, neon, advertising, sign and decorative liability, personal injury, event, stampede, libel and slander liability, Machinery Breakdown, Plate Glass, Robbery and Burglary, Electron Equipment, Personal Accident, Money Securities & Payroll and Fidelity Guarantee.

SUPPLIERS

The MM Group is not dependent on one or a limited number of suppliers. The MM Group's supplier base ranges from local suppliers, distributors to multinationals. The MM Group selects its suppliers based on specific criteria, first and foremost based on the supplier's product assortment and popularity or market share of the supplier's products in each subcategory it serves. In addition, the MM Group's selection policy for suppliers includes consideration of the supplier's location, brand reputation, capacity to supply, ability to deliver on time and compliance with the MM Group's requirements.

The MM Group purchases goods on a per order basis by issuing purchase orders to suppliers. Typically, a purchase order also includes the terms of payment which range from 7- to 60-day credit. The MM Group avails of prompt payment discounts for upfront payments made to suppliers upon delivery. These discounts aid the MM Group by increasing its margin or by enabling it to provide attractive pricing to its customers if the discounts are passed on.

FRANCHISE OPERATIONS

The MM Group is open to franchising its large format stores via conversion of existing supermarkets and its small format stores to as new build franchised stores. Medium format MerryMart Market expansion will be from company-owned stores and will not be open for franchising due to the nature of the niche market that it caters to. It has 2 franchisees of small format stores as of December 31, 2020. It requires its franchisees to operate a MerryMart Store in accordance with its methods, technology, marketing techniques and operational processes. The MM Group places great emphasis on its extensive experience and familiarity of the Philippine market by providing the consumer with a wide assortment of merchandise while maintaining excellent customer service.

MM evaluates the franchise applicants operational capability to operate the store as well as its financial management capability to successfully manage the store. The franchisees execute a unit franchise agreement for each store opened, typically providing for a 10-year term.

SALES AND MARKETING

The MM Group emphasizes on providing the consumer a wide assortment of merchandise, maintaining competitive pricing and achieving excellent customer experience all the time. The MM Group also aims to increase awareness of its brand and establish a new category in the retail business with its three-in-one concept – home essentials retail category.

The MM Group does market survey and competitor check to ensure that MM pricing are at par with competitors. The MM Group ensures that each store has the right mix of products and that SKUs/categories that are most popular and profitable are always available.

The MM Group also creates seasonal campaigns that can help the MM Group earn year-round, like offering product bundles and discounts for a limited time only on specific occasions (e.g., Valentine's Day, Father's Day) and those falling on low seasons.

A strong working relationship with major suppliers has also been a key driver to the growth of the MM Group as it provides price competitiveness while offering a comprehensive range of products. Suppliers offer product promos, freebies, and discounts which customers take advantage of. The MM Group also partners with specific suppliers to offer promotional pricing.

To promote the MerryMart brands and branches, the MM Group utilizes marketing campaigns via media platforms such as digital, major newspapers, magazine, billboards, television and radio. The MM Group has been active online through its social media accounts in Facebook and Instagram, where it can communicate with its customers to promote the brand, branches and products. These social media accounts are regularly updated to share news about MerryMart, promote products, highlight promotions and campaigns, and increase awareness of the brand. For more information on the MM Group's online and social media activities please refer to the MM Group's corporate website, www.merrymart.com.ph and its Facebook account, <https://www.facebook.com/MerryMartPh/>. The MM Group also uses local store marketing, that consists of MerryMart flyers, billboards, lamp post banners and above the line advertisements on local radio.

Increasing brand awareness also requires locating its stores in prime and mature locations across the country. The MM Group banks on its strong background in retail services to enable it to identify key locations. It has consistently adopted a strategy of targeted development coupled with a focused study of its market to determine and expand its growth areas.

In addition to the current development of its mobile app, the MM Group will launch a loyalty consumer program to further market its brand and stores.

PRODUCT SELECTION

The MM Group offers a combination of imported and locally manufactured brands and products of over 20,000 SKUs. The products and product mixes of each store are reviewed on a regular basis to keep track of fast, slow, and non-moving items and to ensure that each store has the optimum product mix. The medium and large format stores will have the complete product lines while the small format stores will have the essentials of the same product lines.

The MM Group selects product based on marketability. The MM Group's merchandising team monitors each store profitability and selects products that the market requires. Other than marketability, the MM Group also monitors the offerings of suppliers, concessionaires, and consumer feedback and identifies new trends and new product offerings.

The number of SKUs carried per store varies depending on the store size and location. The SKUs that are non-performing for a certain period will be discontinued.

ITEM 2. PROPERTIES

As of December 31, 2020, the MM Group owns the following parcels of land:

LOCATION	AREA (in square meter)	LIENS
Jaro, Iloilo City	255	None (None reflected on the copy of title provided)
Mandurriao, Iloilo City	1,800	Encumbrance (No Date of Entry)

As of December 31, 2020, MM owns the following store structures for the Group's retail operations:

FORMAT	STORE LOCATION	STRUCTURE
GROCERY	MerryMart Grocery - DOUBLEDRAAGON PLAZA PASAY	Company-Owned
GROCERY	MerryMart Grocery - CALAMBA LAGUNA	Company-Owned
STORE	MerryMart Store - AYALA MALLS MANILA BAY	Company-Owned
GROCERY	MerryMart Grocery - SORSOGON CITY	Company-Owned
GROCERY	MerryMart Grocery - MAYOMBO DAGUPAN CITY	Company-Owned
GROCERY	MerryMart Grocery - ISULAN	Company-Owned
GROCERY	MerryMart Grocery - BULUA CDO CITY	Company-Owned
GROCERY	MerryMart Grocery - ROXAS AVENUE CAPIZ*	Company-Owned
GROCERY	MerryMart Grocery - SAN CARLOS CITY PANGASINAN	Company-Owned
GROCERY	MerryMart Grocery - MACTAN TOWN CENTER CEBU CITY	Company-Owned

GROCERY	MerryMart Grocery - CALAPAN CITY MINDORO	Company-Owned
STORE	MerryMart Store - LAPAZ ILOILO CITY	Franchised
MARKET	MerryMart Market - ROCKWELL ARTON STRIP QC	Company-Owned
STORE	MerryMart Store - ALIMALL	Company-Owned
GROCERY	MerryMart Grocery - CADIZ CITY NEGROS	Company-Owned
GROCERY	MerryMart Grocery - IPONAN CDO CITY	Company-Owned
STORE	MerryMart Store - MARKET MARKET	Company-Owned

The MM Group leases spaces for their retail stores as well as their distribution centers from both related parties and non-related parties. The lease rates and terms for these properties follow standard market rates and practices for similar businesses.

MMGC also leases its corporate office space located at 9F DoubleDragon Plaza Tower 1, DD Meridian Park in the Manila Bay area. The office is leased by MMGC from a subsidiary of DD. The Contract of Lease for the 1,278.61 sq. m. office space shall be effective for a period of ten years commencing on April 1, 2019 and ending on March 31, 2029.

ITEM 3. LEGAL PROCEEDINGS

As of December 31, 2020, the MM Group is not involved in any litigation regarding an event which occurred during the past five years that they consider material.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

1. Approval of the 2019 Audited Financial Statements

Date of Approval by Board of Directors : January 24, 2020

2. Election of Directors

Date of Approval by Board of Directors : January 23, 2020

3. Appointment of External Auditors

Date of Approval by Board of Directors : January 23, 2020

PART II OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS

MARKET INFORMATION

The Company's Common Shares are traded and listed with the Philippine Stock Exchange starting June 15, 2020.

2020 Prices (in PhP/share)

	High	Low	Close
First Quarter	-	-	-
Second Quarter	₱ 3.71	₱ 1.00	₱ 3.50
Third Quarter	₱ 3.36	₱ 2.19	₱ 3.03
Fourth Quarter	₱ 6.25	₱ 3.00	₱ 6.18

As of December 31, 2020, the closing price of the Company's common shares was ₱6.18 per share with a total market capitalization of ₱46,936,708,900.

The price information as of the close of the latest practicable trading date May 14, 2021 is 4.38 per share with a total market capitalization of ₱33,265,822,785.

DIVIDENDS AND DIVIDENDS POLICY

MM's current dividend policy provides that up to 30% of the preceding fiscal year's net income after tax can be declared as dividends, subject to (i) the availability of unrestricted retained earnings, (ii) implementation of business plans, (iii) contractual obligations, and (iv) working capital requirements. There can be no guarantee that MM will pay any dividends in the future. The declaration and payment of dividends is subject to compliance annually or as often as the Board of Directors may deem appropriate, in cash or in kind and/or in additional shares from its surplus profits. The ability of MM to pay dividends will depend on its retained earnings level and financial condition. There is no assurance that MM will pay dividends in the future.

MM's subsidiary, MMGC intends to approve a dividend policy that would entitle MM to receive dividends equivalent to 30% to 100% of the prior year's net income after tax subject to (i) the availability of unrestricted retained earnings, (ii) implementation of business plans, (iii) contractual obligations, and (iv) working capital requirements. While cash dividends from MMGC are subject to approval MMGC's Board of Directors, no stockholder approval is required. Property dividends which may come in the form of additional shares of stock are subject to approval by both MMGC's Board of Directors and stockholders. In addition, the payment of stock dividends is likewise subject to the approval of the SEC and the PSE. MMGC has not declared dividends in the past.

Record Date and Payment Date

Pursuant to existing SEC rules, any declaration of cash dividends must have a record date not less than 10 nor more than 30 days from the date of declaration. For stock dividends, the record date should not be less than 10 nor more than 30 days from the date of the shareholders' approval. In either case, the set record date is not to be less than 10 trading days from receipt by the PSE of the notice of declaration of dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the SEC.

In relation to foreign shareholders, dividends payable may not be remitted using foreign exchange sourced from the Philippine banking system unless the investment was first registered with the BSP.

Pursuant to the "Amended Rules Governing Pre-emptive and other Subscription Rights and Declaration of Stock and Cash Dividends" of the SEC, all cash dividends and stock dividends declared by a company shall be remitted to PDTC for immediate distribution to participants not later than 18 trading days after the record date (the "**Payment Date**"); provided that in the case of stock dividends, the credit of the stock dividend shall be on the Payment Date which in no case shall be later than the stock dividends' listing date. If the stock dividend shall come from an increase in capital stock, all stock shall be credited to PDTC for immediate distribution to its participants not later than 20 trading days from the record date set by the SEC, which in no case shall be later than the stock dividends' listing date.

Dividend History

On February 18, 2020, MM's Board of Directors declared a cash dividend in the total amount of ₱8.4 Million payable to stockholders of record as of February 21, 2020. The amount of cash dividend paid was equivalent to 30% of the MM Group's Consolidated Net Income which was ₱28.0 Million for the year ended December 31, 2019. The cash dividend was paid on February 26, 2020. Neither MM nor any of its subsidiaries have declared dividends in prior years.

PRINCIPAL SHAREHOLDERS

The following table sets forth the largest shareholders of the Company's Common Shares as of December 31, 2020.

	Name	Nationality	No. of Shares	Percentage
1	Injap Investments, Inc.	Filipino	5,999,989,995	78.9998682661
2	PCD - Filipino	Filipino	1,589,500,709	20.9284260014
3	PCD- Non Filipino	Non - Filipino	3,970,000	0.0522716667
4	David Angelo Bornilla	Filipino	1,456,000	0.0191706667
5	Daphne Dianne D. Mendoza	Filipino	5,000	0.0000658333
6	Joyce Anne M. Coralde	Filipino	5,000	0.0000658333
7	Edgar J. Sia	Filipino	2,000	0.0000263333
8	Edgar J. Sia II	Filipino	2,000	0.0000263333
9	Ferdinand J. Sia	Filipino	2,000	0.0000263333
10	Pacita J. Sia	Filipino	2,000	0.0000263333

11	Rizza Marie Joy J. Sia	Filipino	2,000	0.0000263333
12	Marriana H. Yulo-Luccini	Filipino	1	0.0000000132
13	Jacqueline Ann Marie O. Gomez	Filipino	1	0.0000000132
14	Jose Roelph E. Desales	Filipino	1	0.0000000132
15	Victoria R. Tamayao	Filipino	1	0.0000000132
16	Gary Emerson P. Cheng	Filipino	1	0.0000000132
	Total		7,594,936,709	100.0000000000

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Calendar Year Ended December 31, 2020 and 2019

RESULTS OF OPERATION

MERRYMART CONSUMER CORP. AND SUBSIDIARY **Audited Consolidated Statements of Comprehensive Income** **For the year ended December 31, 2020 & 2019**

			Horizontal Analysis		Vertical Analysis	
	December 31, 2020	December 31, 2019	Increase (Decrease)		2020	2019
REVENUES						
Sale of goods	3,412,521,282	2,482,302,804	930,218,478	37.5%	98.2%	98.7%
Display rental	26,326,260	20,870,590	5,455,670	26.1%	0.8%	0.8%
Other operating income	35,236,233	12,062,959	23,173,274	192.1%	1.0%	0.5%
	3,474,083,775	2,515,236,353	958,847,422	38.1%	100.0%	100.0%
COST OF SALES	3,145,722,630	2,370,672,389	775,050,241	32.7%	90.5%	94.3%
GROSS PROFIT	328,361,145	144,563,964	183,797,181	127.1%	9.5%	5.7%
OPERATING EXPENSES	304,656,866	98,053,988	206,602,878	210.7%	8.8%	3.9%
INCOME FROM OPERATIONS	23,704,279	46,509,976	(22,805,697)	(49.0%)	0.7%	1.8%
INTEREST EXPENSE	12,550,872	6,653,777.00	5,897,095	88.6%	0.4%	0.3%
INTEREST INCOME	5,769,988	109,993	5,659,995	5145.8%	0.2%	0.0%
INCOME BEFORE TAX	16,923,395	39,966,192	(23,042,797)	(57.7%)	0.5%	1.6%
INCOME TAX EXPENSE (BENEFIT)	31,317,679	(11,956,860)	43,274,539	(361.9%)	0.9%	(0.5%)
NET INCOME	48,241,074	28,009,332	20,231,742	72.2%	1.4%	1.1%
OTHER COMPREHENSIVE INCOME						
REMEASUREMENT GAIN ON DEFINED BENEFIT LIABILITY	(1,456,391)	-	(1,456,391)	0.0%	(0.0%)	0.0%
NET COMPREHENSIVE INCOME (LOSS)	46,784,683	28,009,332	18,775,351	67.0%	1.9%	1.3%

For the year ended December 31, 2020, the MM Group earned a consolidated revenue of ₱3.5 billion an increase of 38.1% from ₱2.5 billion in 2019. This was driven by the expansion of the MM Group's grocery retail store with the opening of 22 additional stores in 2020 and the continuous strong growth of the first two grocery stores in Roxas, Capiz.

For the year ended December 31, 2020, sale of goods contributes 98.2% of the total revenue.

The increase in display rental is due to more stores operating in 2020.

The increase in other operating income is due to the increase in product listing fee, supplier opening support and franchise application fees of the MM Group..

For the year ended December 31, 2020, the MM Group's cost of sales is ₱3,145.7 million, an increase of 32.7% compared to ₱2,370.7 million for the year ended December 31, 2019, which is in line with the increase of revenues, primarily driven by the increase in sales.

For the year ended December 31, 2020, the MM Group realized an increase of 127.1% in consolidated gross profit from ₱144.6 million in 2019 at 5.7% margin to ₱328.4 million at 9.5% margin in the same period of 2020, driven by strong sales growth from old and new stores and increase in other operating income.

Operating expenses increased by ₱206.6 million or 210.7% from the ₱98.1 million in the year ended December 31, 2019 to ₱304.7 million in 2020. The additional operating expenses are mainly attributable to the opening of a new stores in 2020 and the pre-operating expenses of some branches.

Interest expense pertains to the accounting adjustment for the adoption of PFRS 16. The amount is the computed interest expense for the lease contract liability recognized. The increase in interest expense of ₱5.9 million or 88.6% from ₱6.7 million in the year ended December 31, 2019 to ₱12.6 million in 2020 is due to additional leases of MM Group qualified under PFRS 16.

Interest income increased by 5,145.8% in 2020 due to increase in deposit placement.

Income tax benefit for the year ended December 31, 2020 amounted to ₱31.3 million due to the net operating loss from the Company's subsidiary.

For the year ended December 31, 2020, the MM Group earned a consolidated net income of ₱48.2 million an increase of 72.2% from ~~₱~~₱28.0 million in 2019. The increase is due to the increase in revenue of the Group and income tax benefit recorded for the year.

FINANCIAL POSITION

MERRYMART CONSUMER CORP. AND SUBSIDIARY

Audited Consolidated Statements of Financial Position

As at December 31, 2020 & 2019

	December 31, 2020	December 31, 2019	Horizontal Analysis		Vertical Analysis	
		(As reclassified - Note 24)	Increase (Decrease)		2020	2019
ASSETS						
Current Assets						
Cash and cash equivalents	P940,641,989	P270,308,599	P670,333,390	248.0%	27.1%	30.0%
Receivables	25,071,685	9,018,707	16,052,978	178.0%	0.7%	1.0%
Inventories	737,572,923	183,418,743	554,154,180	302.1%	21.2%	20.4%
Prepaid expenses and other current assets	199,090,553	32,369,229	166,721,324	515.1%	5.7%	3.6%
Total Current Assets	1,902,377,150	495,115,278	1,407,261,872	284.2%	54.7%	55.0%
Noncurrent Assets						
Property and equipment - net	908,849,180	P221,794,668	687,054,512	309.8%	26.1%	24.6%
Right-of-use asset	402,933,511	118,264,628	284,668,883	240.7%	11.6%	13.1%
Intangible asset	42,910,253	14,612,773	28,297,480	193.6%	1.2%	1.6%
Deferred tax asset	44,276,810	8,352,008	35,924,802	430.1%	1.3%	0.9%
Other noncurrent assets	174,714,961	41,672,212	133,042,749	319.3%	5.0%	4.6%
Total Noncurrent Assets	1,573,684,715	404,696,289	1,168,988,426	288.9%	45.3%	45.0%
	P3,476,061,865	P899,811,567	P2,576,250,298	286.3%	100.0%	100.0%
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and other current liabilities	P416,433,885	P130,218,011	P286,215,874	219.8%	12.0%	14.5%
Loans payable	450,000,000	150,000,000	300,000,000	200.0%	12.9%	16.7%
Income tax payable	-	37,782,980	(37,782,980)	(100.0%)	0.0%	4.2%
Due to related parties	62,482,842	49,762,571	12,720,271	25.6%	1.8%	5.5%
Total Current Liabilities	928,916,727	367,763,562	561,153,165	152.6%	26.7%	40.9%
Noncurrent Liabilities						
Retirement liability	8,024,699	6,196,332	1,828,367	29.5%	0.2%	0.7%
Other noncurrent liabilities	1,380,000	1,380,000	-	0.0%	0.0%	0.2%
Lease liability	376,322,986	117,477,991	258,844,995	220.3%	10.8%	13.1%
Deposit for future subscription	-	298,750,000	(298,750,000)	(100.0%)	0.0%	33.2%
Total Noncurrent Liabilities	635,727,685	423,804,323	211,923,362	50.0%	18.3%	47.1%
Total Liabilities	1,564,644,412	791,567,885	773,076,527	97.7%	45.0%	88.0%
Equity						
Capital stock	379,746,835	1,250,000	378,496,835	30279.7%	10.9%	0.1%
Additional Paid-up Capital	1,386,292,253	-	1,386,292,253	0.0%	39.9%	0.0%
Retained earnings	146,834,756	106,993,682	39,841,074	37.2%	4.2%	11.9%
Remeasurement gain on defined benefit liability	(1,456,391)	-	(1,456,391)	0.0%	(0.0%)	0.0%
Total Equity	1,911,417,453	108,243,682	1,803,173,771	1665.8%	55.0%	12.0%
Total Liabilities and Equity	P3,476,061,865	P899,811,567	P2,576,250,298	286.3%	100.0%	100.0%

ASSETS

Total assets as at December 31, 2020 is P3,476.1 million compared to P899.8 million as at December 31, 2019, a P2,576.3 million or 280.3% increase.

Current Assets

As at December 31, 2020 and 2019, total current assets amounted to ₱1,902.4 million or 54.7% of total assets, and ₱495.1 million or 55.0% of total assets, respectively, for an increase of ₱1,407.3 million or 284.2%.

Cash and cash equivalents increased by 248.0% from ₱270.3 million as at December 31, 2019 to ₱940.6 million as at December 31, 2020 primarily due from the proceeds of loan and issuance of shares by the Company.

Receivables only accounts for 0.7% of the total assets as at December 31, 2020. It increased by 178.0% from ₱9.0 million as at December 31, 2019 to ₱25.1 million as at December 31, 2020 due to increase in receivables from credit card and QR-based mobile payment sales.

Inventories increased by 302.1% from ₱183.4 million as at December 31, 2019 to ₱737.6 million as at December 31, 2020 this increase is due from the increase in operations of the Group, with 22 additional stores in 2020.

Prepaid expenses and other current assets increased by 515.1% from ₱32.4 million as at December 31, 2019 to ₱199.1 million as at December 31, 2020 primarily due to the increased in input VAT related to the construction of new stores and prepaid expenses.

Noncurrent Assets

As at December 31, 2020 and 2019, total noncurrent assets amounted to ₱1,573.7 million or 45.3% of total assets, and ₱404.7 million or 44.2% of total assets, respectively, for an increase of ₱1,169.0 million or 288.9%.

Property and equipment increased by 309.8% from ₱221.8 million as at December 31, 2019 to ₱908.8 million as at December 31, 2020 due primarily to the increase in construction in progress and leasehold improvements for MerryMart's additional stores.

Right-of-Use asset is in relation to the adoption of PFRS 16. Right-of-Use Assets amounted to ₱402.9 million, 11.6% of total assets and ₱118.3 million, 13.1% of total assets, as at December 31, 2020 and December 31, 2019, respectively. The increase in right-of-use asset is due to the additional leases of the Group qualified under PFRS 16.

Intangible Assets increased by 193.6% from ₱14.6 million as at December 31, 2019 to ₱42.9 million as at December 31, 2020 due to additional cost for the installation and implementation of MM's SAP system.

Deferred tax assets increased by 430.1% from ₱8.4 million as at December 31, 2019 to ₱44.3 million as at December 31, 2020 due to increase in the deferred tax component of NOLCO from the Company's subsidiary.

Other noncurrent assets mainly pertain to the deposits and prepaid rent for the leases of its stores. Other noncurrent assets increased by ₱174.7 million or 319.3% from ₱41.7 million as at December 31, 2019 to ₱174.7 million in December 31, 2020, which is 5.0% of the total assets.

LIABILITIES

Total liabilities as at December 31, 2020 is ₱1,564.6 million compared to ₱806.4 million as at December 31, 2019, a ₱791.6 million or 97.7% increase.

Current Liabilities

As at December 31, 2020 and 2019, total current liabilities amounted to ₱928.9 million or 26.7% of total assets, and ₱367.8 million or 40.9% of total assets, respectively, for an increase of ₱561.2 million or 152.6%.

Accounts payable and other current liabilities increased by 219.8% to ₱416.4 million as at December 31, 2020, or 12.0% of total assets, due to higher payables to suppliers, accrued expenses and current portion lease liabilities as at December 31, 2020.

Loans payable amounted to ₱450 million as at December 31, 2020, an increase of ₱300.0 million or 200.0% from ₱150.0 million as at December 31, 2019. The increase is due to the short-term loans availed by the Group in 2020.

Income tax payable is nil for December 31, 2020, all income taxes due were paid by the Group before December 31, 2020.

Due to related parties increased by 25.6% or ₱12.7 million from ₱49.8 million as at December 31, 2019 to ₱62.5 million, 1.8% of total assets, in December 31, 2020 due to advances made for the year.

Noncurrent Liabilities

As at December 31, 2020 and 2019, total noncurrent liabilities amounted to ₱635.7 million or 18.3% of total assets, and ₱423.8 million or 47.1% of total assets, respectively, for an increase of ₱211.9 million or 50.0%.

Retirement benefits liability increased by ₱1.8 million or 29.5% due to the additional accrual recognized by the MM Group for its retirement obligation to its employees.

Lease liability pertains to the contractual lease liability recognized by the MM Group for its stores and office space in relation to the PFRS 16 adoption amounting to ₱376.3 million as at December 31, 2020, an increase of ₱258.8 million or 220.3% from ₱117.5 million as at December 31, 2019. The increase is due to additional leases by the Group qualified under PFRS 16.

Deposit for future subscription is nil as at December 31, 2020, 100.0 % decrease from ₱298.8 million as at December 31, 2019. The deposit for future subscription has been converted to equity in 2020.

EQUITY

As at December 31, 2020 and 2019, total equity amounted to ₱1,911.4 million or 55.0% of total assets, and ₱108.2 million or 12.0% of total assets, respectively, for an increase of ₱1,803.2 million or 1,665.8%. The increase in equity is due to increase in Capital stock and recognition of additional paid-in capital for the year, and net income for the year offset by the dividends declared.

Calendar Year Ended December 31, 2019 and 2018

RESULTS OF OPERATION

MERRYMART CONSUMER CORP. AND SUBSIDIARY **Audited Consolidated Statements of Comprehensive Income** **For the year ended December 31, 2019 & 2018**

	December 31, 2019	December 31, 2018	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2019	2018
REVENUES						
Sale of goods	2,482,302,804	2,095,408,067	386,894,737	18.5%	98.7%	99.0%
Display rental	20,870,590	21,562,804	(692,214)	(3.2%)	0.8%	1.0%
Other operating income	12,062,959	-	12,062,959	0.0%	0.5%	0.0%
	2,515,236,353	2,116,970,871	398,265,482	18.8%	100.0%	100.0%
COST OF SALES	2,370,672,389	2,023,262,656	347,409,733	17.2%	94.3%	95.6%
GROSS PROFIT	144,563,964	93,708,215	50,855,749	54.3%	5.7%	4.4%
OPERATING EXPENSES	98,053,988	35,781,808	62,272,180	174.0%	3.9%	1.7%
INCOME FROM OPERATIONS	46,509,976	57,926,407	(11,416,431)	(19.7%)	1.8%	2.7%
INTEREST EXPENSE	6,653,777	-	6,653,777	0.0%	0.3%	0.0%
INTEREST INCOME	109,993	49,649	60,344	121.5%	0.0%	0.0%
INCOME BEFORE TAX	39,966,192	57,976,056	(18,009,864)	(31.1%)	1.6%	2.7%
INCOME TAX EXPENSE	(11,956,860)	(17,377,922)	5,421,062	(31.2%)	(0.5%)	(0.8%)
NET INCOME/TOTAL COMPREHENSIVE INCOME	28,009,332	40,598,134	(12,588,802)	(31.0%)	1.1%	1.9%

For the year ended December 31, 2019, the MM Group earned a consolidated revenue of ₱2.5 billion an increase of 18.8% from ₱2.1 billion in 2018. This was driven by the expansion of the MM Group's grocery retail store with the opening of its first MerryMart brand and the continuous strong growth of the first two grocery stores in Roxas, Capiz. MerryMart-DoubleDragon Plaza started its operations May 2019 and have been contributing sales of goods and concession sales to the MM Group.

For the year ended December 31, 2019, sale of goods contributes 98.7% of the total revenue.

Table showing the significant increase in the sale of goods for the two Injap Supermart grocery brand:

	2018	2019
Sale of Goods	2,095,408,067	2,482,302,804
% Change	19.7%	13.0%

The other operating income consists of the concession sales net of cost of concession, supplier marketing fees and franchise fees of the MM Group. The increase is due to the operating income recognized by MMGC which started operation in 2019.

For the year ended December 31, 2019, the MM Group's cost of sales is ₱2,370.7 million, an increase of 17.2% compared to ₱2,023.3 million for the year ended December 31, 2018, which is in line with the increase of revenues, primarily driven by the increase in sales.

For the year ended December 31, 2019, the MM Group realized an increase of 54.3% in consolidated gross profit from ₱93.7 million in 2018 at 4.4% margin to ₱144.6 million at 5.7% margin in the same period of 2019, driven by strong sales growth from old and new stores and continuous suppliers' support through additional trade discounts and promos.

Operating expenses increased by ₱62.3 million or 174.0% from the ₱35.8 million in the year ended December 31, 2018 to ₱98.1 million in 2019. The additional operating expenses are mainly attributable to the opening of a new store in 2019 and the pre-operating expenses of MM.

Interest expense amounted to ₱6.7 million in 2019 pertains to the accounting adjustment for the adoption of PFRS 16. The amount is the computed interest expense for the lease contract liability recognized.

Interest income increased by 121.8% in 2019 due to higher interest income earned from MM Group's cash in banks.

Income tax expense for 2019 amounted to ₱12.0 million, a decrease of 31.2% from 2018. The decrease is mainly due to lower taxable income of the company in 2019.

For the year ended December 31, 2019, the MM Group earned a consolidated net income of ₱28.0 million a decrease of 31.0% from ₱40.6 million in 2018. The decrease is due to the pre-operating expenses of the Issuer's subsidiary.

FINANCIAL POSITION

MERRYMART CONSUMER CORP. AND SUBSIDIARY Audited Consolidated Statements of Financial Position As at December 31, 2019 & 2018

	December 31, 2019 (As reclassified - Note 24)	December 31, 2018	Horizontal Analysis Increase (Decrease)		Vertical Analysis	
					2019	2018
ASSETS						
Current Assets						
Cash and cash equivalents	₱270,308,599	₱20,907,865	₱249,400,734	1192.9%	30.0%	6.3%
Receivables	9,018,707	914,421	8,104,286	886.3%	1.0%	0.3%
Inventories	183,418,743	270,448,890	(87,030,147)	(32.2%)	20.4%	81.0%
Prepaid expenses and other current assets	32,369,229	3,838,876	28,530,353	743.2%	3.6%	1.2%
Total Current Assets	495,115,278	296,110,052	199,005,226	67.2%	55.0%	88.7%
Noncurrent Assets						
Property and equipment - net	221,794,668	29,011,645	192,783,023	664.5%	24.6%	8.7%
Right-of-use asset	118,264,628	-	118,264,628	0.0%	13.1%	0.0%
Intangible asset	14,612,773	7,200,000	7,412,773	103.0%	1.6%	2.2%
Deferred tax asset	8,352,008	1,417,238	6,934,770	489.3%	0.9%	0.4%
Other noncurrent assets	41,672,212	-	41,672,212	0.0%	4.6%	0.0%
Total Noncurrent Assets	404,696,289	37,628,883	367,067,406	975.5%	45.0%	11.3%
	₱899,811,567	₱333,738,935	₱566,072,632	169.6%	100.0%	100.0%
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and other current liabilities	₱130,218,011	₱95,187,658	₱35,030,353	36.8%	14.5%	28.5%
Loans payable	150,000,000	-	150,000,000	0.0%	16.7%	0.0%
Income tax payable	37,782,980	19,163,976	18,619,004	97.2%	4.2%	5.7%
Due to related parties	49,762,571	134,896,958	(85,134,387)	(63.1%)	5.5%	40.4%
Total Current Liabilities	367,763,562	249,248,592	118,514,970	47.5%	40.9%	74.7%
Noncurrent Liabilities						
Retirement liability	6,196,332	4,255,993	1,940,339	45.6%	0.7%	1.3%
Other noncurrent liabilities	1,380,000	-	1,380,000	0.0%	0.2%	0.0%
Lease liability	117,477,991	-	117,477,991	0.0%	13.1%	0.0%
Deposit for future subscription	298,750,000	-	298,750,000	0.0%	33.2%	0.0%
Total Noncurrent Liabilities	423,804,323	4,255,993	419,548,330	9857.8%	47.1%	1.3%
Total Liabilities	791,567,885	253,504,585	538,063,300	212.2%	88.0%	76.0%
Equity						
Capital stock	1,250,000	1,250,000	-	0.0%	0.1%	0.4%
Retained earnings	106,993,682	78,984,350	28,009,332	35.5%	11.9%	23.7%
Total Equity	108,243,682	80,234,350	28,009,332	34.9%	12.0%	24.0%
Total Liabilities and Equity	₱899,811,567	₱333,738,935	₱566,072,632	169.6%	100.0%	100.0%

ASSETS

Total assets as at December 31, 2019 is ₱899.8 million compared to ₱333.7 million as at December 31, 2018, or a 169.6% increase.

Current Assets

As at December 31, 2019 and 2018, total current assets amounted to ₱495.1 million or 55.0% of total assets, and ₱296.1 million or 88.7% of total assets, respectively, for an increase of ₱199.0 million or 67.2%.

Cash and cash equivalents increased by 1,192.9% from ₱20.9 million as at December 31, 2018 to ₱270.3 million as at December 31, 2019 primarily due to net cash generated from operations and deposits for future subscription.

Receivables only accounts for 1.0% of the total assets as at December 31, 2019. It increased by 886.3% from ₱914.4 thousand as at December 31, 2018 to ₱9,018.7 thousand as at December 31, 2019 due to additional receivables from MM-DoubleDragon Plaza Pasay which only started operations in 2019. These receivables pertain to receivables from credit card and QR-based mobile payment sales.

Inventories decreased by 32.2% from ₱270.4 million as at December 31, 2018 to ₱183.4 million as at December 31, 2019 due to lower purchases during the second half of 2019 compared to the same period in 2018 as MM plans to maintain a lower warehouse inventories at year end 2019.

Prepaid expenses and other current assets increased by 743.2% from ₱3.8 million as at December 31, 2018 to ₱32.4 million as at December 31, 2019 primarily due to the increased in input VAT related to the construction of new stores.

Noncurrent Assets

As at December 31, 2019 and 2018, total noncurrent assets amounted to ₱404.7 million or 45.0% of total assets, and ₱37.6 million or 11.3% of total assets, respectively, for an increase of ₱367.1 million or 975.5%

Property and equipment increased by 664.5% from ₱29 million as at December 31, 2018 to ₱221.8 million as at December 31, 2019 due primarily to the increase in construction in progress and leasehold improvements for MerryMart's additional stores, as well as acquisitions of store equipment and office furniture and fixtures for MM's new office.

Right-of-Use asset is in relation to the adoption of PFRS 16 in 2019. Right-of-Use Assets amounted to ₱118.3 million as at December 31, 2019, which is 13.1% of total assets.

Intangible Assets increased by 103.0% from ₱7.2 million as at December 31, 2018 to ₱14.6 million as at December 31, 2019 due primarily to the installation of MM's SAP system.

Deferred tax assets increased by 489.3% from ₱1.4 million as at December 31, 2018 to ₱8.4 million as at December 31, 2019 due to increase in the deferred tax component from retirement liability and MMGC's NOLCO.

Other noncurrent assets mainly pertain to the deposits made by the MMGC in 2019 for the lease of its new and upcoming stores. Other noncurrent assets amounted to ₱41.7 million as at December 31, 2019 or 4.6% of total assets.

LIABILITIES

Current Liabilities

As at December 31, 2019 and 2018, total current liabilities amounted to ₱367.8 million or 40.9% of total assets, and ₱249.3 million or 74.7% of total assets, respectively, for an increase of ₱118.5 million or 47.5%.

Accounts payable and other current liabilities increased by 36.8% to ₱130.2 million as at December 31, 2019, or 14.5% of total assets, due to higher payables to suppliers as at December 31, 2018.

Loans payable amounted to ₱150 million as at December 31, 2019, the increase is due to the short-term loans availed by MMGC in 2019.

Income tax payable amounted to ₱37.8 million as at December 31, 2019 or 4.2% of total asset, 97.2% higher than ₱19.2 million as at December 31, 2018 is due to higher taxes incurred by the company for the year.

Due to related parties decreased by 63.1% due to payments made in 2019. Due to related parties accounts to 5.5% of total assets.

Noncurrent Liabilities

As at December 31, 2019 and 2018, total noncurrent liabilities amounted to ₱423.8 million or 47.1% of total assets, and ₱4.3 million or 1.3% of total assets, respectively, for an increase of ₱419.5 million or 9,857.8%.

Retirement benefits liability increased by ₱1.9 million or 45.6% due to the additional accrual recognized by the MM Group for its retirement obligation to its employees.

Lease liability amounting to ₱117.5 million as at December 31, 2019 pertains to the contractual lease liability recognized by the MM Group for its stores and office space in relation to the PFRS 16 adoption.

Deposit for future subscription amounted to ₱298.8 million as at December 31, 2019 as a result of MM's planned increase in authorized capital stock.

EQUITY

As at December 31, 2019 and 2018, total equity amounted to ₱108.2 million or 12.0% of total assets, and ₱80.2 million or 24.0% of total assets, respectively, for an increase of ₱28.0 million or 34.9%. The increase in equity is due to the net income recognized by the MM Group for the year.

Key Performance Indicators of the Company

The following are the key performance indicators used by the Group as at December 31, 2020, 2019 and 2018.

	December 31, 2020	December 31, 2019	December 31, 2018
Current Ratio	2.05	1.0	1.19
Asset to Equity	1.82	8.31	4.16
Debt to Equity Ratio	0.24	1.40	
Acid Test Ratio	1.04	0.76	0.09
Return on Equity	4.78%	29.72%	67.74%
Net Income to Revenue	1.39%	1.11%	1.92%
Revenue Growth	38.12%	18.81%	20.28%
Income Growth	72.23%	-31.01%	103.02%
EBITDA (PHP in thousands)	91,125.1	65,020.5	59,343.8
Solvency Ratio	0.07	0.06	0.17

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	$\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Total Revenue}}$	
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	$\text{Income from Operations} + \text{Depreciation and Amortization} + \text{Interest Expense}$	
9. Acid Test Ratio	$\frac{\text{Cash} + \text{Accounts Receivable} + \text{Marketable Securities}}{\text{Current Liabilities}}$	
10. Solvency Ratio	$\frac{\text{Net Income} + \text{Depreciation and Amortization}}{\text{Total Liabilities}}$	

Liquidity & Capital Resources

MM expects to meet its operating assets and liabilities, capital expenditure and investment requirements for the next 12 months primarily from its operating cash flows and borrowings and issuance of shares. It may from time to time seek other sources of funding, which may include debt or equity financings, depending on its financing needs and market conditions.

Principal uses of cash are for working capital requirements and capital expenditures for stores expansion.

Cash Flows

Net Cash from operating activities

The MM Group's consolidated cash from operating activities is primarily affected by its revenue from sale of goods, purchase of inventories and operating expenses. Net cash used in operating activities amounted to ₱467.6 million for the year ended December 31, 2020, while net cash provided by operating activities amounted to ₱51.4 million for the year ended December 31, 2019.

Net cash used in investing activities

Net cash used in investing activities amounted to ₱836.8 million and ₱251.1 million for the year ended December 31, 2020 and 2019, respectively. Cash used in investing activities includes capital expenditures for construction of new stores, acquisitions of equipment, furniture & fixtures and improvements on leased assets, and deposits made to secure the leasable space.

Net cash from financing activities

Net cash from financing activities amounted to ₱1,974.7 million and ₱449.1 million for the year ended December 31, 2020 and 2019. Consolidated net cash from financing was attributable mainly from issuance of new shares and availment of loans, offset by dividend payments and lease payments.

Material Events and Uncertainties

MM Group is not aware of any known trends, demands, commitments, events, or uncertainties that will have a material impact on MM Group's liquidity.

MM Group is not aware of any event that will trigger direct or contingent financial obligation that is material to MM Group, including default or acceleration of any obligation.

MM Group is not aware of any trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on revenues or income from continuing operations.

MM Group has no material off-balance sheet transactions, arrangements, or obligations that were likely to have a current or future material effect on our financial condition, revenues or expenses, results of operations, liquidity or capital expenditures.

MM Group has no material commitments for capital expenditures other than those performed in the ordinary course of trade of business and MM Group's store expansion plan.

MM Group also has no unconsolidated subsidiaries.

MM Group does not have any significant elements of income or loss that did not arise from its continuing operations.

MM Group experiences the fourth quarter of the year with increase in sales due to Christmas & New Year holidays.

Operational and financial impact of COVID19

The Company's stores have continued to be operational during the COVID 19 and manage to open additional 22 stores during the COVID 19 pandemic. The Company continuous to be of service to the community providing grocery and pharmacy essentials.

The COVID 19 pandemic has shifted consumer demands and preferences, and with this the Company launched in 2020 its inhouse online delivery platform and partnered with different online delivery apps to increase sales and continuously deliver essential goods to customers.

The pandemic has caused challenges to store's construction activities and disruptions to the supply chain as movement of goods and manpower are restricted. The Company implemented business continuity plan which includes equipping the employees to work remotely to support the supply chain with the purpose of minimizing the impact of this business disruption.

The Company complies with strict community quarantine regulations for the safety of its stakeholders, particularly its store frontliners. The Company have continuously reassessed store operations procedures and re-orient store frontliners for the any new health and safety protocols.

The Company closely monitors updates from the Philippine Department of Health and other reliable sources publishing information regarding COVID-19 and shall continue to comply with all government-mandated measures relating to COVID-19. Despite this challenging business environment, the Company does not foresee any going concern issue affecting its business operations, and the Company projects that it would continue to report positive results of operations and would remain liquid to meet current obligation as it falls due.

ITEM 7. FINANCIAL STATEMENTS

Please see the attached consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS AND FINANCIAL DISCLOSURE

There were no changes in and disagreements with accountants on accounting and financial disclosure.

PART III CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS AND REGISTRANTS

Our overall management and supervision are undertaken by the Board. Our executive officers and management team cooperate with the Board by preparing appropriate information and documents concerning our business operations, financial condition, and results of operations for its review. Currently, the Board consists of seven members, at least two of whom are independent directors. Except for Mr. Edgar J. Sia II and Mr. Ferdinand J. Sia, who have been directors since MM’s incorporation, all the directors were elected at MM’s stockholders meeting on January 24, 2020. All directors will hold office for a period of one (1) year from their election and until their successors have been duly elected and qualified.

The following table sets forth the Board of Directors of MM:

Name	Position	Citizenship
Edgar J. Sia II.....	Chairman/CEO	Filipino
Ferdinand J. Sia.....	President/COO	Filipino
Marriana H. Yulo-Luccini.....	CFO/CIO	Filipino
Atty. Jacqueline Ann Marie O. Gomez.....	Corporate Secretary	Filipino
Jose Roelph E. Desales.....	Assistant Corp. Secretary	Filipino
Atty. Victoria R. Tamayao	Independent Director	Filipino
Gary P. Cheng	Independent Director	Filipino

The following table sets forth MM’s key executive and corporate officers (“**Senior Management**”):

Name	Position	Citizenship
Edgar J. Sia II.....	Chairman/CEO	Filipino
Ferdinand J. Sia.....	President/COO	Filipino
Shella A. Sia.....	Treasurer/EVP	Filipino
Rizza Marie Joy J. Sia-Javelona.....	Comptroller	Filipino
Marriana H. Yulo-Luccini.....	CFO/CIO	Filipino
Mercedes L. Taleon.....	Chief Development Officer	Filipino
Maribel N. Sibayan.....	Subsidiary COO	Filipino
Atty. Jacqueline Ann Marie O. Gomez.....	Corporate Secretary	Filipino

The following states the business experience of our incumbent directors and officers for the last five years:

Edgar J. Sia II, is the Chairman and Chief Executive Officer of MM from 2019 to present and has been a director of MM since incorporation to present. He is the Founder of Mang Inasal and Co-Founder, Chairman and Chief Executive Officer of DD from 2012 to present and Chairman and Chief Executive Officer of III from 2007 to present. Mr. Sia took up Bachelors of Science in Architecture at the University of San Agustin and the same university in 2011 conferred him an Honorary Doctorate Degree – Major in Management.

Ferdinand J. Sia, is the President and Chief Operating Officer of MM from 2019 to present and has been a director of MM since incorporation to present. He is currently the President and Chief Operating Officer of DD since 2012 to present and III since 2007 to present. He previously served as Director and President of Mang Inasal from 2007 to 2012. He graduated from the Arellano University School of Law.

Shella A. Sia, is the Treasurer and Executive Vice President of MM from 2020 to present. She also serves as the Corporate Secretary of III since 2007 to present. She previously served as the Executive Vice President and Treasurer of Mang Inasal from 2007 to present. She took up Bachelors of Science in Economics in the University of San Agustin.

Rizza Marie J. Sia-Javelona, is the Comptroller of MM from 2020 to present. She also serves as Comptroller of MM's subsidiary, MMGC from 2020 to present. She is currently the Treasurer and Chief Finance Officer of DD from 2012 to present and III from 2007 to present. She graduated Bachelors of Science in Accountancy at the University of the Philippines – Visayas and is a Certified Public Accountant.

Marriana H. Yulo-Luccini, is the Chief Financial Officer and Chief Investment Officer of MM from 2020 to present and has been a director of MM from 2020 to present. She also serves as Chief Investment Officer of DD from 2015 to present. She was previously Chief Financial Officer of Alphaland Corporation and Group Chief Financial Officer of PhilWeb Corporation, ISM Communications Corporation, and Atok Big-Wedge Co. Inc. from 2011 to 2014. She graduated in Business Administration – Major in Management at Palawan State University and has a Masters in Business Administration Degree from the University of St. La Salle.

Mercedes L. Taleon, is the Chief Development Officer of MM from 2020 to present. She also serves as Chief Development Officer of MM's subsidiary, MMGC from 2020 to present. She was previously General Manager of MMGC from 2018 to 2020. She also served as Vice President in Leasing and Regional Operations Manager of Robinsons Land Corporation from 2016 to 2018. She graduated Bachelors of Science in Biological Sciences at the West Visayas State University.

Maribel N. Sibayan, is the Chief Operating Officer of the subsidiary of MM, MMGC from 2020 to present. She was previously General Manager of All Day Marts, Inc. from 2015 to 2018 and Chief Merchandising Officer of Metro Gaisano from 2010 to 2014. She was also Assistant Vice President of the Fast Moving Consumer Goods Division of Rustans Supercenters, Inc. from 2004 to 2009. Ms. Sibayan graduated Bachelor of Arts- Major in Communication Arts from the University of Santo Tomas and also has completed 36 units of the Masters in Business Administration Program of the Graduate School of Business of De La Salle University.

Gary P. Cheng, is an Independent Director of MM from 2020 to present. He is currently the Managing Director and Co-Founder of Fortman Cline Capital Markets Limited from 2007 to present. Dr. Cheng also serves as Independent Director of DD from 2013 to present. Dr. Cheng served as the former President/CEO of Amalgamated Investment Bancorporation from 2003 to 2018 and former Vice President of Investment Banking at J.P. Morgan from 1993 to 2002. Dr. Cheng obtained his doctorate in Philosophy from the University of Leeds, England.

Atty. Victoria R. Tamayao, is an Independent Director of MM from 2020 to present. She is the Senior and Managing Partner of Tamayao & Associates, Attorneys-at-Law from 2006 to present and is the Chairman and President of Glory Facilities and Development Inc. from 2019 to

present. She obtained her Bachelor of Laws and Bachelors of Science in Business Economics degrees from the University of the Philippines, Diliman.

Atty. Jacqueline Ann Marie O. Gomez, is the Corporate Secretary and director of MM from 2020 to present. She joined III in 2014 to present and was previously an associate at Falgui Law Office from 2009 to 2013. She graduated cum laude from the University of the Philippines – Diliman with an Economics degree and obtained Juris Doctor Degree from the same university in 2008. Atty Gomez was admitted to the Philippine Bar in 2009.

Jose Roelph E. Desales, is the Assistant Corporate Secretary and director of MM from 2020 to present. He joined III in 2014 to present and was previously with VXI Global Holdings B.V. (Philippines) as Associate Director for Finance from 2010 to 2012. He graduated Bachelor of Science in Accountancy at the University of the Philippines in the Visayas and is a Certified Public Accountant.

FAMILY RELATIONSHIPS

As of December 31, 2020, family relationships (by consanguinity or affinity within the fourth civil degree) between Directors and members of MM’s Senior Management are as follows:

Mr. Edgar J. Sia II, Mr. Ferdinand J. Sia and Ms. Rizza Marie Joy J. Sia-Javelona are siblings. Ms. Shella A. Sia is the spouse of Mr. Edgar J. Sia II. Other than the foregoing, there are no family relationships either by consanguinity or affinity up to the fourth civil degree among our Directors, Executive Officers and Shareholders.

Other than as disclosed above, there are no other family relationships between Directors and members of MM’s Senior Management known to MM.

INDEPENDENT DIRECTORS

The Manual requires MM to have at least two independent directors in the Board of Directors who serves as the Chairman of the Audit Committee and as a member of the Compensation Commission. An independent director is defined as a person who has not been an officer or employee of MM, its Subsidiaries or affiliates or related interests during the past three years counted from date of his election, or any other individual having a relationship with the institution, its parent, subsidiaries or related interest, or to any of MM’s director, officer or stockholder holding shares of stock sufficient to elect one seat in the board of directors or any of its related companies within the fourth degree of consanguinity or affinity, legitimate or common-law, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

COMMITTEES OF THE BOARD

To aid in complying with the principles of good governance, the Manual provides that the Board shall create and appoint Board members to each of the committees set forth below. Each

member of the respective committees named below holds office as of the date of this Prospectus and will serve until his successor is elected and qualified.

Audit Committee

The Audit Committee is composed of at least three members of the Board who have accounting and finance backgrounds, at least one of whom is an independent director and another with audit experience. The chair of the Audit Committee should be an independent director.

The Audit Committee has the following functions:

- (a) Provide oversight over management's activities in managing credit, market, liquidity, operational, legal, and other risks of MM. This function shall include regular receipt from Management of information on risk exposures and risk management activities;
- (b) Recommends the approval the Internal Audit Charter ("**IA Charter**"), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;
- (c) Through the Internal Audit ("**IA**") Department, monitors and evaluates the adequacy and effectiveness of MM's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data and information technology security, and (d) ensure compliance with applicable laws and regulations;
- (d) Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;
- (e) Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee;
- (f) Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;
- (g) Review the annual internal audit plan to ensure its conformity with the objectives of MM. The plan shall include the audit scope, resources, and budget necessary to implement it;
- (h) Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- (i) Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the MM's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External

Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in MM's Annual Report and Annual Corporate Governance Report;

- (j) Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
 - 1. • Any change/s in accounting policies and practices
 - 2. • Areas where a significant amount of judgment has been exercised
 - 3. • Significant adjustments resulting from the audit
 - 4. • Going concern assumptions
 - 5. • Compliance with accounting standards
 - 6. • Compliance with tax, legal and regulatory requirements
- (k) Reviews the disposition of the recommendations in the External Auditor's management letter;
- (l) Performs oversight functions over MM's Internal and External Auditors, including the review of reports submitted by them. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- (m) Coordinates, monitors and facilitates compliance with laws, rules and regulations;
- (n) Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the SEC, who undertakes an independent audit of MM, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders.

As of the date of December 31, 2020, the Audit and Risk Management Committee is chaired by Mr. Gary P. Cheng, while Mr. Ferdinand J. Sia and Ms. Marriana H. Yulo-Luccini serve as its members.

Nomination Committee

The Nomination Committee is composed of at least three members of the Board. The Nomination Committee reviews and evaluates the qualifications of all persons nominated to the Board and other appointments that require Board approval and shall assess the effectiveness of the Board's processes and procedures in the election or replacement of directors.

As of the date of this Prospectus, the Nomination Committee is chaired by Atty. Victoria R. Tamayao, while Mr. Ferdinand J. Sia and Ms. Marriana H. Yulo serve as its members.

Compensation and Personnel Committee

The Compensation Committee is composed of at least three members of the Board, one of whom is an independent director. The Compensation Committee may establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with MM's culture, strategy and the business strategy in which it operates.

As of the date of this Prospectus, the Compensation Committee is chaired by Edgar J. Sia II, while Mr. Ferdinand J. Sia and Atty. Victoria R. Tamayao serve as members.

EVALUATION SYSTEM AND COMPLIANCE

As part of its system for monitoring and assessing compliance with the Manual and the SEC Code of Corporate Governance, each committee is required to report regularly to the Board of Directors and the Manual is subject to quarterly review. The Compliance Officer is responsible for determining and measuring compliance with the Manual and the SEC Code of Corporate Governance. Any violation of MM's Corporate Governance Manual shall subject the responsible officer or employee to the following penalties:

- For a first violation, the offender shall be reprimanded.
- For a second violation, suspension from office shall be imposed on the offender. The duration of suspension shall depend on the gravity of the violation. This penalty shall not apply to the members of the Board of Directors.

For a third violation, the maximum penalty of removal from office shall be imposed on the offender. The commission of a third violation by any member of the board or MM or its Subsidiaries and affiliates shall be sufficient cause for removal from directorship. In case the offender is a member of the Board of Directors, the provisions of Section 27 of the Revised Corporation Code shall be observed.

SIGNIFICANT EMPLOYEES

MM believes that it is not dependent on any single employee. MM considers the collective efforts of all its employees as instrumental to its success. MM believes there is no non-executive employee that the resignation or loss of whom would have a material adverse impact on the business of the Company.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

There are no known related party transactions other than those described in Note 18 (Related Party Transactions) of the Notes to the Consolidated Financial Statements.

ITEM 10. EXECUTIVE COMPENSATION

For each of the years ended December 31, 2018, 2019 and 2020 the total salaries and allowances and bonuses paid to all other officers as a group unnamed are as follows:

Name & Position	Year	Salary, Bonus and Other Benefits
Edgar J. Sia II Ferdinand J. Sia Rizza Marie J. Sia-Javelona Shella A. Sia	FY 2020	₱7,368.21
Marriana H. Yulo-Luccini Mercedes L. Taleon Maribel N. Sibayan	FY 2019	₱-
Atty. Jacqueline Ann Marie O. Gomez <i>Aggregate compensation paid to all officers and directors as a group</i>	FY 2018	₱-

For the years 2018 and 2019, MM did not recognize expenses for key management compensation.

Compensation of Directors

Independent directors and advisors to the Board will receive a standard per diem for attendance in Board meetings effective 2020. For the years ended December 31, 2020, total directors fee amounts to P360,000. For the years ended December 31, 2019 and 2018 the Directors did not receive any compensation. There are no other existing arrangements/agreements under which directors are to be compensated during the last completed fiscal year and the ensuing year.

Standard Arrangements

Other than payment of reasonable gross per diem per non-executive director for every meeting, there are no standard arrangements pursuant to which the Board of Directors are compensated, or are to be compensated, director or indirectly, for any services provided as director.

Other Arrangements

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

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Record and Beneficial Owners of more than 5% of the Company's voting securities as of December 31, 2020

Name and Address of Record Owners	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Common Shares Held	% of Total Outstanding Shares
Injap Investments, Inc Fuentes St, Iloilo City	The record owner is the beneficial owner of the shares indicated	Filipino	5,999,989,995	79.00%
PCD - Filipino	-	Filipino	1,589,500,709	20.93%

As of December 31, 2020, foreign shareholders owned 0.05% of the Common Shares of the Company.

Security Ownership of Directors and Officers as of the date of this report.

The following table sets forth security ownership of the Company's Directors, and Officers, as of December 31, 2020:

Title of Class	Name of Record Owner	Position	Citizenship	Amount and Nature of Beneficial Ownership	Percentage of Ownership
Common	Rizza Marie Joy J. Sia	Corporate Secretary	Filipino	2,000 shares	0.00%
Common	Edgar J. Sia II	Director	Filipino	2,000 shares	0.00%
Common	Ferdinand J. Sia	Director	Filipino	2,000 shares	0.00%
Common	Marriana H. Yulo-Luccini	Director	Filipino	1 share	0.00%
Common	Atty. Jacqueline Ann Marie O. Gomez	Director	Filipino	1 share	0.00%
Common	Jose Roelph E. Desales	Director	Filipino	1 share	0.00%
Common	Atty. Victoria R. Tamayao	Independent Director	Filipino	1share	0.00%
Common	Gary P. Cheng	Independent Director	Filipino	1 share	0.00%

Except as disclosed above, there is no director or key officer of the Company that owns at least 10% of its issued and outstanding shares of common.

Voting Trust Holders of five percent or More

As of December 31, 2020, MM is not aware of any person holding more than 5.0% of a class of its shares under a voting trust or similar agreement.

Change in Control

The Company is not aware of any change in control or arrangement that may result in a change in control of the Company since the beginning of its last fiscal year.

ITEM 12. CERTAIN RELATIONSHIP AND RELATED TRANSACTIONS

The Company and its Subsidiaries, in their ordinary course of business, engage in transactions with related parties and affiliates. These transactions include advances, cost allocations and reimbursement of expenses. Except where indicated in the table below, settlement of outstanding balances of advances at year end occurs in cash. As of December 31, 2020, 2019 and 2018, the Company has not made any provision for impairment losses relating to amounts owed by related parties.

The summary of the Company's transactions with its related parties for the year ended December 31, 2020, and 2019 and the related outstanding balances as of December 31, 2020 and 2019 are as follows:

Category	Year	Ref	Amount of Transaction	Outstanding Balances	Terms and Conditions
Stockholders					
Advances from stockholders	2020	<i>a</i>	P12,720,271	P62,482,842	Due and demandable; non-interest bearing; unsecured; payable in cash
	2019	<i>a</i>	-	49,762,571	Due and demandable; non-interest bearing; unsecured; payable in cash
Land acquired	2020	<i>b</i>	146,608,491	-	Due and demandable; non-interest bearing; unsecured; payable in cash
Deposit for future stock subscription	2019	<i>c</i>	298,750,000	298,750,000	To be applied against future stock subscription
	2020			P62,482,842	
	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. Land acquired

In December 2020, the Parent Company acquired two parcels of land from III, which has been fully settled in 2020.

c. Deposit for Future Stock Subscription

In December 2019, the Parent Company received subscription from III for its increase in authorized capital stock (Note 22).

d. Key Management Personnel

Short-term benefits of key management personnel amounted to P7.37 million, nil and nil in 2020, 2019 and 2018, respectively. Directors' fee paid amounted to P0.36 million, nil and nil in 2020, 2019 and 2018, respectively.

PART IV CORPORATE GOVERNANCE

ITEM 13. CORPORATE GOVERNANCE

MM and its respective directors, officers and employees have complied with the best practices and principles on good corporate governance as embodied in its Corporate Governance Manual. An evaluation system has been established by MM to measure or determine the level of compliance of the Board of Directors and top level management with its Manual of Corporate Governance. The Board of Directors conducts an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees.

The Board of Directors are primarily responsible for the governance of the Company. In addition to setting the policies for the accomplishment of corporate objectives, it has the duty to provide an independent check on the Management. The Board is mandated to attend its regular and special meetings in person or through teleconferencing. The MM board's independent directors are aware of their duties as such under the Manual. These independent directors are expected to look after the interests of minority shareholders as well as other MM stakeholders.

As of December 31, 2020, there has been no reported deviation from the Manual and MM continually endeavours to comply with the Manual. The Board of Directors are continually assessing policies that could further improve the corporate governance of the Company.

PART V EXHIBITS AND SCHEDULES

ITEM 14. EXHIBITS AND REPORTS ON SEC FORM 17-C

A EXHIBITS

See accompanying Index to Exhibits

The following exhibit is filed as a separate section of this report:

2020 Audited Consolidated Financial Statements

The other exhibits, as indicated in the Index to Exhibits are either not applicable to the Company or require no answer.

B REPORTS ON SEC FORM 17-C (CURRENT REPORT)

None.

INDEX TO EXHIBITS Form 17-A

<u>No.</u>	<u>Page No.</u>
(3) Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession	*
(5) Instruments Defining the Rights of Security Holders, Including Indentures	*
(8) Voting Trust Agreement	*
(9) Material Contracts	*
(10) Annual Report to Security Holders, Form 11-Q or Quarterly Report to Security Holders	*
(13) Letter re Change in Certifying Accountant	*
(16) Report Furnished to Security Holders	*
(18) Subsidiaries of the Registrant	39
(19) Published Report Regarding Matters Submitted to Vote of Security Holders	*

(20) Consent of Experts and Independent Counsel *

(21) Power of Attorney *

(29) Additional Exhibits *

* These Exhibits are either not applicable to the Company or require no answer.

EXHIBIT 18 SUBSIDIARIES OF THE REGISTRANT

Please refer to Item 1 under “Business” and *Note 2* of the accompanying Notes to the Consolidated Financial Statements for details.

MERRYMART CONSUMER CORP. AND SUBSIDIARY
(Formerly Injap Supermart Inc.)
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY
SCHEDULES
FORM 17-A, ITEM 7

Consolidated Financial Statements

Statement of Management's Responsibility for Financial Statements
Independent Auditors' Report
Consolidated Balance Sheets as at December 31, 2020 and 2019
Consolidated Statements of Comprehensive Income
 For the years ended December 31, 2020, 2019 and 2018
Consolidated Statements of Changes in Stockholders' Equity
 For the years ended December 31, 2020, 2019 and 2018
Consolidated Statements of Cash Flows
 For the years ended December 31, 2020, 2019 and 2018
Notes to Consolidated Financial Statements

Supplementary Schedules

Independent Auditors' Report on Supplementary Schedules
 SRC Annex 68-E Schedules
A. Financial Assets
B. Amounts Receivable from Directors, Officers, Employees, Related
 Parties and Principal Stockholders (Other than Related parties) *
C. Amounts Receivable from Related Parties which are eliminated during
 the Consolidation of Financial Statements
D. Long-term Debt
E. Indebtedness to Related Parties *
F. Guarantees of Securities of Other Issuers *
G. Capital Stock

Computation of Public Ownership

Financial Ratios - Key Performance Indicators

Reconciliation of Retained Earnings for Dividend Declaration

Conglomerate Map

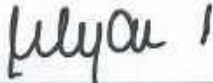
**These schedules, which are required by SRC Rule 68.1, As Amended (2011), have been omitted because they are either not applicable or the information required to be presented is included in the Company's consolidated financial statements or the notes to consolidated financial statements*

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in PASAY CITY on MAY 17 2021.

By:

MERRYMART CONSUMER CORP.



EDGAR J. SIA II
Chairman and Chief Executive Officer



MARRIANA H. YULO
Chief Financial Officer



FERDINAND J. SIA
President



JACQUELINE ANN MARIE O. GOMEZ
Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAY 17 2021 at PASAY CITY affiants exhibiting to me their competent evidence of identity, to wit:

- 1) EDGAR J. SIA II with Passport No. P2057771A issued by DFA Manila expiring on February 27, 2022
- 2) FERDINAND J. SIA with Passport No. P7882199A issued by DFA Manila expiring on July 10, 2028
- 3) MARRIANA H. YULO with Passport No. P7881601A issued by DFA Manila expiring on July 10, 2028
- 4) JACQUELINE ANN MARIE O. GOMEZ with Passport No. P6783876A issued by DFA Manila expiring on April 15, 2028

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BRIKA ESTEL G. CUSI
Notary Public for Pasay
Until December 31, 2021
Commission No.
Roll No. 63306
IBP Lifetime Member No. 032614 03/28/2014
PTR No. 7353012 01/04/2021/Pasay, City
DoubleDragon Headquarters, 10th Floor, Tower 1
DoubleDragon Plaza, DD Alondra Park
Cor. Macapagal Avenue & EDSA Ext., Bay Area, Pasay City

MERRYMART

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **MERRYMART CONSUMER CORP. AND SUBSIDIARY** (the "Company"), is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The BOD reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

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

Signature 
Edgar J. Sia II, CEO/Chairman

Signature 
Ferdinand J. Sia, President

Signature 
Marriana H. Yulo, CFO

Signed this 14 day of MAY 2021

SUBSCRIBED AND SWORN to before me by _____ at Pasay City, Philippines
on MAY 14 2021 who exhibited to me his/her _____ issued by _____
expiring on _____ and is identified by me to be the same person who executed this document.

Doc. No. 342
Page No. 70
Book No. 4
Series of 2021


ERIKA ESNEL G. CUSI

Notary Public for Pasay City

Until December 31, 2021

Commission No.

Roll No. 63306

IBP Lifetime Member No. 012614/03/28/2014

PTR No. 7383012 01/04/2021/Pasay City

DoubleDragon Headquarters, 10th Floor, Tower 1

DoubleDragon Plaza, DD Meridian Park

Cor. Macapagal Avenue & EDSA Ext., Bay Area, Pasay City

MERRYMART CONSUMER CORP. AND A SUBSIDIARY

(Formerly Injap Supermart Inc.)
(A Subsidiary of Injap Investments, Inc.)

CONSOLIDATED FINANCIAL STATEMENTS **December 31, 2020, 2019 and 2018**

With Independent Auditors' Report



R.G. Manabat & Co.
The KPMG Center, 9/F
6787 Ayala Avenue, Makati City
Philippines 1226
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
MerryMart Consumer Corp. and a Subsidiary
9th Floor Tower 1
DoubleDragon Plaza, DD Meridian Park
Pasay City

Opinion

We have audited the consolidated financial statements of MerryMart Consumer Corp., formerly Injap Supermart Inc. (a subsidiary of Injap Investments, Inc.) and its subsidiary (the “Group”), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2020, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2020, in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until November 21, 2023

SEC Accreditation No. 0003-SEC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by SEC Accreditation No. 0004-FR-5)

IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)

BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



Key Audit Matter

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter is addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Revenue Recognition (P3,412.52 million)

Refer to Note 14 to the consolidated financial statements.

The risk

The Group's revenue is mainly generated from the sale of retail goods which is not complex but an important measure to evaluate the Group's performance, which increases the risk of material misstatement that revenue may be inappropriately recognized.

Our response

We performed the following audit procedures, among others, on revenue recognition:

- We evaluated and assessed the revenue recognition policies of the Group in accordance with PFRS 15, Revenue from Contracts with Customers.
- We evaluated and assessed the design and operating effectiveness of the key controls over the revenue process.
- We tested, on a sample basis, sales transactions for a selected period before and after year-end to supporting documentation such as generated sales summary reports from the point-of-sale (POS) system, as reconciled with the cash receipts, to assess whether these transactions are recorded in the correct reporting period.
- We vouched, on a sample basis, sales transactions throughout the year to supporting documentation such as generated sales summary reports from the POS system, delivery documents and bank deposit slips, to ascertain that the revenue recognition criteria are met.
- We tested, on a sample basis, journal entries posted to revenue accounts to identify unusual or irregular items.
- We evaluated the adequacy of the financial statements disclosures.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020 are expected to be made available to us after the date of this auditors' report.

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



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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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



The engagement partner on the audit resulting in this independent auditors' report is Darwin P. Virocel.

R.G. MANABAT & CO.

A handwritten signature in black ink, appearing to read 'D. Virocel', with a long horizontal stroke extending to the left.

DARWIN P. VIROCEL

Partner

CPA License No. 0094495

SEC Accreditation No. 94495-SEC, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements

Tax Identification No. 912-535-864

BIR Accreditation No. 08-001987-031-2019

Issued August 7, 2019; valid until August 6, 2022

PTR No. MKT 8533922

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Makati City, Metro Manila

MERRYMART CONSUMER CORP. AND A SUBSIDIARY
(Formerly Injap Supermart Inc.)
(A Subsidiary of Injap Investments, Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31			
			2019 (As reclassified - Note 24)
	Note	2020	
ASSETS			
Current Assets			
Cash and cash equivalents	4, 5, 23	P940,641,989	P270,308,599
Receivables	4, 6, 23, 24	25,071,685	9,018,707
Inventories	4, 7, 15	737,572,923	183,418,743
Prepaid expenses and other current assets	8, 24	199,090,553	32,369,229
Total Current Assets		1,902,377,150	495,115,278
Non-current Assets			
Property and equipment	4, 9	908,849,180	221,794,668
Right-of-use asset	4, 20	402,933,511	118,264,628
Intangible asset	4, 11	42,910,253	14,612,773
Deferred tax assets	4, 21	44,276,810	8,352,008
Other noncurrent assets	4, 10, 20, 23	174,714,961	41,672,212
Total Non-Current Assets		1,573,684,715	404,696,289
		P3,476,061,865	P899,811,567
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and other current liabilities	12, 23, 24	P416,433,885	P130,218,011
Short-term loans payable	13, 23	450,000,000	150,000,000
Due to a related party	18, 23	62,482,842	49,762,571
Income tax payable	21	-	37,782,980
Total Current Liabilities		928,916,727	367,763,562
Noncurrent Liabilities			
Retirement benefits liability	19	8,024,699	6,196,332
Lease liabilities	20, 23	376,322,986	117,477,991
Long-term loans payable	13, 23	250,000,000	-
Deposit for future stock subscription	18, 22	-	298,750,000
Unearned franchise fees	12	1,380,000	1,380,000
Total Noncurrent Liabilities		635,727,685	423,804,323
Total Liabilities		1,564,644,412	791,567,885
Equity			
Capital stock	22	379,746,835	1,250,000
Additional paid-up capital	22	1,386,292,253	-
Retained earnings	22	146,834,756	106,993,682
Remeasurement loss on defined benefit	19	(1,456,391)	-
Total Equity		1,911,417,453	108,243,682
		P3,476,061,865	P899,811,567

See Notes to the Consolidated Financial Statements.

MERRYMART CONSUMER CORP. AND A SUBSIDIARY
(Formerly Injap Supermart Inc.)
(A Subsidiary of Injap Investments, Inc.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years Ended December 31				
	Note	2020	2019	2018
REVENUES	14			
Sale of goods		P3,412,521,282	P2,482,302,804	P2,095,408,067
Display rental		26,326,260	20,870,590	21,562,804
Other operating income	17	35,236,233	12,062,959	-
		3,474,083,775	2,515,236,353	2,116,970,871
COST OF SALES	15	3,145,722,630	2,370,672,389	2,023,262,656
GROSS PROFIT		328,361,145	144,563,964	93,708,215
OPERATING EXPENSES	16	304,656,866	98,053,988	35,781,808
INCOME FROM OPERATIONS		23,704,279	46,509,976	57,926,407
INTEREST EXPENSE	13, 20	(12,550,872)	(6,653,777)	-
INTEREST INCOME	5	5,769,988	109,993	49,649
INCOME BEFORE INCOME TAX		16,923,395	39,966,192	57,976,056
INCOME TAX EXPENSE (BENEFIT)	21	(31,317,679)	11,956,860	17,377,922
NET INCOME		48,241,074	28,009,332	40,598,134
OTHER COMPREHENSIVE LOSS				
<i>Item that will not be reclassified to profit or loss</i>				
Remeasurement loss on defined benefit plan	19	(2,080,559)	-	-
Tax effect	21	624,168	-	-
		(1,456,391)	-	-
TOTAL COMPREHENSIVE INCOME		P46,784,683	P28,009,332	P40,598,134
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	22	P0.01	P1.12	P1.62

See Notes to the Consolidated Financial Statements.

MERRYMART CONSUMER CORP. AND A SUBSIDIARY
(Formerly Injap Supermart Inc.)
(A Subsidiary of Injap Investments, Inc.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31									
	Note	Capital Stock	Additional Paid-up Capital	Remeasurement Loss on Defined Benefit	Retained Earnings		Total	Total	
					Unappropriated	Appropriated			
Balance at January 1, 2018		P1,250,000	P -	P -	P10,386,216	P28,000,000	P38,386,216	P39,636,216	
Net income/total comprehensive income for the year		-	-	-	40,598,134	-	40,598,134	40,598,134	
Appropriation during the year	22	-	-	-	(9,000,000)	9,000,000	-	-	
Balance at December 31, 2018	24	1,250,000	-	-	41,984,350	37,000,000	78,984,350	80,234,350	
Net income/total comprehensive income for the year		-	-	-	28,009,332	-	28,009,332	28,009,332	
Appropriation during the year	22	-	-	-	(80,000,000)	80,000,000	-	-	
Balance at December 31, 2019		1,250,000	-	-	(10,006,318)	117,000,000	106,993,682	108,243,682	
Net income		-	-	-	48,241,074	-	48,241,074	48,241,074	
Remeasurement loss on defined benefit plan		-	-	(1,456,391)	-	-	-	(1,456,391)	
Total comprehensive income		-	-	(1,456,391)	48,241,074	-	48,241,074	46,784,683	
Issuance of shares	22	378,496,835	1,515,189,874	-	-	-	-	1,893,686,709	
Stock issuance cost	22	-	(128,897,621)	-	-	-	-	(128,897,621)	
Reversal of appropriation during the year	22	-	-	-	117,000,000	(117,000,000)	-	-	
Dividends	22	-	-	-	(8,400,000)	-	(8,400,000)	(8,400,000)	
Transaction with owners		378,496,835	1,386,292,253	-	108,600,000	(117,000,000)	(8,400,000)	1,756,389,088	
Balance at December 31, 2020		P379,746,835	P1,386,292,253	(P1,456,391)	P146,834,756	P -	P146,834,756	P1,911,417,453	

See Notes to the Consolidated Financial Statements.

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

		Years Ended December 31		
	<i>Note</i>	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		P16,923,395	P39,966,192	P57,976,056
Adjustments for:				
Depreciation and amortization	9, 10, 11, 16	61,650,803	18,400,538	1,367,703
Interest expense	13, 20	12,550,872	6,653,777	-
Retirement benefits expense (income)	19	(252,191)	1,940,339	652,314
Interest income	5	(5,769,988)	(109,993)	(49,649)
Operating income before working capital changes		85,102,891	66,850,853	59,946,424
Decrease (increase) in:				
Receivables	3, 6, 23, 24	(12,898,536)	(8,104,286)	733,339
Inventories	7	(554,154,180)	87,030,147	(68,289,560)
Prepaid expenses and other current assets	8	(166,721,324)	(43,353,391)	(3,838,876)
Increase (decrease) in:				
Accounts payable and other current liabilities	12, 23, 24	259,832,645	36,706,574	(13,550,037)
Due to a related party	18	12,720,271	(85,134,387)	62,348,104
Cash generated from (absorbed by) operations		(376,118,233)	53,995,510	37,349,394
Income tax paid	21	(41,765,936)	(272,626)	(3,694,154)
Interest paid	13, 20	(52,365,872)	(2,477,083)	-
Interest received	5	2,615,546	109,993	49,649
Net cash provided by (used in) operating activities		(467,634,495)	51,355,794	33,704,889
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property and equipment	9	(671,917,935)	(201,822,638)	(25,411,963)
Additions to intangible assets	11	(31,821,035)	(7,562,710)	(7,200,000)
Increase in other noncurrent assets		(133,042,749)	(41,672,212)	-
Net cash used in investing activities		(836,781,719)	(251,057,560)	(32,611,963)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from deposit for future stock subscription	22	-	298,750,000	-
Proceeds from availment of loans	13	550,000,000	150,000,000	-
Proceeds from issuance of shares	22	1,594,936,709	1,380,000	-
Stock issuance cost	22	(128,897,621)	-	-
Lease payments	20	(32,889,484)	(1,027,500)	-
Payments of cash dividends	22	(8,400,000)	-	-
Net cash provided by financing activities		1,974,749,604	449,102,500	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		670,333,390	249,400,734	1,092,926
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	5	270,308,599	20,907,865	19,814,939
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	5	P940,641,989	P270,308,599	P20,907,865

See Notes to the Consolidated Financial Statements.

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

NOTES TO THE CONSOLIDATED 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 subsidiary of Injap Investments, Inc. (III), a company incorporated in the Philippines.

On November 15, 2019, the Parent Company’s Board of Directors (BOD) and the stockholder approved the following relevant amendments of the Articles of Incorporation (AOI):

- Article I: Change in the Company’s name to MerryMart Consumer Corp.
- Article II: Change in the primary purpose of the Company, adding the following business purpose:
 - To establish and continue the business of general merchandise, mercantile, trading and marketing, processing, production making and manufacturing of consumer products and commodities, and engage in the importation of consumer goods, food and non-food items, agricultural and seafood products and fresh and processed, and other merchandise for the distribution and wholesale and retail of goods and other similar merchandise.
- Article III: Change in the Company’s registered office to 9th Floor, Tower 1, DoubleDragon Plaza, DD Meridian Park, Corner Macapagal Avenue and Edsa Extension, Bay Area, Barangay 76, Pasay City.
- Article VII: Increase in authorized capital stock (Note 22).

On December 18, 2019, the application for the amendment in AOI Article I was approved by the SEC.

On January 23, 2020, the SEC approved the increase in the Parent Company’s authorized capital stock from P5,000,000 divided into 50,000 shares of the par value of P100.00 each to P1,200,000,000 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 its primary purpose and of the principal place of business of the Parent Company to the 9th Floor, Tower 1, DoubleDragon Plaza, DD Meridian Park, Corner Macapagal Avenue and Edsa Extension, Bay Area, Barangay 76, Pasay City.

On January 23, 2020, the Board of Directors (BOD) and shareholders of the Parent Company approved to offer, subject to compliance with existing laws, and the rules and regulations of the SEC, up to 1,594,936,709 primary common shares through an initial public offering (IPO) at the price up to P1.00 per share. On January 27, 2020, the Parent Company filed its Registration Statement with the SEC covering its IPO.

On March 10, 2020, the SEC approved the Parent Company's Registration Statement for 7,594,936,709 common shares to be listed and traded on the Small, Medium and Emerging Board of the Philippine Stock Exchange ("PSE"). The offering consists of 1,594,936,709 primary common shares with the maximum price set at P1.00 per share.

On June 15, 2020, the Parent Company completed its initial public offering and was listed in the PSE under the stock symbol "MM". MM remains as the ultimate parent company and controlling shareholder of MM. As at December 31, 2020, there are sixteen (16) shareholders of the Parent Company's securities.

2. Basis of Preparation

Statement of Compliance

The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). PFRS consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Philippine Financial Reporting Standards Council (FRSC).

The consolidated financial statements of the Group and the Parent Company's financial statements as at and for the years ended December 31, 2020 and 2019 were approved and authorized for issuance by the BOD on May 14, 2021.

Basis of Measurement

The consolidated financial statements of the Group have been prepared using the historical cost basis of accounting, except for retirement benefits liability which is measured at present value of defined benefit obligation.

Functional and Presentation Currency

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.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and MerryMart Grocery Centers, Inc. (the "Subsidiary") (collectively referred herein to as the "Group"). The Parent Company owns 100% of the Subsidiary.

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.

A subsidiary is an entity controlled by the Group. The Group controls an entity if, and only if, the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When the Group has less than majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights.

The financial statements of the subsidiary are included in the consolidated financial statements from the date when the Group obtains control and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiary are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. Intergroup balances and transactions, including intergroup unrealized profits and losses, are eliminated in preparing the consolidated financial statements. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, the Group: (i) derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interests and the cumulative transaction differences recorded in equity; (ii) recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss; and (iii) reclassify the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

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

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all the years presented in these consolidated financial statements, except for the changes in accounting policies as explained below.

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

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

- *Amendments to References to Conceptual Framework in PFRS Standards* sets out amendments to PFRS Standards, 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 new chapter on measurement;
 - guidance on reporting financial performance;
 - improved definitions of an asset and a liability, and guidance supporting these definitions; and

- 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 (IASC)'s Framework for the Preparation and Presentation of Financial Statements adopted by the International Accounting Standards Board (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.

- *PFRS 3, Business Combination - Definition of a Business (Amendments)*
The amendments narrowed and clarified the definition of a business. They 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:
 - 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;
 - 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
 - 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.
- *Definition of Material (Amendments to PAS 1 Presentation of Financial Statements and PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors)*. The amendments refine the definition of material. The amended definition of material states that 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 material and its application by:

- raising the threshold at which information becomes material by replacing the term 'could influence' with 'could reasonably be expected to influence';
- including the concept of 'obscuring information' alongside the concept of 'omitting' and 'misstating' information in the definition;
- clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework;
- clarifying the explanatory paragraphs accompanying the definition; and

- aligning the wording of the definition of material across PFRS Standards and other publications.

The amendments are expected to help entities make better materiality judgements without substantively changing existing requirements.

Effective June 1, 2020

- **PFRS 16, *Leases - COVID-19-related Concessions (Amendments)***
The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic.

A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment. The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.

The amendments were early adopted by the Group as the rent concession from the lessor met all of the above criteria.

New and Amended Standards and Interpretation Not Yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2020. However, the Group has not early adopted the following new or amended standards in preparing these consolidated financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group's consolidated financial statements.

Effective April 1, 2021

- **COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to PFRS 16).** The amendment extends the practical expedient introduced in the 2020 amendment which simplified how a lessee accounts for rent concessions that are a direct consequence of COVID-19, permitting lessees to apply the practical expedient to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022.

The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Earlier application is permitted. A lessee applies the amendments retrospectively, recognizing the cumulative effect of the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate. The adoption is mandatory for lessees that chose to apply the practical expedient introduced by the 2020 amendments and may result in reversal of lease modifications that was ineligible for the practical expedient under the 2020 amendments, but becomes eligible as a result of the extension.

Effective January 1, 2022

- Property, Plant and Equipment - Proceeds before Intended Use (Amendments to PAS 16, *Property, Plant and Equipment*). The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with PAS 2 Inventories.

The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.

For the sale of items that are not part of a company's ordinary activities, the amendments require the company to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statement of comprehensive income. This disclosure is not required if such proceeds and cost are presented separately in the statement of comprehensive income.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

- Onerous Contracts - Cost of Fulfilling a Contract (Amendment to PAS 37 Provisions, Contingent Liabilities and Contingent Assets). The amendments clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract – i.e. it comprise both incremental costs and an allocation of other direct costs.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated. Earlier application is permitted

- Annual Improvements to PFRS Standards 2018-2020. This cycle of improvements contains amendments to standards which are applicable to the Group:
 - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to PFRS 9 Financial Instruments). The amendment clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
 - Lease Incentives (Amendment to Illustrative Examples accompanying PFRS 16). The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted.

- Reference to the Conceptual Framework (Amendment to PFRS 3). The amendments:
 - updated PFRS 3 so that it now refers to the 2018 Conceptual Framework;
 - added a requirement that, for transactions and other events within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, or IFRIC 21, *Levies*, an acquirer applies PAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
 - added an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations occurring in reporting periods starting on or after January 1, 2022. Earlier application is permitted.

Effective January 1, 2023

- Classification of Liabilities as Current or Non-current (Amendments to PAS 1 Presentation of Financial Statements). To promote consistency in application and clarify the requirements on determining whether a liability is current or non-current, the amendments:
 - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
 - clarified that a right to defer settlement exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarified that settlement of a liability includes transferring a company's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or non-current.

The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

- Definition of Accounting Estimates (Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*). To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remain unchanged. The amendments also provide examples on the application of the new definition.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

- Disclosure of Accounting Policies (Amendments to PAS 1 and PFRS Practice Statement 2, *Making Materiality Judgements*). The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments to PFRS Practice Statement 2 include guidance and additional examples on the application of materiality to accounting policy disclosures.

The amendments are effective from January 1, 2023. Earlier application is permitted.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statements of financial position based on current and noncurrent classification. An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within 12 months after the reporting period; or (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is current when: (a) it is expected to be settled in the normal operating cycle; (b) it is held primarily for trading; (c) it is due to be settled within 12 months after the reporting period; or (d) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

Financial Instruments

Date of Recognition

The Group recognizes a financial asset or financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition is done using settlement date accounting.

Initial Recognition of Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognized initially at fair value. The initial measurement, except for those designated as FVPL, includes transaction costs.

Financial Assets

Classification and Subsequent Measurement

The Group classifies its financial assets, at initial recognition, and subsequently measured at amortized cost, FVOCI and FVPL. The classification depends on the contractual cash flow characteristics of the financial assets and the business model of the Group for managing the financial assets.

Subsequent to initial recognition, financial assets are not reclassified unless the Group changes the business model for managing financial assets. All affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

The business model refers to how the Group manages the financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The Group considers the following information in assessing the objective of the business model in which a financial asset is held at a portfolio level, which reflects the way the business is managed and how information is provided to management:

- the stated policies and objectives for the portfolio and the operations of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how employees of the business are compensated; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

For the purposes of assessing the cash flow characteristics of financial assets, "Principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

The Group considers the contractual terms of the instrument in assessing whether the contractual cash flows are solely payments of principal and interest. The assessment includes whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Group considers the following in making the assessment:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for financial assets acquired at a discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

For purposes of subsequent measurement, financial assets are classified in the following categories: financial assets at amortized cost, financial assets at FVOCI (with or without recycling of cumulative gains and losses) and financial assets at FVPL.

The Group has no financial assets at FVOCI and FVPL as at December 31, 2020 and 2019.

Financial Assets at Amortized Cost. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model with the objective of holding financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the financial asset is derecognized, modified or impaired.

The Group's cash and cash equivalents, receivables and security deposits are included in this category (Notes 5, 6 and 10).

Financial Liabilities - Classification, Subsequent Measurement and Gains and Losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

As at December 31, 2020 and 2019, the Company's accounts payable and other current liabilities (excluding payables to the government), loans payable and due to a related party are included in this category (Notes 12 and 13).

Derecognition of Financial Assets and Financial Liabilities

Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Group has retained.

For a modification of the financial asset that does not result in derecognition, the difference between the present value of the modified cash flows discounted using the original effective interest rate and the present value of the original cash flows, is recognized in profit or loss as a gain or loss from modification. Costs or fees in relation to the modification of the financial asset are recognized as part of the carrying amount of the asset and amortized over the remaining term of the instrument. A modification of the original financial asset that results in derecognition of the financial asset, requires the recognition of a new financial asset in line with the general requirements for the initial recognition (i.e. at fair value plus transaction costs).

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

The Group derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed shall be recognized in profit or loss.

Impairment of Financial Assets

The Group recognizes allowance for expected credit losses (ECL) on financial assets at amortized cost.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive), discounted at the effective interest rate of the financial asset, and reflects reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

The Group recognizes an allowance for impairment based on either 12-month or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group recognizes lifetime ECLs for receivables that do not contain significant financing component. The Group uses provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the borrowers and the economic environment.

At each reporting date, the Group assesses whether financial assets at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired include observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;

- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- (e) the disappearance of an active market for that financial asset because of financial difficulties; or
- (f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The Group considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants.

The Group directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering the contractual cash flows on a financial asset, either partially or in full. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The ECLs on financial assets at amortized cost are recognized as allowance for impairment losses against the gross carrying amount of the financial asset, with the resulting impairment losses (or reversals) recognized in profit or loss.

Classification of Financial Instruments between Debt and Equity

From the perspective of the issuer, a financial instrument is classified as debt instrument if it provides for a contractual obligation to:

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

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

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated 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 assets and settle the liabilities simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated 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 prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

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

Inventories

Inventories are measured at the lower of cost and net realizable value (NRV). Cost is determined using the first-in-first out (FIFO) method. Cost comprises of purchase price, including duties, applicable landing charges and other incidental expenses incurred in bringing the inventories to its present location and condition. NRV is the estimated selling price in the ordinary course of business less the estimate costs necessary to make the sale.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are recognized in profit or loss as they are consumed in operations or expire with the passage of time.

Other current assets are classified in the consolidated statements of financial position as current assets when the costs or expenses related to the assets are expected to be incurred within one year or the Group's normal operating cycle, whichever is longer. Otherwise, assets are classified as noncurrent assets.

Input Value-added Tax (VAT)

Input tax represents the VAT due or paid on purchases of goods and services subjected to VAT that the Group can claim against any future liability to the Bureau of Internal Revenue (BIR) for output VAT received from sale of goods and services subjected to VAT. The input tax can also be recovered as tax credit against future income tax liability of the Group upon approval of the BIR. Input tax is stated at net realizable value. An allowance is provided for any portion of the input tax that cannot be claimed against output tax or recovered as tax credit against future income tax liability. Input tax that are expected to be realized for no more than 12 months after the reporting period are classified as current asset, otherwise, these are classified as other noncurrent asset.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any accumulated impairment in value. Such cost includes the cost of replacing part of the property and equipment at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing.

The initial cost of property and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the items can be measured reliably.

Depreciation and amortization, which commence when the assets are available for their intended use, are computed using the straight-line method over the following estimated useful lives of the assets:

	Useful Life in Years
Leasehold improvements	10 years or lease term, whichever is shorter
Furniture, fixtures and equipment	5 to 10
Transportation equipment	5 to 10

The remaining useful lives, residual values, and depreciation and amortization methods are reviewed and adjusted periodically, if appropriate, to ensure that such periods and methods of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property and equipment.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use.

An item of property and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period of retirement and disposal.

Land is carried at cost less any impairment in value, if any. The initial cost of land comprises its purchase price and other directly attributable costs of bringing the asset to its working condition and location for its intended use. It excludes the costs of day to day servicing. Land is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the land (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

Construction in-progress represents structures under construction and is stated at cost. This includes the costs of construction and other direct costs.

Intangible Asset

Intangible asset acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

Intangible asset with finite life is amortized using the straight-line method over its useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for intangible asset with finite useful life are reviewed at least at the end of each reporting period. 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 are treated as changes in accounting estimates. The amortization expense on intangible asset with finite life is recognized in the consolidated statements of comprehensive income in the expense category consistent with the function of the intangible asset.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. Costs associated with maintaining computer software are expensed as incurred. Capitalized costs are amortized on a straight-line basis over an estimated useful life of five years as the life of this intangible asset is considered limited.

Impairment of Non-financial Assets

The carrying amounts of non-financial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs of disposal and value in use. The fair value less costs of disposal is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Provisions

Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of past events; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Deposits for Future Stock Subscription

Deposits for future stock subscription refer to the payments made by stockholders of the Group on subscription to the increase in the authorized capital which cannot be directly credited to capital stock issued pending filing and approval by SEC of the amendment to the Articles of Incorporation increasing capital stock.

Under the SEC Financial Reporting Bulletin No. 006, as amended, an entity should not consider a deposit for future subscription as an equity instrument unless all of the following elements are present:

- a. There is a lack or insufficiency of authorized unissued shares of stock to cover the deposit;
- b. The entity's BOD and stockholders have approved an increase in capital stock to cover the shares corresponding to the amount of the deposit (for which a deposit was received by the Group);
- c. The application for the approval of the proposed increase has been presented for filing or has been filed with the Commission.

If any or all of the foregoing elements are not present, the transaction should be recognized as a liability.

Capital Stock

Capital stock is measured at par value for all shares issued. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Capital stock are classified as equity. Incremental costs directly attributable to the issuance of common stock are recognized as a deduction from equity, net of any tax effects, and any excess of the proceeds over the par value of shares issued less any incremental costs directly attributable to the issuance, net of tax, is presented in equity as additional paid-in capital.

Retained Earnings

Retained earnings represent the accumulated net income or losses, net of any dividend distributions and other capital adjustments. When the retained earnings account has a debit balance, it is called "deficit." A deficit is not an asset but a deduction from equity.

Revenue Recognition

Revenue from Contracts with Customers

The Group recognizes revenue from contracts with customers when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenues exclude VAT and other fees collected on behalf of other parties.

The transfer of control can occur over time or at a point in time. Revenue is recognized at a point in time unless one of the following criteria is met, in which case it is recognized over time: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has generally concluded that it is the principal in its revenue arrangements.

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

- *Sale of Goods*
Sale of goods from retail and food shop is recognized at point in time when the control of the asset is transferred to the customer, generally upon delivery.
- *Concession Income*
Concession income, included as part of other income, pertains to the net margin from sales of concessionaire supplier's goods inside the store. The income is recognized when earned.
- *Other Income*
Other income pertains to application fees, merchandise support and other miscellaneous income and are recognized when earned.

Revenues from Other Sources

Display Rental

Display rental from the use of the Group's gondola and store spaces is recognized upon use of the selected area.

Interest Income

Interest income is recognized as it accrues using the effective interest method. Interest income from banks which is presented net of final tax is recognized when earned.

Cost of Sales

Cost of sales includes the purchase price of the products sold, as well as costs that are directly attributable in bringing the merchandise to its intended condition and location.

Operating Expenses

Operating expenses constitute costs of administering the business. These are recognized as expenses as incurred.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- (a) the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- (b) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- (c) the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
 - i. the Group has the right to operate the asset; or
 - ii. the Group designed the asset in a way that predetermines how and for what purpose it will be used.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group 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.

Retirement Costs

The Group has no established retirement plan for its permanent employees and only conforms to the minimum regulatory benefit under the Retirement Pay Law (Republic Act No. 7641) which is of the defined benefit type. The cost of providing benefits under the defined benefit retirement plan is actuarially determined using the projected unit credit method. Projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in equity and are not reclassified to profit or loss in subsequent period.

The defined benefit retirement liability is the aggregate of the present value of the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Defined benefit costs comprise the following:

- Service costs
- Net interest on the defined benefit retirement liability
- Remeasurements of defined benefit retirement liability

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the defined benefit retirement liability is the change during the period as a result of contributions and benefit payments, which is determined by applying the discount rate based on the government bonds to the defined benefit retirement liability. Net interest on the defined benefit retirement liability is recognized as expense or income in profit or loss.

Remeasurements of defined benefit retirement liability comprising actuarial gains and losses are recognized immediately in other comprehensive income in the period in which they arise.

Taxes

Current Tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and the carryforward tax benefits of the net operating loss carry-over (NOLCO) to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and the carryforward tax benefits of NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Future taxable profits will be available against which they can be used. If the amount of taxable temporary differences is insufficient to recognize deferred tax asset in full, the future taxable profits, adjusted for reversals of existing temporary differences, are considered based on the business plan of the Group.

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

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

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

VAT

Revenues, expenses and assets are recognized net of the amount of VAT except:

- where the tax incurred on purchase of assets or services are not recoverable from the taxation authority, in which case, the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of "Prepaid expenses and other current assets" and "Payables to the government" under "Accounts payables and other current liabilities" account in the consolidated statements of financial position.

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 owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) subsidiaries; (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that give them significant influence over the Group and close members of the family of any such individual; and (d) members of the key management of the Group.

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, *Operating Segments* 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. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires management to exercise judgments, make estimates and use assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the consolidated financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

Judgments

In the process of applying the Group's 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 consolidated financial statements:

Impairment of Non-financial Assets

PFRSs require that an impairment review be performed on non-financial assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining the recoverable amounts of these assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of recoverable amounts reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

The combined carrying amounts of property and equipment, right-of-use asset and intangible assets with finite lives amounted to P1,354.69 million and P354.67 million as at December 31, 2020 and 2019 respectively (Notes 9, 11 and 20).

Provisions and Contingencies

The Group, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

No provision for probable losses arising from legal contingencies was recognized in the Group's consolidated financial statements in 2020 and 2019.

Determination of whether the Group is acting as a Principal or an Agent

The Group is a principal if it controls the specified good or service before it is transferred to a customer. The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party and the Group does not control the good or service before it is transferred to the customer.

The Group assesses its concession agreements against the following indicators to help determine whether it is acting as a principal or an agent:

- whether the Group has primary responsibility for providing the services;
- whether the Group has inventory risk; and
- whether the Group has discretion in establishing prices.

In 2019, the Group concluded that it is acting as the agent on its concession agreements as the Group does not, at any point, have control of the goods which are sold. Although the Group transacts with the end-customers, it does not set prices and take inventory risk. The Group acts as an agent in selling to the end-customers and is receiving a "Commission" in consideration for the service that it is performing to the concessionaire. The Group recognizes concession income which pertains to the net margin from sales of concessionaire suppliers' goods inside the store.

In 2020, the Group revised its concession agreements and concluded that it is acting as the principal as it has the primary responsibility for fulfilling the promise to provide the goods under concession to its customers. The Group has the right to direct the use of and obtain substantially all of the remaining benefits of the goods under concession and has the discretion in establishing the price for the goods.

As a result, the Group is now acting as the principal in selling the goods to end-customers. The gross proceeds from the sale of goods under concession were recognized as part of the sales of goods and the related costs were charged as part of cost of sales.

Estimates and Assumptions

The key estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

Assessment for ECL on Other Financial Assets at Amortized Cost. The Group determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- actual or expected external and internal credit rating downgrade;
- existing or forecasted adverse changes in business, financial or economic conditions; and
- actual or expected significant adverse changes in the operating results of the borrower.

The Group also considers financial assets at day one to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Group has assessed that the ECL on financial assets at amortized cost is not material because majority of the transactions with respect to these financial assets were entered into by the Group only with reputable banks and counterparties with good credit standing and relatively low risk of defaults. Accordingly, no provision for ECL on financial assets at amortized cost was recognized in 2020 and 2019.

The carrying amounts of financial assets at amortized cost are as follows:

	Note	2020	2019
Cash and cash equivalents (excluding cash on hand)	5	P894,848,375	P256,927,558
Receivables	6	25,071,685	9,018,707
Security deposits (included under other noncurrent assets)	20	112,804,660	33,531,988
		P1,032,724,720	P299,478,253

Write-down of Inventories

The Group writes-down the costs of inventories to NRV whenever NRV becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. The estimate of the NRV is reviewed regularly.

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made on the amount the inventories are expected to be realized. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the reporting date to the extent that such events confirm conditions existing at the reporting date.

No inventories were written down to their net realizable values in 2020, 2019 and 2018.

The carrying amounts of the Group's inventories amounted to P737.57 million and P183.42 million as at December 31, 2020 and 2019, respectively (Note 7).

Estimating Useful Lives of Property and Equipment and Intangible Asset with Finite Life

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

In addition, the estimation of the useful lives of property and equipment and intangible asset with finite life is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property and equipment and intangible asset with finite life would increase recorded depreciation and amortization expenses and decrease noncurrent assets.

Property and equipment, net of accumulated depreciation and amortization, amounted to P908.85 million and P221.79 million as at December 31, 2020 and 2019, respectively. Accumulated depreciation and amortization of property and equipment amounted to P41.02 million and P16.35 million as at December 31, 2020 and 2019, respectively (Note 9).

Intangible asset with finite life, net of accumulated amortization, amounted to P42.91 million and P14.61 million as at December 31, 2020 and 2019, respectively. Accumulated amortization of the intangible asset with finite life amounted to P3.67 million and P0.15 million as at December 31, 2020 and 2019, respectively (Note 11).

Realizability of Deferred Tax Assets

The Group reviews its deferred tax assets at each reporting date and reduces the carrying amount 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 assets to be utilized. The Group's assessment on the recognition of deferred tax asset on deductible temporary difference and carryforward benefits of NOLCO is based on the projected taxable income in the following periods.

Deferred tax assets amounted to P44.28 million and P8.35 million as at December 31, 2020 and 2019 respectively (Note 21).

5. Cash and Cash Equivalents

This account consists of:

	<i>Note</i>	2020	2019
Cash on hand		P45,793,614	P13,381,041
Cash in banks	4, 23	492,198,125	186,927,558
Short-term placements	4, 23	402,650,250	70,000,000
		P940,641,989	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 P5.77 million, P0.10 million and P0.05 million in 2020, 2019 and 2018, respectively.

6. Receivables

This account consists of:

	<i>Note</i>	2020	2019 (As reclassified - Note 24)
Trade		P13,750,206	P8,817,130
Advances to employees		5,173,248	-
Accrued interest		3,154,442	-
Receivable from franchisee		2,904,879	-
Others		88,910	201,577
	4, 23, 24	P25,071,685	P9,018,707

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

Accrued interest pertains to the interest income earned from the short-term placements.

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.

	2020	2019
Merchandise inventories	P732,754,059	P182,836,235
Packaging materials	4,818,864	582,508
	P737,572,923	P183,418,743

Inventories at cost is lower than its NRV as at December 31, 2020 and 2019.

Inventories charged to cost of sales amounted to P3,145.72 million, P2,370.67 million and P2,023.26 million in 2020, 2019 and 2018, respectively (Note 15).

8. Prepaid Expenses and Other Current Assets

This account consists of:

		2020	2019 (As reclassified - Note 24)
	Note		
Input VAT - net	24	P168,134,439	P31,483,523
Prepaid expenses		17,783,148	-
Advances to contractors and suppliers	24	8,447,793	823,028
Creditable withholding tax		3,287,562	-
Prepaid taxes		1,437,611	-
Others		-	62,678
		P199,090,553	P32,369,229

Input VAT represents accumulated input taxes from purchases of goods and services for business operations and purchases of materials and services for the store construction which can be applied against future output VAT.

Prepaid expenses include advertising and insurance which will be amortized within one (1) year.

Advances to contractors and suppliers represent amount paid as down payments to contractors and suppliers to facilitate the initial construction of the Group's stores.

Creditable withholding taxes pertain to taxes withheld by the Group's customers which can be applied against any future income tax liability.

9. Property and Equipment

The movements and balances of this account consist of:

	Leasehold Improvements	Furniture, Fixtures and Equipment	Transportation Equipment	Construction in Progress	Land	Total
Cost						
Balance, January 1, 2019	P -	P10,480,027	P2,015,000	P23,822,896	P -	P36,317,923
Additions	-	2,679,877	3,964,800	195,177,961	-	201,822,638
Reclassifications	37,669,047	35,793,794	-	(73,462,841)	-	-
Balance, December 31, 2019	37,669,047	48,953,698	5,979,800	145,538,016	-	238,140,561
Additions	53,984,360	80,085,455	19,332,042	411,722,588	146,608,490	711,732,935
Reclassifications	68,291,878	83,303,566	-	(151,595,444)	-	-
Balance, December 31, 2020	159,945,285	212,342,719	25,311,842	405,665,160	146,608,490	949,873,496
Accumulated Depreciation and Amortization						
Balance, January 1, 2019	-	5,886,278	1,420,000	-	-	7,306,278
Depreciation and amortization	2,471,568	6,102,227	465,820	-	-	9,039,615
Balance, December 31, 2019	2,471,568	11,988,505	1,885,820	-	-	16,345,893
Depreciation and amortization	4,887,734	16,812,959	2,977,730	-	-	24,678,423
Balance, December 31, 2020	7,359,302	28,801,464	4,863,550	-	-	41,024,316
Carrying Amount						
As at December 31, 2019	P35,197,479	P36,965,193	P4,093,980	P145,538,016	P -	P221,794,668
As at December 31, 2020	P152,585,983	P183,541,255	P20,448,292	P405,665,160	P146,608,490	P908,849,180

Depreciation and amortization charged to "Operating expense" account amounted to P24.68 million, P9.04 million and P1.37 million in 2020, 2019 and 2018, respectively (Note 16).

10. Other Noncurrent Assets

Details of this account follows:

	Note	2020	2019
Security deposits	4, 20, 23	P112,804,660	P33,531,988
Prepaid rent	4, 20	59,536,551	6,888,041
Construction bond		2,373,750	1,252,183
		P174,714,961	P41,672,212

Security deposits pertain to non-interest bearing deposits paid to and held by the Group's lessors which are refundable at the end of the lease term.

11. Intangible Asset

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

The movements and balances of this account consist of:

	Note	2020	2019
Cost			
Beginning balance		P14,762,710	P -
Additions		31,821,035	14,762,710
		46,583,745	14,762,710
Accumulated Depreciation			
Beginning balance		149,937	-
Amortization for the year	16	3,523,555	149,937
		3,673,492	149,937
		P42,910,253	P14,612,773

12. Accounts Payable and Other Current Liabilities

This account consists of:

		2020	2019 (As reclassified - Note 24)
	Note		
Trade	23	P319,260,360	P106,158,403
Accrued expenses	23	40,800,454	3,069,677
Current portion of lease liabilities		39,521,500	13,138,271
Accrued interest expense	23	1,975,000	-
Withholding taxes		1,877,341	4,334,067
Current portion of unearned franchise fees		676,000	380,000
Others	23	12,323,230	3,137,593
		P416,433,885	P130,218,011

Trade payables are liabilities arising from the purchases of inventories. These are non-interest bearing and are normally settled within 7-60 days.

Accrued expenses pertain to unbilled expenses for professional fees, utilities and other charges.

Unearned franchise fees pertain to amounts collected in advance in relation to the franchise agreement. Breakdown of the unearned franchise fees follows:

	2020	2019
Current	P676,000	P380,000
Noncurrent	1,380,000	1,380,000
	P2,056,000	P1,760,000

13. Short-term and Long-term Loans Payable

Long-term Loans Payable

On November 2020, the Group obtained an unsecured loan amounting to P250 million for the construction of the Group's branches. This loan bears fixed interest rate of 6.00% per annum and is due in May 2023. The loan agreement does not contain any financial or non-financial covenants.

Outstanding balance of loan long-term loans payable amounted to P250 million as at December 31, 2020 (see Note 23).

Short-term Loans Payable

In 2019, the Group obtained an unsecured loan from a local bank amounting to P150 million and is due in October 2020. This loan was obtained for the construction of additional stores. The loan bears interest of 7.25% per annum. Upon maturity date, the loan was rolled-over with new maturity date of September 2021. The loan bears new interest of 6.25% per annum.

In 2020, the Group obtained an unsecured loan from a local bank amounting to P300 million and is due in February 2021 for the construction of the additional stores. The loan bears interest of 5.5% per annum.

Outstanding balance of short-term loans payable amounted to P450 million as at December 31, 2020 (see Note 23).

Total interest expense, exclusive of the capitalized borrowing costs, recognized in profit or loss amounted to P0.75 million, P2.48 million and nil in 2020, 2019 and 2018, respectively. Total capitalized borrowing costs charged in "Property and equipment - net" account amounted to P41.79 million and nil as at December 31, 2020 and 2019, respectively.

14. 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:

	Note	2020	2019	2018
Sale of goods		P3,412,521,282	P2,482,302,804	P2,095,408,067
Concession income	17	-	9,152,292	-
Application fees*	17	7,700,000	2,200,000	-
		P3,420,221,282	P2,493,655,096	P2,095,408,067

* 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.

In 2019, concession income pertains to the net margin from sales of concessionaire suppliers' goods inside the store. The Group does not, at any point, have control of the goods which are sold. Although the Group transacts with the end-customers, it does not set prices and take inventory risk. The Group acts as an agent in selling to the end-customers and is receiving a "Commission" in consideration for the service that it is performing to the concessionaire.

In 2020, the Group revised its concession agreements wherein it has the primary responsibility for fulfilling the promise to provide the goods under concession to its customers. The Group has the right to direct the use of and obtain substantially all of the remaining benefits of the goods under concession and has the discretion in establishing the price for the goods. As a result, the Group is now acting as the principal in selling the goods to end-customers. The gross proceeds from the sale of goods under concession were recognized as part of the sales of goods and the related costs were charged as part of cost of sales.

Application fees pertain to the amount received in processing the franchise application of its franchisees. 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.

15. Cost of Sales

This account consists of:

	Note	2020	2019	2018
Beginning inventory	7	P183,418,743	P270,448,890	P202,159,330
Add: Purchases		3,699,876,810	2,283,642,242	2,091,552,216
Total goods available for sale		3,883,295,553	2,554,091,132	2,293,711,546
Less: Ending inventory	7	737,572,923	183,418,743	270,448,890
		P3,145,722,630	P2,370,672,389	P2,023,262,656

16. Operating Expenses

This account consists of:

	Note	2020	2019	2018
Salaries, wages and other benefits		P74,403,575	P23,787,350	P19,568,462
Depreciation and amortization	9, 11, 20	61,650,803	18,400,538	1,367,703
Contracted services		55,913,720	6,415,950	57,323
Electricity and water		33,294,797	8,586,803	3,208,933
Taxes and licenses		19,467,014	9,206,374	7,455,624
Transportation and travel		14,462,416	1,296,201	3,057,661
Rent expenses		13,846,925	1,001,828	-
Marketing		8,288,926	13,656,957	39,600
Supplies		5,927,670	2,830,925	-
Communications		2,814,862	1,303,689	190,381
Repairs and maintenance		1,931,771	817,102	109,568
Professional fees		1,482,387	2,569,656	20,000
Insurance		1,220,030	615,637	-
Donations and sponsorships		250,000	5,100,000	-
Retirement benefits	19	1,880,449	1,940,339	652,314
Miscellaneous	19, 20	7,821,521	524,639	54,239
		P304,656,866	P98,053,988	P35,781,808

17. Other Operating Income

This account consists of:

	Note	2020	2019	2018
Concession income	14	P -	P9,152,292	P -
Product enlistment fee		11,086,555	-	-
Application fees	14	7,700,000	2,200,000	-
Opening support		2,942,675	-	-
Others		13,507,003	710,667	-
		P35,236,233	P12,062,959	P -

Others consist of transition liability gain from retirement benefit and incentives from suppliers.

18. Related Party Transactions

All material related party transactions are subject to approval by the BOD. Material related party transactions pertain to those transactions, either individually, or in aggregate over a 12-month period, that exceed 10% of the Group's total assets, based on the latest audited financial statements. All other related party transactions that are considered not material are approved by management.

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	2020	a	P12,720,271	P62,482,842	Due and demandable; non-interest bearing; unsecured; payable in cash
	2019	a	-	49,762,571	Due and demandable; non-interest bearing; unsecured; payable in cash
Land acquired	2020	b	146,608,491	-	
Deposit for future stock subscription	2019	c	298,750,000	298,750,000	To be applied against future stock subscription
	2020			P62,482,842	
	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. *Land Acquired*

In December 2020, the Group acquired two parcels of land from III, which has been fully paid in 2020.

c. *Deposit for Future Stock Subscription*

In December 2019, the Parent Company received subscription from III for its increase in authorized capital stock (Note 22).

d. *Key Management Personnel*

Short-term benefits of key management personnel amounted to P7.37 million, nil and nil in 2020, 2019 and 2018, respectively. Directors' fees paid amounted to P0.36 million, nil and nil in 2020, 2019 and 2018, respectively.

19. Retirement Benefits

The Group does not have an established retirement plan and only conforms to the minimum regulatory benefit under Republic Act No. 7641, *The Retirement Pay Law*, which is of the defined benefit type and provides a retirement benefit equal to 22.5 days' pay for every year of credited service of employees who attain the normal retirement age of sixty (60) with at least five (5) years of service.

The principal actuarial assumptions used to determine retirement benefits with respect to the discount rate and salary rate increases were based on historical and projected normal rates.

The Plan is exposed to both financial and demographic risks. Risks associated to the Plan are as follows:

- Liquidity Risk - The inability to meet benefit obligation payout when due.
- Interest Rate Risk - The present value of DBO is relatively sensitive and inversely related to the discount rate. In particular, if the discount rate, which is referenced to government bonds decreases, then the DBO increases.
- Salary Risk - The present value of DBO is relatively sensitive and directly related to future salary rate increases. In particular, if the actual salary rate increases in the future are higher than expected then the DBO and benefits are higher as well.
- Persistency Risk - The present value of DBO is relatively sensitive and inversely related to the turnover rates. In particular, lower turnover rates, which means employees persist or stay with the Group longer, correspond to higher DBO and benefit payouts.

The following table below shows the reconciliation from the opening to the closing balances for DBO and its components:

	Note	2020	2019
Balance at January 1		P6,196,332	P4,255,993
Transition asset	17	(2,132,641)	-
Adjusted balance at January 1		4,063,691	4,255,993
Included in Profit or Loss			
Current service cost	16	1,336,418	1,940,339
Interest cost	16	544,031	-
		1,880,449	1,940,339
		5,944,140	6,196,332
Included in Other Comprehensive Income (OCI)			
Remeasurement loss (gain):			
Actuarial loss (gain) arising from:			
▪ Experience adjustments		2,349,978	-
▪ Financial assumptions		(269,419)	-
		2,080,559	-
Balance at December 31		P8,024,699	P6,196,332

Retirement benefits (income) expense amounting to (P0.25) million, P1.94 million and P0.65 million in 2020, 2019 and 2018 is presented under "Retirement benefits" and "Miscellaneous" under "Operating expenses" account in the consolidated statements of comprehensive income.

The principal actuarial assumptions used at December 31 are as follows:

	2020
Discount rate	4.10%
Future salary growth	4.00%

Maturity analysis of the benefit payments are as follows:

	Carrying Amount	Contractual Cash Flows	Within 1 - 5 Years	More than 5 Years
2020	P8,024,699	P185,946,689	P2,194,338	P183,752,351

As at December 31, 2020, the weighted-average duration of the DBO is 13 years.

Sensitivity Analysis

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the DBO by the amounts shown below.

2020	DBO	
	Increase	Decrease
Discount rate (1% movement)	P4,941,303	(P9,383,848)
Future salary growth (1% movement)	9,324,808	(6,953,403)

Each sensitivity run is based on a change in a sole actuarial assumption while holding all other assumptions constant. However, the sensitivity runs may not be representative of the actual change in the DBO as it is unlikely that a change in assumption would occur in isolation as the assumptions may be correlated.

Furthermore, DBO figures in this sensitivity runs have been calculated using the PUC method, the same method used in the calculation of DBO.

20. 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 for the recognition of right-of-use assets and lease liabilities 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 for a period of 3 years starting November 4, 2019 until November 3, 2022. The monthly rental rate for the first year amounted to P513,750, and thereafter, will increase by 5% every year. The agreement is subject to renewal upon mutual agreement of the parties.
- The Group leases store spaces. The terms of the leases are for periods ranging from 5 to 15 years, renewable upon mutual agreement of the parties. The rent shall escalate by an average of 5% each year.

Movements in the ROU assets as at December 31, 2020 and 2019 follows:

	Note	2020	2019
Cost			
Beginning balance		P127,475,614	P -
Additions		318,117,708	127,475,614
Ending balance		445,593,322	127,475,614
Accumulated Amortization			
Beginning balance		9,210,986	-
Amortization for the year	16	33,448,825	9,210,986
Ending balance		42,659,811	9,210,986
Net Carrying Amount		P402,933,511	P118,264,628

Interest expense recognized in profit or loss amounted to P11.80 million, P4.18 million and nil in 2020, 2019 and 2018, respectively.

The Group also entered into various lease agreements for its store spaces. These lease agreements are based on percentage of sales, which are considered as variable considerations. Rent expense recognized from these agreements amounted to P12.56 million and P1.00 million in 2020 and 2019 and is recognized as part of "Rent expenses" in the "Operating expenses" account.

Leases for several parking spaces and equipment with lease term of less than one year were expensed during the year. Rent expense amounted to P1.29 million and nil in 2020 and 2019, respectively. This is included under "Rent expenses" in the "Operating expenses" account.

The total cash outflow from leases amounted to P58.54 million, P2.03 million and nil in 2020, 2019 and 2018, respectively.

Total security deposits and advance rental payments from these lease arrangements amounted to P172.34 million and P40.42 million as at December 31, 2020 and 2019, respectively. These are included under "Other noncurrent assets" account in the consolidated statements of financial position (Note 10).

21. Income Taxes

Income tax expense (benefit) consists of:

	2020	2019	2018
Current	P3,982,955	P18,891,630	P17,714,056
Deferred	(35,300,634)	(6,934,770)	(336,134)
	(P31,317,679)	P11,956,860	P17,377,922

The components and movements of the Group's deferred tax assets and deferred tax liabilities, relating to temporary differences, are shown below.

	January 1, 2020	Charged to Profit or Loss	Charged to Other Comprehensive Income	December 31, 2020
Deferred Tax Asset				
NOLCO	P5,381,415	P39,466,928	P -	P44,848,343
Excess of lease payments over amortization of ROU	943,693	2,942,182	-	3,885,875
Retirement benefits liability	1,858,900	564,135	624,168	3,047,203
Accrued expense	-	269,998	-	269,998
Unearned franchise income	168,000	88,800	-	256,800
	P8,352,008	P43,332,043	P624,168	P52,308,219

	January 1, 2020	Charged to Profit or Loss	Charged to Other Comprehensive Income	December 31, 2020
Deferred Tax Liability				
Capitalized interest claimed outright	P -	P7,391,617	P -	P7,391,617
Gain from transitional asset	-	639,792	-	639,792
	-	8,031,409	-	8,031,409
Total	P8,352,008	P35,300,634	P624,168	P44,276,810

	January 1, 2019	Charged to Profit or Loss	Charged to Other Comprehensive Income	December 31, 2019
Deferred Tax Asset				
NOLCO	P140,440	P5,240,975	P -	P5,381,415
Retirement benefits liability	1,276,798	582,102	-	1,858,900
Lease arrangement	-	943,693	-	943,693
Unearned franchise income	-	168,000	-	168,000
Total	P1,417,238	P6,934,770	P -	P8,352,008

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

	2020	2019	2018
Income before income tax	P16,923,395	P39,966,192	P57,976,056
Income tax at the statutory income tax rate of 30%	P5,077,019	P11,989,858	P17,392,817
Nondeductible expenses	22,629	-	-
Income tax effects of interest income subjected to final tax	(1,730,996)	(32,998)	(14,895)
MCIT	3,982,955	-	-
Stock issuance cost	(38,669,286)	-	-
	(P31,317,679)	P11,956,860	P17,377,922

Details of the Subsidiary's NOLCO which are available for offsetting against future taxable income are as follows:

Year Incurred	Amount Incurred	Year of Expiration
2020	P131,556,427	2025
2019	17,469,918	2022
2018	468,134	2021
	P149,494,479	

22. Equity and Earnings Per Share

Capital Stock

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

	2020	2019
Authorized Capital Stock		
Common:		
2020 - P0.05 par value		
2019 - P100 par value	P1,200,000,000	P5,000,000
Number of Shares Authorized for Issue		
Common	24,000,000,000	50,000

Details of the shares issued are as follows:

	2020	2019
Balance at beginning of year	12,500	12,500
Issuance of shares	7,594,924,209	-
	7,594,936,709	12,500

Details of the issued capital stock are as follows:

	2020	2019
Balance at beginning of year	P1,250,000	P1,250,000
Issuance of shares	378,496,835	-
	P379,746,835	P1,250,000

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 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 divided into 50,000 shares of the par value of P100.00 each to P1,200,000,000 divided into 24,000,000,000 shares of the par value of P0.05 each. On June 15, 2020, the Group issued 1,594,936,709 additional shares of capital stock.

Retained Earnings

On December 21, 2020, the BOD approved the reversal of P111 million appropriated retained earnings made in 2016 and 2018.

On February 18, 2020, the BOD approved the declaration of cash dividends amounting to P8.4 million (P0.0014 per share), 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 February 18, 2020, the BOD approved the reversal of the appropriated retained earnings of P6 million made on December 16, 2016.

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:

	2020	2019	2018
Net income attributable to common shareholders of the Group	P48,241,074	P28,009,332	P40,598,134
Weighted average number of common shares for basic EPS, before retrospective effect of stock split	6,490,143,969	12,500	12,500
Retrospective effect of change in par value from P100 to P0.05 (stock split) on January 23, 2020	1,570,253	24,987,500	24,987,500
Weighted average number of common shares for basic EPS, as adjusted	6,491,714,222	25,000,000	25,000,000
Basic EPS	P0.01	P1.12	P1.62
Diluted EPS	P0.01	P1.12	P1.62
Basic EPS, as previously presented		P2,240.75	P3,247.85
Diluted EPS, as previously presented		P2,240.75	P3,247.85

In accordance with PAS 33, Earnings per Share, retrospective adjustment was made to the EPS calculation for the effect of the stock split resulting from the approval by the SEC of the increase in authorized capital stock from P5,000,000 divided into 50,000 shares with par value of P100.00 each to P1,200,000,000 divided into 24,000,000,000 shares with par value of P0.05 each, which adjusted the number of common shares outstanding from 12,500 to 25,000,000 without a corresponding change in the Group's resources.

In the calculation of weighted average number of common shares, the number of shares outstanding was adjusted for the proportionate change in the number of ordinary shares outstanding as if the share split occurred at the beginning of the earliest period presented.

In 2020, 2019 and 2018, the Parent Company has no potential dilutive debt or equity instruments.

23. 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:

	Note	2020	2019
Cash and cash equivalents (excluding cash on hand)	5	P894,848,375	P256,927,558
Receivables	6, 24	25,071,685	9,018,707
Security deposits (included under other noncurrent assets)	10	112,804,660	33,531,988
		P1,032,724,720	P299,478,253

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 December 31, 2020 and 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:

December 31, 2020	Note	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*	12, 24	P374,359,043	P374,359,043	P374,359,043	P -	P -
Loans payable	13	700,000,000	731,204,043	546,047,793	185,156,250	-
Due to a related party	18	62,482,842	62,482,842	62,482,842	-	-
Lease liabilities**	12, 20	415,844,486	498,555,760	53,375,246	202,604,777	242,575,737

* excluding payables to the government and unearned franchise fees amounting to P1,877,341 and P676,000, respectively.

**including current portion of lease liabilities

December 31, 2019	Note	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*	12, 24	P112,365,673	P112,365,673	P112,365,673	P -	P -
Loans payable	13	150,000,000	159,062,500	159,062,500	-	-
Due to a related party	18	49,762,571	49,762,571	49,762,571	-	-
Lease liabilities**	12, 20	130,616,262	160,169,001	27,697,023	64,612,891	67,859,087

* excluding payables to the government and unearned franchise fees amounting to P4,334,067 and P380,000, respectively.

**including current portion of lease liabilities

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/Short-term 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 Liabilities

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

Long-term Loans Payable

The fair value of the interest-bearing fixed-rate long-term loans payable is based on the discounted value of expected future cash flows using the applicable market rates for similar types of loans as of reporting date. Carrying amounts approximates fair value since the impact of discounting is immaterial.

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 December 31, 2020, 2019 and 2018. The Group is not subject to externally-imposed capital requirements.

24. Reclassification of Accounts

Certain accounts in the comparative consolidated statement of financial position and related notes for the period ended December 31, 2019 have been reclassified to conform to the current year's presentation as follows:

	Note	As Previously Reported	Effect of Reclassification	As Reclassified
Statements of Financial Position				
Receivables	4, 6, 23	P9,841,735	(P823,028)	P9,018,707
Prepaid expenses and other current assets	8	46,369,239	(14,000,010)	32,369,229
Accounts payable and other current liabilities	12, 23	145,041,049	(14,823,038)	130,218,011

- Portion of the receivables pertaining to advances to contractors and suppliers were reclassified to prepaid expenses and other current assets; and
- Portion of the accounts payable and other current liabilities pertaining to output VAT were offset against input VAT which is included as part of prepaid expenses and other current assets.

There are no reclassifications made for the period ended December 31, 2018. The reclassification did not have any impact on the statements of comprehensive income, statements of changes in equity and statements of cash flows.

25. Other Matters

Bayanihan to Recover as One Act

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulation (RR) No. 25-2020 to implement Section 4 of RA No. 11494 ("Bayanihan to Recover as One Act"), relative to NOLCO which provides that the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

The net operating loss for the said taxable years may be carried over as a deduction even after the expiration of RA No. 11494, provided that the same is claimed within the next five consecutive taxable years following the year such loss was incurred.

CREATE Act

On March 26, 2021, the President of the Philippines has approved the Corporate Recovery and Tax Incentives for Enterprises or the CREATE Act, with nine provisions vetoed by the President. Below are the salient features of the Act that are relevant to the Group:

1. Corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5.0 million and with total assets not exceeding P100.0 million. All other domestic corporations and resident foreign corporations will be subject to 25% income tax. The said reductions are effective on July 1, 2020.
2. MCIT rate is reduced from 2% to 1% effective on July 1, 2020 to June 30, 2023.
3. The imposition of improperly accumulated earnings tax has been repealed.

On April 8, 2021, the BIR issued the following implementing revenue regulations that are effective immediately upon publication:

- BIR RR No. 2-2021, amending certain provisions of RR No. 2-98, As Amended, to implement the amendments introduced by CREATE Act to the National Revenue Code of 1997, as Amended, relative to the final tax on certain passive income;
- BIR RR No. 3-2021, Rules and Regulations implementing section 3 of CREATE Act, amending section 20 of the National Internal Revenue Code of 1997, As Amended;
- BIR RR No. 4-2021, implementing the provisions on VAT and Percentage Tax under CREATE Act, which further amended the National Revenue Code of 1997, as Amended, as implemented by RR No. 16-2005 (Consolidated Value-Added Tax Regulations of 2005), As Amended; and
- BIR RR No. 5-2021, implementing the new income tax rates on the regular income of Corporations, on certain passive incomes, including additional allowable deductions from gross income of "Persons Engaged in Business or Practice of Profession" pursuant to CREATE Act, which further amended the National Revenue Code of 1997. The corporate income tax of the entities within the Group will be lowered from 30% to 25% or 20%, as applicable, on which the Group would qualify, effective July 1, 2020.

The enactment of the CREATE Act is a non-adjusting subsequent event thus, the current and deferred income taxes as of December 31, 2020 are measured using the applicable income tax rates as of December 31, 2020.

Presented below is the estimated effect of changes in tax rates under the CREATE Act on the Group's financial statements as of and for the year ended December 31, 2020:

	Increase (Decrease)
Statement of Financial Position	
Prepaid expenses and other current assets	P995,739
Deferred tax assets	(2,941,720)
Statement of Changes in Equity	
Retained earnings	(1,945,981)
Statement of Comprehensive Income	
Current tax expense	(995,739)
Deferred tax expense	2,941,720
Net income	1,945,981

Impact of Corona Virus Disease (COVID-19)

The Group's stores have continued to be operational and managed to open additional 22 stores during the COVID 19 pandemic. The Group continuous to be of service to the community providing grocery and pharmacy essentials.

The COVID 19 pandemic has shifted consumer demands and preferences, and with this the Group launched in 2020 its inhouse online delivery platform and partnered with different online delivery applications to increase sales and continuously deliver essential goods to customers.

The pandemic has caused challenges to store's construction activities and disruptions to the supply chain as movement of goods and manpower are restricted. The Group implemented business continuity plan which includes equipping the employees to work remotely to support the supply chain with the purpose of minimizing the impact of this business disruption.

The Group complies with strict community quarantine regulations for the safety of its stakeholders, particularly its store frontliners. The Group have continuously reassessed store operations procedures and re-orient store frontliners for the any new health and safety protocols.

The Group closely monitors updates from the Philippine Department of Health and other reliable sources publishing information regarding COVID-19 and shall continue to comply with all government-mandated measures relating to COVID-19. Despite this challenging business environment, the Group does not foresee any going concern issue affecting its business operations, and the Group projects that it would continue to report positive results of operations and would remain liquid to meet current obligation as it falls due.

26. Subsequent Events

On April 15, 2021, the Board of Directors approved the creation of a wholly owned subsidiary, MM Consumer Technologies Corp., which will serve as MM's arm for consumer technology related ventures.

COVER SHEET

for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	9	3	0	1	2	5	
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COMPANY NAME

M	E	R	R	Y	M	A	R	T		C	O	N	S	U	M	E	R		C	O	R	P	.		A	N	D		A	
S	U	B	S	I	D	I	A	R	Y																					
(F	o	r	m	e	r	l	y		I	n	j	a	p		S	u	p	e	r	m	a	r	t	,					
I	n	c	.)																										

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

g	t	h		F	l	o	o	r	,		T	o	w	e	r		1												
D	o	u	b	l	e	D	r	a	g	o	n		P	l	a	z	a												
D	D		M	e	r	i	d	i	a	n		P	a	r	k	,		P	a	s	a	y		C	i	t	y		

Form Type

A A F S

Department requiring the report

--

Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's email Address

N/A

Company's Telephone Number/s

02-8253-0356

Mobile Number

0917-560-7273

No. of Stockholders

16

Annual Meeting (Month / Day)

November 11

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

RIZZA MARIE JOY J. SIA

Email Address

--

Telephone Number/s

8856-7111

Mobile Number

--

CONTACT PERSON'S ADDRESS

Injap Bldg., TATC, Plaridel St., Roxas City

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

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



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Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SUPPLEMENTARY INFORMATION FOR FILING
WITH THE SECURITIES AND EXCHANGE COMMISSION**

The Board of Directors and Stockholders
MerryMart Consumer Corp.
9th Floor Tower 1
DoubleDragon Plaza, DD Meridian Park
Pasay City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of MerryMart Consumer Corp., formerly Injap Supermart Inc., (a subsidiary of Injap Investments, Inc.) and its subsidiary (the “Group”) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, included in this Form 17-A, and have issued our report thereon dated May 14, 2021.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Group’s management. Such additional components include:

- Map of the Conglomerate
- Supplementary Schedules of Annex 68-E
- Reconciliation of Retained Earnings Available for Dividend Declaration

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until November 21, 2023
SEC Accreditation No. 0003-SEC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by SEC Accreditation No. 0004-FR-5)
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



These supplementary information are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements. Such information have been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

R.G. MANABAT & CO.

A handwritten signature in black ink, appearing to read 'D. Virocel', with a long horizontal line extending to the left.

DARWIN P. VIROCEL

Partner

CPA License No. 0094495

SEC Accreditation No. 94495-SEC, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements

Tax Identification No. 912-535-864

BIR Accreditation No. 08-001987-031-2019

Issued August 7, 2019; valid until August 6, 2022

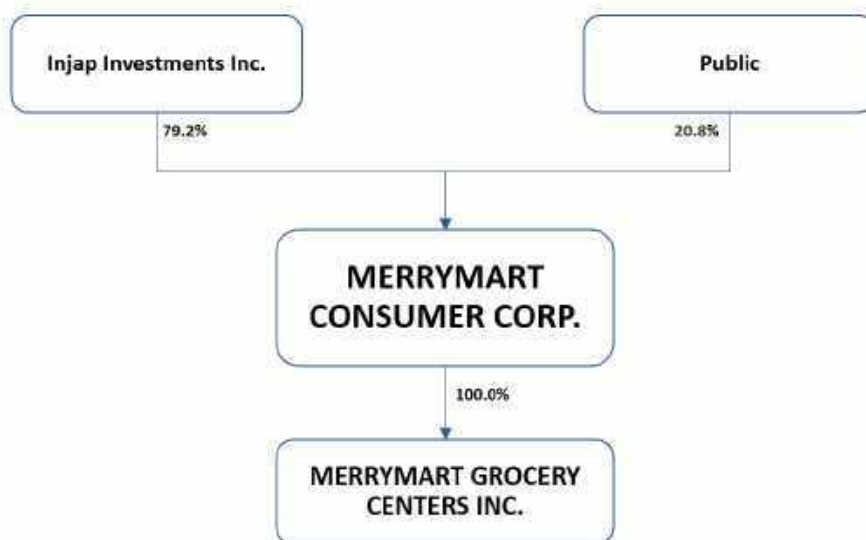
PTR No. MKT 8533922

Issued January 4, 2021 at Makati City

May 14, 2021

Makati City, Metro Manila

**MERRYMART CONSUMER CORP.
CORPORATE STRUCTURE
DECEMBER 31, 2020**



**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND
DECLARATION
AS OF DECEMBER 31, 2020**

MERRYMART CONSUMER CORP.

9th Floor, Tower 1, DoubleDragon Plaza, DD Meridian Park
Corner Macapagal Avenue and EDSA Extension, Bay Area
Brgy 76, Pasay City, Metro Manila

Unappropriated Retained Earnings, beginning	P5,144,269
Adjustments:	-
Unappropriated Retained Earnings, as adjusted, beginning	5,144,269
Add: Net income actually earned/realized during the period	
Net Income during the period closed to Retained Earnings	129,710,014
Less: Non-actual/unrealized income net of tax:	
Equity in net income of associates	-
Unrealized foreign exchange gain (except those attributable to Cash and Cash Equivalents)	-
Unrealized actuarial gain (loss)	-
Fair value adjustments (mark-to-market gains)	-
Fair value adjustments of Investment Property resulting to gain	-
Adjustment due to deviation from PFRS - gain	-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
Sub-total	129,710,014
Add: Non-actual losses	
Depreciation on revaluation increment (after tax)	-
Adjustment due to deviation from PFRS - loss	-
Loss on fair value adjustment of investment property (after tax)	-
Sub-total	-
Net Income actually earned during the period	129,710,014
Add (Less):	
Dividends declarations during the period	(8,400,000)
Appropriations of Retained Earnings during the period	-
Reversal of appropriations	117,000,000
Effects of prior period adjustments	-
Treasury shares	-
Sub-Total	108,600,000
TOTAL RETAINED EARNINGS, END OF THE YEAR AVAILABLE FOR DIVIDEND	P243,454,283

MERRYMART CONSUMER CORP. AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

Name of Issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (ii) (PhP)	Valued based on market quotation at end of reporting period (iii) (PhP)	Income received and accrued (PhP)
Cash and cash equivalents	N/A	940,641,989	940,641,989	
Receivables	N/A	25,071,685	25,071,685	5,769,988
Due from related parties	N/A	-	-	
Refundable deposits	N/A	112,804,660	112,804,660	

MERRYMART CONSUMER CORP. AND SUBSIDIARIES
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES,
RELATED PARTIES AND PRINCIPAL STOCKHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2020

Name and Designation of debtor (i)	Balance at beginning of period (PhP)	Additions (PhP)	Amounts collected (ii) (PhP)	Amounts written off (iii) (PhP)	Current (PhP)	Not Current (PhP)	Balance at end of period (PhP)
Injiap Investments Inc. (Parent Company)	-	-	-	-	-	-	-
Edgar J. Sia (Chairman)	-	-	-	-	-	-	-
Edgar J. Sia (Director)	-	-	-	-	-	-	-
Pacita J. Sia (Treasurer)	-	-	-	-	-	-	-
Ferdinand J. Sia (Director)	-	-	-	-	-	-	-
Rizza Marie Joy J. Sia (Corporate Secretary)	-	-	-	-	-	-	-

MERRYMART CONSUMER CORP. AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES
WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Name and Designation of debtor (i)	Balance at beginning of period (PhP)	Additions (PhP)	Amounts eliminated (ii) (PhP)	Amounts written off (iii) (PhP)	Current (PhP)	Not Current (PhP)	Balance at end of period (PhP)
MerryMart Grocery Centers Inc. (Subsidiary)	-	195,750,000	195,750,000	-	195,750,000	-	-

MERRYMART CONSUMER CORP. AND SUBSIDIARIES
SCHEDULE D - INTANGIBLE ASSETS - OTHER ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

Description (i)	Beginning balance (PhP)	Additions at cost (ii) (PhP)	Charged to cost and expenses (PhP)	Charged to other accounts (PhP)	Other changes additions (deductions) (iii) (PhP)	Ending balance (PhP)
Software licenses	14,612,773	31,821,035	3,523,555	-	-	42,910,253

MERRYMART CONSUMER CORP. AND SUBSIDIARIES
SCHEDULE E - LONG-TERM DEBT
FOR THE YEAR ENDED DECEMBER 31, 2020

Title of Issue and type of obligation (i)	Amount authorized by indenture (PhP)	Amount shown under caption "Current portion of long-term debt" in related balance sheet (ii) (PhP)	Amount shown under caption "Long-Term Debt" in related balance sheet (iii) (PhP)
Loans	700,000,000	450,000,000	250,000,000

MERRYMART CONSUMER CORP. AND SUBSIDIARIES
SCHEDULE F - INDEBTEDNESS TO RELATED PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Name of related party (i)	Balance at beginning of period (PhP)	Balance at end of period (ii) (PhP)
Inlap Investments Inc. (Parent Company)	49,762,571	62,482,842

The amount pertains to unsecured, non-interest bearing advances granted to and received from related parties for working capital requirements. These advances are generally settled within one year from the date of grant.

MERRYMART CONSUMER CORP. AND SUBSIDIARIES
SCHEDULE G - GUARANTEES OF SECURITIES OF OTHER ISSUERS
FOR THE YEAR ENDED DECEMBER 31, 2020

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding (i)	Amount owned by person for which statement is filed	Nature of guarantee (ii)
N/A	N/A	N/A	N/A	N/A

MERRYMART CONSUMER CORP. AND SUBSIDIARIES
SCHEDULE H - CAPITAL STOCK
FOR THE YEAR ENDED DECEMBER 31, 2020

Title of Issue (i)	Number of Shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties (ii)	Directors, officers and employees	Others (iii)
Common shares	24,000,000,000	7,594,936,709	-	5,999,989,995	6,005	

Annex 68-I

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

MerryMart Consumer Corp. (formerly Injap Supermart Inc.)

For the Period Ended **December 31, 2020**

1. Gross and net proceeds as disclosed in the final prospectus
P1,594,936,709

2. Actual gross and net proceeds
P1,466,335,088

3. Each expenditure item where the proceeds were used

Capital expenditures and initial working capital for store network expansion Investments in distributions centers	P310,475,663
Investments in distributions centers	P117,326,763
General corporate purpose	P103,081,942

4. Balance of the proceeds as at the end of the reporting period.
P935,450,720



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Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
MerryMart Consumer Corp.
9th Floor Tower 1
DoubleDragon Plaza, DD Meridian Park
Pasay City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of MerryMart Consumer Corp., formerly Injap Supermart Inc., (a subsidiary of Injap Investments, Inc.) and its subsidiary (the "Group") as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated May 14, 2021.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies.

Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until November 21, 2023

SEC Accreditation No. 0003-SEC, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by SEC Accreditation No. 0004-FR-5)

IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)

BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2020, and 2019 and for each of the three years in the period ended December 31, 2020 and no material exceptions were noted.

R.G. MANABAT & CO.

A handwritten signature in black ink, appearing to read 'D. Virocel', with a long horizontal line extending to the left.

DARWIN P. VIROCEL

Partner

CPA License No. 0094495

SEC Accreditation No. 94495-SEC, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements

Tax Identification No. 912-535-864

BIR Accreditation No. 08-001987-031-2019

Issued August 7, 2019; valid until August 6, 2022

PTR No. MKT 8533922

Issued January 4, 2021 at Makati City

May 14, 2021

Makati City, Metro Manila

MERRYMART CONSUMER CORP.
Key Performance Indicators of the Company

The following are the key performance indicators used by the Group as at December 31, 2020 and 2019.

	December 31, 2020	December 31, 2019
Current Ratio	2.05	1.00
Asset to Equity	1.82	8.31
Debt to Equity Ratio	0.37	1.40
Acid Test Ratio	1.04	0.76
Return on Equity	4.78%	29.72%
Net Income to Revenue	1.39%	1.11%
Revenue Growth	38.12%	18.81%
Income Growth	72.23%	-31.01%
EBITDA (PHP in thousands)	91,125.1	65,020.5
Solvency Ratio	0.07	0.06

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	$\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Total Revenue}}$	
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	$\frac{\text{Net Income} + \text{Depreciation and Amortization}}{\text{Total Liabilities}}$	

**MERRYMART CONSUMER CORP.
COMPUTATION OF PUBLIC OWNERSHIP
AS OF DECEMBER 31, 2020**

Number of Common Shares Issued and Outstanding	Direct		Indirect		Total Direct and Indirect		% to Total Issued and Outstanding Shares
		7,594,936,709	-	-	7,594,936,709	-	100.00%
Directors							
Edgar J. Sia II	838,000	-	-	-	838,000	-	0.01%
Ferdinand J. Sia	2,000	-	-	-	2,000	-	0.00%
Mariana H. Yulo-Lucini	1	10,500,000	-	-	10,500,001	-	0.14%
Gary P. Cheng	1	500,000	-	-	500,001	-	0.01%
Victoria R. Tamayo	1	-	-	-	1	-	0.00%
Jose Roelph E. Desales	1	725,000	-	-	725,001	-	0.01%
Jacqueline Ann Marie O. Gomez	1	2,000,000	-	-	2,000,001	-	0.03%
Subtotal	840,005	13,725,000	-	-	14,565,005	-	0.19%
Officers							
Edgar J. Sia II (same as above)	-	-	-	-	-	-	0.00%
Ferdinand J. Sia (same as above)	-	-	-	-	-	-	0.00%
Mariana H. Yulo-Lucini (same as above)	-	-	-	-	-	-	0.00%
Jacqueline Ann Marie O. Gomez (same as above)	-	-	-	-	-	-	0.00%
Shella A. Sia	-	-	-	-	-	-	0.00%
Rizza Marie Joy J. Sia	2,000	600,000	-	-	2,000	-	0.00%
Marbel N. Sibayan	-	150,000	-	-	600,000	-	0.01%
Ma. Mercedes L. Talem	-	150,000	-	-	150,000	-	0.00%
Subtotal	2,000	750,000	-	-	752,000	-	0.01%
Principal/Substantial Stockholders							
Inlap Investments Inc.	5,999,989,995	-	-	-	5,999,989,995	-	79.00%
Subtotal	5,999,989,995	-	-	-	5,999,989,995	-	79.00%
Lock up Shares							
Edgar J. Sia II (same as above)	-	-	-	-	-	-	0.00%
Ferdinand J. Sia (same as above)	-	-	-	-	-	-	0.00%
Edgar J. Sia	2,000	-	-	-	2,000	-	0.00%
Pacta J. Sia	2,000	-	-	-	2,000	-	0.00%
Rizza Marie Joy J. Sia (same as above)	-	-	-	-	-	-	0.00%
Mariana H. Yulo-Lucini (same as above)	-	-	-	-	-	-	0.00%
Gary P. Cheng (same as above)	-	-	-	-	-	-	0.00%
Victoria R. Tamayo (same as above)	-	-	-	-	-	-	0.00%
Jacqueline Ann Marie O. Gomez (same as above)	-	-	-	-	-	-	0.00%
Jose Roelph E. Desales (same as above)	-	-	-	-	-	-	0.00%
Inlap Investments Inc. (same as above)	-	-	-	-	-	-	0.00%
Subtotal	4,000	-	-	-	4,000	-	0.00%
Total Shares held by Directors, Officers, Principal/Substantial Stockholders and Affiliates							
	6,000,836,000	14,475,000	-	-	6,015,311,000	-	79.20%
Total Number of Shares Owned by the Public							
					1,579,625,709		20.80%

MERRYMART

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

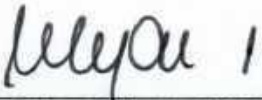
The management of **MERRYMART CONSUMER CORP.** (the "Company"), is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.


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


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

The BOD reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

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

Signature 
Edgar J. Sia II, CEO/Chairman

Signature 
Ferdinand J. Sia, President

Signature 
Marriana H. Yulo, CFO

Signed this 14 day of MAY 2021

SUBSCRIBED AND SWORN to before me by _____ at Pasay City, Philippines
on MAY 14 2021 who exhibited to me his/her _____ issued by _____
expiring on _____ and is identified by me to be the same person who executed this document.

Doc. No. 241;
Page No. 70;
Book No. 4;
Series of 2021


ERIKA ESTEL G. CUSI
Notary Public for Pasay
Until December 31, 2021
Commission No. _____
Roll No. 63306
IBP Lifetime Member No. 012614 03/28/2014
PTR No. 7353012 01/04/2021/Pasay City
DoubleDragon Headquarters, 10th Floor, Tower 1
DoubleDragon Plaza, DO Meridian Park
Cor. Macapagal Avenue & EDSA Ext., Bay Area, Pasay City

MERRYMART CONSUMER CORP.

(Formerly Injap Supermart Inc.)
(A Subsidiary of Injap Investments, Inc.)

SEPARATE FINANCIAL STATEMENTS **December 31, 2020 and 2019**

With Independent Auditors' Report



R.G. Manabat & Co.
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Philippines 1226
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Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
MerryMart Consumer Corp.
9th Floor Tower 1
DoubleDragon Plaza, DD Meridian Park
Pasay City

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of MerryMart Consumer Corp., formerly Injap Supermart Inc. (a subsidiary of Injap Investments, Inc.) (the “Company”), which comprise the separate statements of financial position as at December 31, 2020 and 2019, separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at December 31, 2020 and 2019, and its unconsolidated financial performance and its unconsolidated cash flows for the years then ended, in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until November 21, 2023

SEC Accreditation No. 0003-SEC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by SEC Accreditation No. 0004-FR-5)

IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)

BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



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

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

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

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

Auditors' Responsibilities for the Audit of the Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.



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

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

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

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information in Note 25 to the separate financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic separate financial statements. Such information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in our audit of the basic separate financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic separate financial statements taken as a whole.

R.G. MANABAT & CO.

DARWIN P. VIROCEL

Partner

CPA License No. 0094495

SEC Accreditation No. 94495-SEC, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements

Tax Identification No. 912-535-864

BIR Accreditation No. 08-001987-031-2019

Issued August 7, 2019; valid until August 6, 2022

PTR No. MKT 8533922

Issued January 4, 2021 at Makati City

May 14, 2021

Makati City, Metro Manila



R.G. Manabat & Co.
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Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

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

The Board of Directors and Stockholders
MerryMart Consumer Corp.
9th Floor Tower 1
DoubleDragon Plaza, DD Meridian Park
Pasay City

We have audited the accompanying separate financial statements of MerryMart Consumer Corp. (the "Company") as at and for the year ended December 31, 2020, on which we have rendered our report dated May 14, 2021.

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

R.G. MANABAT & CO.

DARWIN P. VIROCEL
Partner
CPA License No. 0094495
SEC Accreditation No. 94495-SEC, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements
Tax Identification No. 912-535-864
BIR Accreditation No. 08-001987-031-2019
Issued August 7, 2019; valid until August 6, 2022
PTR No. MKT 8533922
Issued January 4, 2021 at Makati City

May 14, 2021
Makati City, Metro Manila

Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until November 21, 2023
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financial statements (2019 financial statements are covered by SEC Accreditation No. 0004-FR-5)
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

MERRYMART CONSUMER CORP.
(Formerly Injap Supermart Inc.)
(A Subsidiary of Injap Investments, Inc.)
SEPARATE STATEMENTS OF FINANCIAL POSITION

		December 31	
	<i>Note</i>	2020	2019
ASSETS			
Current Assets			
Cash and cash equivalents	4, 5	P755,398,575	P121,778,713
Receivables	4, 6	7,780,306	803,702
Inventories	7	221,742,763	148,404,588
Due from related parties	4, 9, 18	1,409,943,743	195,750,000
Prepaid expenses and other current assets	8	32,614,718	150,627
Total Current Assets		2,427,480,105	466,887,630
Noncurrent Assets			
Investment in a subsidiary	9	25,000,000	25,000,000
Property and equipment	10	206,825,655	3,804,113
Right-of-use asset	14	77,030,102	-
Deferred tax assets	20	2,341,178	1,858,900
Other noncurrent assets	4, 11	76,876,593	-
Total Noncurrent Assets		388,073,528	30,663,013
		P2,815,553,633	P497,550,643
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and other current liabilities	12	P178,873,323	P30,008,607
Short-term loans payable	13	300,000,000	-
Due to a related party	18	-	1,418,455
Income tax payable		-	37,782,980
Total Current Liabilities		478,873,323	69,210,042
Noncurrent Liabilities			
Long-term loans payable	13	250,000,000	-
Noncurrent portion of lease liability	14	72,194,265	-
Retirement benefits liability	19	5,435,078	6,196,332
Deposit for future stock subscription	18	-	298,750,000
Total Noncurrent Liabilities		327,629,343	304,946,332
Total Liabilities		806,502,666	374,156,374
Equity			
Capital stock	21	379,746,835	1,250,000
Additional paid-up capital		1,386,292,253	-
Retained earnings		243,454,283	122,144,269
Retirement loss on defined benefit		(442,404)	-
Total Equity		2,009,050,967	123,394,269
		P2,815,553,633	P497,550,643

See Notes to the Separate Financial Statements.

MERRYMART CONSUMER CORP.
(Formerly Injap Supermart Inc.)
(A Subsidiary of Injap Investments, Inc.)

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31	
	<i>Note</i>	2020	2019
REVENUES	<i>15</i>		
Sale of goods		P2,611,965,472	P2,366,980,278
Display rental		23,780,331	19,993,891
Other operating income		9,951,640	-
		2,645,697,443	2,386,974,169
COST OF SALES	<i>16</i>	(2,445,156,359)	(2,285,480,059)
GROSS PROFIT		200,541,084	101,494,110
OPERATING EXPENSES	<i>17</i>	(71,916,061)	(40,462,351)
INCOME FROM OPERATIONS		128,625,023	61,031,759
INTEREST INCOME	<i>5</i>	5,539,950	109,993
INTEREST EXPENSE	<i>14</i>	(764,680)	-
INCOME BEFORE INCOME TAX		133,400,293	61,141,752
INCOME TAX EXPENSE (BENEFIT)			
Current tax expense		3,982,956	18,891,629
Deferred tax benefit		(292,677)	(582,102)
	<i>20</i>	3,690,279	18,309,527
NET INCOME		129,710,014	42,832,225
OTHER COMPREHENSIVE LOSS			
Item that will not be reclassified to profit or loss			
Remeasurement loss on defined benefit plan	<i>19</i>	(632,005)	-
Tax effect	<i>20</i>	189,601	-
		(442,404)	-
TOTAL COMPREHENSIVE INCOME		P129,267,610	P42,832,225
BASIC AND DILUTED EARNINGS PER SHARE	<i>21</i>	P0.02	P1.71

See Notes to the Separate Financial Statements.

MERRYMART CONSUMER CORP.
(Formerly Injap Supermart Inc.)
(A Subsidiary of Injap Investments, Inc.)

SEPARATE STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31									
	Note	Capital Stock	Additional Paid-in Capital	Remeasurement		Retained Earnings		Total	Total Equity
				Loss on Retirement Benefits Liability	Unappropriated	Appropriated			
Balance as at January 1, 2019		P1,250,000	P -	P -	P42,312,044	P37,000,000		P79,312,044	P80,562,044
Net income/total comprehensive income during the year		-	-	-	42,832,225	-		42,832,225	42,832,225
Appropriation during the year	21	-	-	-	(80,000,000)	80,000,000		-	-
Balance as at December 31, 2019		1,250,000	-	-	5,144,269	117,000,000		122,144,269	123,394,269
Net income		-	-	-	129,710,014	-		129,710,014	129,710,014
Remeasurement loss on defined benefit plan		-	-	(442,404)	-	-		129,710,014	(442,404)
Total comprehensive income		-	-	(442,404)	129,710,014	-		129,710,014	129,267,610
Issuance of shares	21	378,496,835	1,515,189,874	-	-	-		-	1,893,686,709
Stock issuance cost	21	-	(128,897,621)	-	-	-		-	(128,897,621)
Reversal of appropriation during the year	21	-	-	-	117,000,000	(117,000,000)		-	-
Dividends	21	-	-	-	(8,400,000)	-		(8,400,000)	(8,400,000)
Transactions with owners		378,496,835	1,386,292,253	-	108,600,000	(117,000,000)		(8,400,000)	1,756,389,088
Balance as at December 31, 2020		P379,746,835	P1,386,292,253	(P442,404)	P243,454,283	P -		P243,454,283	P2,009,050,967

See Notes to the Separate Financial Statements.

MERRYMART CONSUMER CORP.
(Formerly Injap Supermart Inc.)
(A Subsidiary of Injap Investments, Inc.)
SEPARATE STATEMENTS OF CASH FLOWS

		Years Ended December 31	
	<i>Note</i>	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		P133,400,293	P61,141,752
Adjustments for:			
Depreciation and amortization	10, 14, 17	6,073,047	1,464,669
Interest expense	14	764,680	-
Retirement benefits (gain) expense	19	(1,393,259)	1,940,339
Gain on rent concession	14	(2,464,096)	-
Interest income	5	(5,539,950)	(109,993)
Operating income before working capital changes		130,840,715	64,436,767
(Increase) decrease in:			
Receivables		(3,757,994)	110,719
Inventories		(73,338,175)	120,963,172
Due from related parties		(1,214,193,743)	(195,750,000)
Prepaid expenses and other current assets		(26,730,762)	(150,627)
Increase (decrease) in:			
Accounts payable and other current liabilities		143,072,085	(63,412,287)
Due to a related party		(1,418,455)	(123,579,481)
Cash absorbed by operations		(1,045,526,329)	(197,381,737)
Interest received		2,385,507	109,993
Interest paid	13	(31,575,000)	-
Income tax paid		(47,563,432)	(272,625)
Net cash used in operating activities		(1,122,279,254)	(197,544,369)
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in other noncurrent assets	11	(76,876,593)	-
Additions to property and equipment	10	(174,863,379)	(80,033)
Net cash used in investing activities		(251,739,972)	(80,033)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans payable	13	550,000,000	-
Proceeds from issuance of stocks	21	1,466,039,088	-
Proceeds from deposit for future stock subscription	18	-	298,750,000
Cash dividends paid	21	(8,400,000)	-
Net cash provided by financing activities		2,007,639,088	298,750,000
NET INCREASE IN CASH AND CASH EQUIVALENTS		633,619,862	101,125,598
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		121,778,713	20,653,115
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	5	P755,398,575	P121,778,713

See Notes to the Separate Financial Statements.

MERRYMART CONSUMER CORP.
(Formerly Injap Supermart Inc.)
(A Subsidiary of Injap Investments, Inc.)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. Corporate Information

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

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

On November 15, 2019, the Company’s Board of Directors (BOD) and the stockholder approved the following relevant amendments of the Articles of Incorporation (AOI):

- Article I: Change in the Company’s name to MerryMart Consumer Corp.
- Article II: Change in the primary purpose of the Company, adding the following business purpose:
 - To establish and continue the business of general merchandise, mercantile, trading and marketing, processing, production making and manufacturing of consumer products and commodities, and engage in the importation of consumer goods, food and non-food items, agricultural and seafood products and fresh and processed, and other merchandise for the distribution and wholesale and retail of goods and other similar merchandise.
- Article III: Change in the Company’s registered office to 9th Floor, Tower 1, DoubleDragon Plaza, DD Meridian Park, Corner Macapagal Avenue and Edsa Extension, Bay Area, Barangay 76, Pasay City.
- Article VII: Increase in authorized capital stock (Note 21).

On December 18, 2019, the application for the amendment in AOI Article I was approved by the SEC.

On January 23, 2020, the SEC approved the increase in the Company’s 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 its primary purpose and of the principal place of business of the Company to the 9th Floor, Tower 1, DoubleDragon Plaza, DD Meridian Park, Corner Macapagal Avenue and Edsa Extension, Bay Area, Barangay 76, Pasay City.

On January 23, 2020, the Board of Directors (BOD) and shareholders approved to offer, subject to compliance with existing laws, and the rules and regulations of the SEC, up to 1,594,936,709 primary common shares through an initial public offering (IPO) at the price up to P1.00 per share. On January 27, 2020, the Company filed its Registration Statement with the SEC covering its IPO.

On March 10, 2020, the SEC approved the Company's Registration Statement for 7,594,936,709 common shares to be listed and traded on the Small, Medium and Emerging Board of the Philippine Stock Exchange ("PSE"). The offering consists of 1,594,936,709 primary common shares with the maximum price set at P1.00 per share.

On June 15, 2020, the Company completed its IPO and was listed in the Philippine Stock Exchange ("PSE") under the stock symbol "MM". III remains as the ultimate parent company and controlling shareholder of MM. As at December 31, 2020, there sixteen (16) shareholders of the Company's securities.

2. Basis of Preparation

Statement of Compliance

The accompanying separate financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). PFRS consists of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Philippine Financial Reporting Standards Council (FRSC).

The separate financial statements of the Company as at and for the years ended December 31, 2020 and 2019 were approved and authorized for issuance by the BOD on May 14, 2021.

Basis of Measurement

The separate financial statements of the Company have been prepared using the historical cost basis of accounting, except for retirement benefits liability which is measured at present value of defined benefit obligation.

The Company also prepares and issues consolidated financial statements for the same period as the separate financial statements presented in accordance with PFRS. Such consolidated financial statements provide information about the economic activities of the Company and its subsidiary. The consolidated financial statements can be obtained from the Company's business address.

Functional and Presentation Currency

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

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all the years presented in these separate financial statements, except for the changes in accounting policies as explained below.

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

The Company has adopted the following new standards, amendments to standards and interpretations starting January 1, 2020 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Company's separate financial statements.

- Amendments to References to Conceptual Framework in PFRS set 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 new chapter on measurement;
 - guidance on reporting financial performance;
 - improved definitions of an asset and a liability, and guidance supporting these definitions; and
 - 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's Framework for the Preparation and Presentation of Financial Statements adopted by the International Accounting Standards Board 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.

- PFRS 3, *Business Combination - Definition of a Business (Amendments)*
The amendments narrowed and clarified the definition of a business. They 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:
 - 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;
 - 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
 - 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.

- Definition of Material (Amendments to PAS 1, *Presentation of Financial Statements* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*). The amendments refine the definition of material. The amended definition of material states that 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 material and its application by:
 - raising the threshold at which information becomes material by replacing the term 'could influence' with 'could reasonably be expected to influence';
 - including the concept of 'obscuring information' alongside the concept of 'omitting' and 'misstating' information in the definition;
 - clarifying that the users to which the definition refers are the primary users of general-purpose financial statements referred to in the Conceptual Framework;
 - clarifying the explanatory paragraphs accompanying the definition; and
 - aligning the wording of the definition of material across PFRS and other publications.

The amendments are expected to help entities make better materiality judgments without substantively changing existing requirements.

Effective June 1, 2020

- PFRS 16, *Leases - COVID-19-related Concessions (Amendments)*
The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:
 - The rent concession is a direct consequence of COVID-19;
 - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
 - Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
 - There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment. The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.

The amendments were early adopted by the Company as the rent concession from the lessor met all of the above criteria.

New and Amended Standards and Interpretation Not Yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2020. However, the Company has not early adopted the following new or amended standards in preparing these separate financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Company's separate financial statements.

Effective April 1, 2021

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to PFRS 16). The amendment extends the practical expedient introduced in the 2020 amendment which simplified how a lessee accounts for rent concessions that are a direct consequence of COVID-19, permitting lessees to apply the practical expedient to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022.

The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Earlier application is permitted. A lessee applies the amendments retrospectively, recognizing the cumulative effect of the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate. The adoption is mandatory for lessees that chose to apply the practical expedient introduced by the 2020 amendments and may result in reversal of lease modifications that was ineligible for the practical expedient under the 2020 amendments, but becomes eligible as a result of the extension.

Effective January 1, 2022

- Property, Plant and Equipment - Proceeds before Intended Use (Amendments to PAS 16, *Property, Plant and Equipment*). The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with PAS 2 Inventories.

The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.

For the sale of items that are not part of a company's ordinary activities, the amendments require the company to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statement of comprehensive income. This disclosure is not required if such proceeds and cost are presented separately in the statement of comprehensive income.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

- Onerous Contracts - Cost of Fulfilling a Contract (Amendment to PAS 37 Provisions, Contingent Liabilities and Contingent Assets). The amendments clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract - i.e. it comprise both incremental costs and an allocation of other direct costs.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated. Earlier application is permitted.

- Annual Improvements to PFRS Standards 2018-2020. This cycle of improvements contains amendments to standards which are applicable to the Company:
 - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to PFRS 9 Financial Instruments). The amendment clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
 - Lease Incentives (Amendment to Illustrative Examples accompanying PFRS 16). The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted.

- Reference to the Conceptual Framework (Amendment to PFRS 3). The amendments:
 - updated PFRS 3 so that it now refers to the 2018 Conceptual Framework;
 - added a requirement that, for transactions and other events within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, or IFRIC 21, *Levies*, an acquirer applies PAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
 - added an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations occurring in reporting periods starting on or after January 1, 2022. Earlier application is permitted.

Effective January 1, 2023

- Classification of Liabilities as Current or Non-current (Amendments to PAS 1 Presentation of Financial Statements). To promote consistency in application and clarify the requirements on determining whether a liability is current or non-current, the amendments:
 - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;

- clarified that a right to defer settlement exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and
- clarified that settlement of a liability includes transferring a company's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or non-current.

The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

- Definition of Accounting Estimates (Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*). To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remain unchanged. The amendments also provide examples on the application of the new definition.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

- Disclosure of Accounting Policies (Amendments to PAS 1 and PFRS Practice Statement 2, *Making Materiality Judgements*). The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments to PFRS Practice Statement 2 include guidance and additional examples on the application of materiality to accounting policy disclosures.

The amendments are effective from January 1, 2023. Earlier application is permitted.

Current versus Noncurrent Classification

The Company presents assets and liabilities in the separate statements of financial position based on current and noncurrent classification. An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within 12 months after the reporting period; or (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is current when: (a) it is expected to be settled in the normal operating cycle; (b) it is held primarily for trading; (c) it is due to be settled within 12 months after the reporting period; or (d) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

Financial Instruments

Date of Recognition

The Company recognizes a financial asset or financial liability in the separate statements of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition is done using settlement date accounting.

Initial Recognition of Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognized initially at fair value. The initial measurement, except for those designated as FVPL, includes transaction costs.

Financial Assets

Classification and Subsequent Measurement

The Company classifies its financial assets, at initial recognition, and subsequently measured at amortized cost, FVOCI and FVPL. The classification depends on the contractual cash flow characteristics of the financial assets and the business model of the Company for managing the financial assets.

Subsequent to initial recognition, financial assets are not reclassified unless the Company changes the business model for managing financial assets. All affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

The business model refers to how the Company manages the financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The Company considers the following information in assessing the objective of the business model in which a financial asset is held at a portfolio level, which reflects the way the business is managed and how information is provided to management:

- the stated policies and objectives for the portfolio and the operations of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how employees of the business are compensated; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

For the purposes of assessing the cash flow characteristics of financial assets, "Principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

The Company considers the contractual terms of the instrument in assessing whether the contractual cash flows are solely payments of principal and interest. The assessment includes whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Company considers the following in making the assessment:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for financial assets acquired at a discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

For purposes of subsequent measurement, financial assets are classified in the following categories: financial assets at amortized cost, financial assets at FVOCI (with or without recycling of cumulative gains and losses) and financial assets at FVPL.

The Company has no financial assets at FVOCI and FVPL as at December 31, 2020 and 2019.

Financial Assets at Amortized Cost. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model with the objective of holding financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the financial asset is derecognized, modified or impaired.

The Company's cash and cash equivalents, receivables, due from related parties and security deposits are included in this category (Notes 5, 6, 11, and 18).

Financial Liabilities

The Company classifies its financial liabilities, at initial recognition, in the following categories: financial liabilities at FVPL and other financial liabilities. The Company determines the classification of its financial liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company has no financial liabilities at FVPL as at December 31, 2020 and 2019.

Other Financial Liabilities

This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability. The effective interest rate amortization is included in "Interest expense" account in the separate statements of comprehensive income. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

The Company's accounts payable and other current liabilities (excluding payables to government agencies), loans payable and due to a related party are included in this category (Notes 12, 13 and 18).

Derecognition of Financial Assets and Financial Liabilities

Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Company has retained.

For a modification of the financial asset that does not result in derecognition, the difference between the present value of the modified cash flows discounted using the original effective interest rate and the present value of the original cash flows, is recognized in profit or loss as a gain or loss from modification. Costs or fees in relation to the modification of the financial asset are recognized as part of the carrying amount of the asset and amortized over the remaining term of the instrument. A modification of the original financial asset that results in derecognition of the financial asset, requires the recognition of a new financial asset in line with the general requirements for the initial recognition (i.e. at fair value plus transaction costs).

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Impairment of Financial Assets

The Company recognizes allowance for expected credit losses (ECL) on financial assets at amortized cost.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive), discounted at the effective interest rate of the financial asset, and reflects reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

The Company recognizes an allowance for impairment based on either 12-month or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company recognizes lifetime ECLs for receivables that do not contain significant financing component. The Company uses provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the borrowers and the economic environment.

At each reporting date, the Company assesses whether financial assets at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;

- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- (e) the disappearance of an active market for that financial asset because of financial difficulties; or
- (f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The Company considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants.

The Company directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering the contractual cash flows on a financial asset, either partially or in full. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

The ECLs on financial assets at amortized cost are recognized as allowance for impairment losses against the gross carrying amount of the financial asset, with the resulting impairment losses (or reversals) recognized in profit or loss.

Classification of Financial Instruments between Debt and Equity

From the perspective of the issuer, a financial instrument is classified as debt instrument if it provides for a contractual obligation to:

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

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

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the separate 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 assets and settle the liabilities simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the separate statements of financial position.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the separate 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 prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the separate financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

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

Inventories

Inventories are measured at the lower of cost and net realizable value (NRV). Cost is determined using the first-in-first out (FIFO) method. Cost comprises of purchase price, including duties, applicable landing charges and other incidental expenses incurred in bringing the inventories to its present location and condition. NRV is the estimated selling price in the ordinary course of business less the estimate costs necessary to make the sale.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are recognized in profit or loss as they are consumed in operations or expire with the passage of time.

Other current assets are classified in the separate statements of financial position as current assets when the costs or expenses related to the assets are expected to be incurred within one year or the Company's normal operating cycle, whichever is longer. Otherwise, assets are classified as noncurrent assets.

Input Value-added Tax (VAT)

Input tax represents the VAT due or paid on purchases of goods and services subjected to VAT that the Company can claim against any future liability to the Bureau of Internal Revenue (BIR) for output VAT received from sale of goods and services subjected to VAT. The input tax can also be recovered as tax credit against future income tax liability of the Company upon approval of the BIR. Input tax is stated at net realizable value. An allowance is provided for any portion of the input tax that cannot be claimed against output tax or recovered as tax credit against future income tax liability. Input tax that are expected to be realized for no more than 12 months after the reporting period are classified as current asset, otherwise, these are classified as other noncurrent asset.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any accumulated impairment in value. Such cost includes the cost of replacing part of the property and equipment at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing.

The initial cost of property and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the items can be measured reliably.

Depreciation and amortization, which commence when the assets are available for their intended use, are computed using the straight-line method over the following estimated useful lives of the assets:

	Useful Life in Years
Leasehold improvements	10 years or lease term, whichever is shorter
Furniture, fixtures and equipment	5 to 10
Transportation equipment	5 to 10

The remaining useful lives, residual values, and depreciation and amortization methods are reviewed and adjusted periodically, if appropriate, to ensure that such periods and methods of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property and equipment.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use.

An item of property and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period of retirement and disposal.

Land is carried at cost less any impairment in value, if any. The initial cost of land comprises its purchase price and other directly attributable costs of bringing the asset to its working condition and location for its intended use. It excludes the costs of day to day servicing. Land is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the land (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

Construction in-progress represents structures under construction and is stated at cost. This includes the costs of construction and other direct costs.

Investment in a Subsidiary

The Company's investment in shares of stock of a subsidiary is accounted for under the cost method. The investment is carried in the separate statements of financial position at cost less any impairment in value. The Company recognizes dividend from a subsidiary in its separate statements of comprehensive income when its right to receive the dividend is established.

A subsidiary is an entity controlled by the Company. In accordance with PFRS 10, *Consolidated Financial Statements*, the Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement in the entity and has the ability to affect those returns through its power over the entity.

Other Noncurrent Assets

Other noncurrent assets consist of prepaid rent and security deposits. Prepaid rent is rent paid prior to the rental period to which it relates, or an amount of rent paid that has not yet been used. Security deposits represent noninterest-bearing deposits which are generally applied against unpaid rentals should the lessee decide not to renew the lease or are forfeited as damages for any violation of contract.

Impairment of Non-financial Assets

The carrying amounts of non-financial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs of disposal and value in use. The fair value less costs of disposal is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Provisions

Provisions are recognized when: (a) the Company has a present obligation (legal or constructive) as a result of past events; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Deposits for Future Stock Subscription

Deposits for future stock subscription refer to the payments made by stockholders of the Company on subscription to the increase in the authorized capital which cannot be directly credited to capital stock issued pending filing and approval by SEC of the amendment to the Articles of Incorporation increasing capital stock.

Under the SEC Financial Reporting Bulletin No. 006, as amended, an entity should not consider a deposit for future subscription as an equity instrument unless all of the following elements are present:

- a. Under There is a lack or insufficiency of authorized unissued shares of stock to cover the deposit;
- b. The entity's BOD and stockholders have approved an increase in capital stock to cover the shares corresponding to the amount of the deposit (for which a deposit was received by the Company);
- c. The application for the approval of the proposed increase has been presented for filing or has been filed with the Commission.

If any or all of the foregoing elements are not present, the transaction should be recognized as a liability.

Capital Stock

Capital stock is measured at par value for all shares issued. When the Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. Proceeds and/or fair value of considerations received in excess of par value are recognized as additional paid-in capital.

Capital stock are classified as equity. Incremental costs directly attributable to the issuance of common stock are recognized as a deduction from equity, net of any tax effects, and any excess of the proceeds over the par value of shares issued less any incremental costs directly attributable to the issuance, net of tax, is presented in equity as additional paid-in capital.

Retained Earnings

Retained earnings represent the accumulated net income or losses, net of any dividend distributions and other capital adjustments. When the retained earnings account has a debit balance, it is called "deficit." A deficit is not an asset but a deduction from equity.

Revenue Recognition

Revenue from Contracts with Customers

The Company recognizes revenue from contracts with customers when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenues exclude VAT and other fees collected on behalf of other parties.

The transfer of control can occur over time or at a point in time. Revenue is recognized at a point in time unless one of the following criteria is met, in which case it is recognized over time: (a) the customer simultaneously receives and consumes the benefits as the Company performs its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

The Company assesses its revenue arrangements to determine if it is acting as principal or agent. The Company has generally concluded that it is the principal in its revenue arrangements.

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

- *Sale of Goods*
Sale of goods from retail and food shop is recognized at point in time when the control of the asset is transferred to the customer, generally upon delivery.
- *Concession Income*
Concession income, included as part of other income, pertains to the net margin from sales of concessionaire supplier's goods inside the store. The income is recognized when earned.
- *Other Income*
Other income, which includes incentives and gain on remeasurement of retirement benefits liability, is recognized when earned during the period.

Revenues from Other Sources

Display Rental

Display rental from the use of the Group's gondola and store spaces is recognized upon use of the selected area.

Interest Income

Interest income is recognized as it accrues using the effective interest method. Interest income from banks which is presented net of final tax is recognized when earned.

Cost of Sales

Cost of sales includes the purchase price of the products sold, as well as costs that are directly attributable in bringing the merchandise to its intended condition and location.

Operating Expenses

Operating expenses constitute costs of administering the business. These are recognized as expenses as incurred.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (a) the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- (b) the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- (c) the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
 - i. the Company has the right to operate the asset; or
 - ii. the Company designed the asset in a way that predetermines how and for what purpose it will be used.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid 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.

Retirement Costs

The Company has no established retirement plan for its permanent employees and only conforms to the minimum regulatory benefit under the Retirement Pay Law (Republic Act No. 7641) which is of the defined benefit type. The cost of providing benefits under the defined benefit retirement plan is actuarially determined using the projected unit credit method. Projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in equity and are not reclassified to profit or loss in subsequent period.

The defined benefit retirement liability is the aggregate of the present value of the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Defined benefit costs comprise the following:

- Service costs
- Net interest on the defined benefit retirement liability
- Remeasurements of defined benefit retirement liability

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the defined benefit retirement liability is the change during the period as a result of contributions and benefit payments, which is determined by applying the discount rate based on the government bonds to the defined benefit retirement liability. Net interest on the defined benefit retirement liability is recognized as expense or income in profit or loss.

Remeasurements of defined benefit retirement liability comprising actuarial gains and losses are recognized immediately in other comprehensive income in the period in which they arise.

Taxes

Current Tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation 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 sufficient future taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Future taxable profits will be available against which they can be used. If the amount of taxable temporary differences is insufficient to recognize deferred tax asset in full, the future taxable profits, adjusted for reversals of existing temporary differences, are considered based on the business plan of the Company.

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

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

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

VAT

Revenues, expenses and assets are recognized net of the amount of VAT except:

- where the tax incurred on purchase of assets or services are not recoverable from the taxation authority, in which case, the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of “Other current assets” or “Accounts payable and other current liabilities” account in the separate statements of financial position.

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 owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) subsidiaries; (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that give them significant influence over the Company and close members of the family of any such individual; and (d) members of the key management of the Company.

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 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 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 Company'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 Company has single segment, which is the sale of goods to customers.

The measurement policies the Company used for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in the separate 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 separate financial statements. These are disclosed in the notes to the separate financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the separate financial statements but are disclosed in the notes to the separate 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 separate financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the separate financial statements when material.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the separate financial statements in accordance with PFRS require management to exercise judgments, make estimates and use assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the separate financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

Judgments

In the process of applying the Company's 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 separate financial statements:

Determination on whether an Arrangements Contains a Lease

The Company uses its judgment in determining whether an arrangement is or contains a lease. A contract contains a lease if the determination of contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time if the customer has the right to obtain substantially all of the economical benefits from the use of the identified assets and the right to direct the use of the identified assets.

Lease Commitments - Company as a Lessee

The Company entered into various lease agreements as a lessee. On September 8, 2020, the long-term lease of its store space has been accounted for under PFRS 16 Leases wherein the Company recognizes a right-of-use (ROU) asset and lease liability upon initial adoption. On the other hand, the Group did not recognize ROU for store spaces as the lease payments on these lease agreements are based on percentage of sales, which are considered as variable considerations (Note 14).

Amortization expense of ROU asset recognized in profit or loss in 2020 amounted to P2.66 million. The carrying amount of ROU asset as at December 31, 2020 amounted to P77.03 million. The carrying amount of the lease liability as at December 31, 2020 amounted to P77.99 million (Notes 14 and 17).

Impairment of Non-financial Assets

PFRS require that an impairment review be performed on non-financial assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining the recoverable amounts of these assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of recoverable amounts reflected in the separate financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

The combined carrying amounts of property and equipment, right-of-use asset and investment in a subsidiary amounted to P308.86 million and P28.80 million as at December 31, 2020 and 2019, respectively (Notes 9, 10 and 14).

Provisions and Contingencies

The Company, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

No provision for probable losses arising from legal contingencies was recognized in the separate financial statements in 2020 and 2019.

Determination of whether the Company is acting as a Principal or an Agent

The Company is a principal if it controls the specified good or service before it is transferred to a customer. The Company is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party and the Company does not control the good or service before it is transferred to the customer.

The Company assesses its concession agreements against the following indicators to help determine whether it is acting as a principal or an agent:

- whether the Company has primary responsibility for providing the services;
- whether the Company has inventory risk; and
- whether the Company has discretion in establishing prices.

In 2020, the Company concluded that it is acting as the principal as it has the primary responsibility for fulfilling the promise to provide the goods under concession to its customers. The Company has the right to direct the use of and obtain substantially all of the remaining benefits of the goods under concession and has the discretion in establishing the price for the goods. The Company is acting as the principal in selling the goods to end-customers wherein the gross proceeds from the sale of goods under concession were recognized as part of the sales of goods and the related costs were charged as part of cost of sales.

Estimates and Assumptions

The key estimates and assumptions used in the separate financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the separate financial statements. Actual results could differ from such estimates.

Assessment for ECL on Other Financial Assets at Amortized Cost. The Company determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- actual or expected external and internal credit rating downgrade;
- existing or forecasted adverse changes in business, financial or economic conditions; and
- actual or expected significant adverse changes in the operating results of the borrower.

The Company also considers financial assets at day one to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Company has assessed that the ECL on financial assets at amortized cost is not material because majority of the transactions with respect to these financial assets were entered into by the Company only with reputable banks and counterparties with good credit standing and relatively low risk of defaults. Accordingly, no provision for ECL on financial assets at amortized cost was recognized in 2020 and 2019.

The carrying amounts of financial assets at amortized cost are as follows:

	<i>Note</i>	2020	2019
Cash and cash equivalents (excluding cash on hand)	5	P733,868,041	P111,935,334
Receivables	6	7,780,306	803,702
Due from related parties	9, 18	1,409,943,743	195,750,000
Security deposit	11	33,696,144	-
		P2,185,288,234	P308,489,036

Write-down of Inventories

The Company writes-down the costs of inventories to NRV whenever NRV becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. The estimate of the NRV is reviewed regularly.

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made on the amount the inventories are expected to be realized. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the reporting date to the extent that such events confirm conditions existing at the reporting date.

No inventories were written down to their net realizable values in 2020 and 2019.

The carrying amounts of the Company's inventories amounted to P221.74 million and P148.40 million as at December 31, 2020 and 2019, respectively (Note 7).

Estimating Useful Lives of Property and Equipment

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

In addition, the estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property and equipment would increase recorded depreciation and amortization expenses and decrease noncurrent assets.

Property and equipment, net of accumulated depreciation and amortization, amounted to P206.83 million and P3.80 million as at December 31, 2020 and 2019, respectively. Accumulated depreciation and amortization of property and equipment amounted to P12.19 million and P8.77 million as at December 31, 2020 and 2019, respectively (Note 10).

Realizability of Deferred Tax Asset

The Company reviews its deferred tax asset at each reporting date and reduces the carrying amount 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. The Company's assessment on the recognition of deferred tax asset on deductible temporary difference is based on the projected taxable income in the following periods.

Deferred tax asset amounted to P2.34 million and P1.86 million as at December 31, 2020 and 2019, respectively (Note 20).

5. Cash and Cash Equivalents

This account consists of:

	<i>Note</i>	2020	2019
Short-term placements	22	P402,650,250	P70,000,000
Cash in banks	22	331,217,791	41,935,334
Cash on hand		21,530,534	9,843,379
		P755,398,575	P121,778,713

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

Total interest income earned from cash and cash equivalents amounted to P5.54 million and P0.11 million in 2020 and 2019, respectively.

6. Receivables

This account consists of:

	<i>Note</i>	2020	2019
Trade receivables		P4,625,863	P803,702
Accrued interest receivable		3,154,443	-
	22	P7,780,306	P803,702

Trade receivables pertain to receivables from credit card sales and in-house charge sales. These receivables generally have 1-7 days credit terms. Outstanding balance amounted to P4.63 million and P0.80 million as at December 31, 2020 and 2019, respectively (Note 22).

Accrued interest receivable pertains to the interest income earned from the short-term placements.

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.

Inventories at cost is lower than its NRV as at December 31, 2020 and 2019.

Cost of inventories as at December 31, 2020 and 2019 amounted to P221.74 million and P148.40 million, respectively.

Inventories charged to cost of sales amounted to P2,445.16 million and P2,285.48 million in 2020 and 2019, respectively (Note 16).

8. Prepaid Expenses and Other Current Assets

This account consists of:

	2020	2019
Input value-added tax	P25,834,539	P86,460
Prepaid expenses	6,780,179	64,167
	P32,614,718	P150,627

Input value-added tax (VAT), which amounted to P25.83 million and P0.09 million as at December 31, 2020 and 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 pertain to advance payment of administrative expenses related to real property and business taxes, insurance, among others.

9. Investment in a Subsidiary

As at December 31, 2020 and 2019, this account pertains to investment in MerryMart Grocery Centers, Inc. (MMGCI), a company incorporated in the Philippines.

MMGCI was incorporated and registered with the SEC on September 28, 2018. It is engaged to acquire, hold, own, operate or manage 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.

MMGCI is a wholly-owned subsidiary of the Company.

The summarized financial information of MMGCI follow:

	2020	2019
Current assets	P874,029,580	P223,977,649
Noncurrent assets	1,221,614,157	399,033,275
Current liabilities	1,847,595,468	491,220,776
Noncurrent liabilities	320,681,784	121,940,735
Revenue	830,656,028	128,262,180
Net loss/total comprehensive loss	(82,482,928)	(14,682,453)

10. Property and Equipment

The movements and balances of this account consist of:

	Furniture, Fixtures and Equipment	Transportation Equipment	Leasehold Improvements	Construction in Progress	Land	Total
Cost						
Balance, January 1, 2019	P10,480,027	P2,015,000	P -	P -	P -	P12,495,027
Additions	80,033	-	-	-	-	80,033
Balance, January 1, 2020	10,560,060	2,015,000	-	-	-	12,575,060
Additions	27,047,649	4,842,442	19,604,014	8,335,784	146,608,491	206,438,379
Balance, December 31, 2020	37,607,709	6,857,442	19,604,014	8,335,784	146,608,491	219,013,439
Accumulated Depreciation and Amortization						
Balance, January 1, 2019	5,886,278	1,420,000	-	-	-	P7,306,278
Depreciation and amortization	1,263,169	201,500	-	-	-	1,464,669
Balance, January 1, 2020	7,149,447	1,621,500	-	-	-	8,770,947
Depreciation and amortization	2,322,416	605,037	489,384	-	-	3,416,837
Balance, December 31, 2020	9,471,863	2,226,537	489,384	-	-	12,187,784
Carrying Amount						
December 31, 2019	P3,410,613	P393,500	P -	P -	P -	P3,804,113
December 31, 2020	P28,135,846	P4,630,905	P19,114,630	P8,335,784	P146,608,491	P206,825,655

Depreciation and amortization are charged to "Operating expenses" account in 2020 and 2019, respectively (Note 17).

11. Other Noncurrent Assets

This account consists of:

	<i>Note</i>	2020	2019
Prepaid rent	14	P43,180,449	P -
Security deposit	4, 14	33,696,144	-
		P76,876,593	P -

Security deposit represents the amount paid as security for the faithful performance of the terms of the lease agreement which were paid upon the commencement of the lease and refundable at the end of the lease term.

12. Accounts Payable and Other Current Liabilities

This account consists of:

	<i>Note</i>	2020	2019
Trade	22	P160,989,975	P25,529,364
Current portion of lease liability	22	5,792,631	-
Accrued expenses	22	4,938,742	2,405,094
Nontrade	22	3,227,445	-
Accrued interest	22	1,975,000	-
Withholding taxes		1,757,767	2,074,149
Output VAT - net		191,763	-
		P178,873,323	P30,008,607

Trade payables are liabilities arising from the purchases of inventories. These are non-interest bearing and are normally settled within 30-60 days.

Accrued expenses pertain to unbilled expenses for professional fees, utilities and other charges.

13. Short-term and Long-term Loans Payable

Loans payable pertains to unsecured loans obtained from local banks.

Long-term Loans Payable

On November 4, 2020, the Company obtained an unsecured loan amounting to P250 million for the construction of the Company's stores. This loan, which bears an annual fixed interest of 6.00%, will mature on May 4, 2023. The loan agreement does not contain any financial or non-financial covenants.

Short-term Loans Payable

On December 14, 2020, the Company obtained an unsecured loan amounting to P300 million for the construction of the Company's stores. This loan, which bears an annual interest of 5.50%, will mature on February 15, 2021. The loan agreement does not contain any financial or non-financial covenants.

Total interest expense capitalized as borrowing costs under "Property and equipment - net" account amounted to P31.58 million and nil as at December 31, 2020 and 2019, respectively.

14. Lease Arrangement

The Company has a lease agreement for its store space.

Information about the lease for which the Company is a lessee that qualifies under PFRS 16 is as follows:

- The Company leases its store space for a period of 10 years starting September 8, 2020 until August 8, 2030. The monthly rental rate for the first year amounted to P0.62 million, and thereafter, will increase by 5% annually. The agreement is subject to renewal upon mutual agreement of the parties.

Right-of-Use Asset

Set out below is the carrying amount of right-of-use asset recognized and movements during the year:

	2020
Balance at beginning of year	P -
Addition	79,686,312
Depreciation	(2,656,210)
Carrying Amount	P77,030,102

Depreciation amounting to P2.66 million in 2020 is presented as part of "Depreciation and amortization" in the statement of comprehensive income.

Lease Liability

Set out below are the carrying amount of lease liability and the movement during the year:

	<i>Note</i>	2020
Balance at beginning of year		P -
Addition		79,686,312
Accretion of interest		764,680
Rent concession		(2,464,096)
Balance at end of year	<i>22</i>	P77,986,896

	2020
Current	P5,792,631
Noncurrent	72,194,265
	P77,986,896

The following table sets out a maturity analysis of lease payments, showing undiscounted and discounted lease payments to be received after the reporting date:

December 31, 2020	Future Minimum Lease Payments	Interest	Present Value of Minimum Lease Payments
Less than one year	P7,515,493	P2,193,958	P5,321,535
Between one to five years	34,012,349	6,995,295	27,017,054
More than 5 years	48,987,466	3,339,159	45,648,307
Total Lease Liability	P90,515,308	P12,528,412	P77,986,896

Interest expense recognized in profit or loss amounted to P0.76 million in 2020.

The amount recognized in the statements of comprehensive income are as follows:

	2020
Amortization of right-of-use assets	(P2,656,210)
Interest on lease liabilities	(764,680)
Expenses relating to short-term leases	(900,000)
	(P4,320,890)

Total security deposit from this lease arrangement amounted to P3.70 millions at December 31, 2020. This is included under "Other noncurrent assets" account in the statement of financial position (Note 11).

15. Revenues

The Company generates revenue primarily from trading and selling goods and consumer products on a wholesale or retail basis. Revenues pertain mainly to sale of goods which amounted to P2,611.97 million and P2,366.98 million in 2020 and 2019, respectively.

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

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.

16. Cost of Sales

This account consists of:

	<i>Note</i>	2020	2019
Beginning inventory		P148,404,588	P269,367,760
Add: Purchases		2,518,494,534	2,164,516,887
Total goods available for sale		2,666,899,122	2,433,884,647
Less: Ending inventory	7	221,742,763	148,404,588
		P2,445,156,359	P2,285,480,059

17. Operating Expenses

This account consists of:

	<i>Note</i>	2020	2019
Salaries, wages and other benefits		P17,323,288	P17,382,419
Taxes and licenses		15,334,690	7,172,518
Contracted services		11,890,935	-
Electricity and water		8,328,139	8,586,803
Marketing		6,162,844	48,240
Depreciation and amortization	10, 14	6,073,047	1,464,669
Transportation and travel		3,932,791	966,605
Rent expense		900,000	-
Professional fees		535,000	2,330,000
Insurance		379,419	380,316
Director's fees		360,000	-
Communications		175,689	190,442
Retirement benefits	19	-	1,940,339
Miscellaneous		520,219	-
		P71,916,061	P40,462,351

18. Related Party Transactions

The Company, 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
				Due from (to) Related Parties	Deposits for Future Stock Subscription	
Stockholder Advances	2020	a	P1,215,612,198	P1,214,193,743	P -	Due and demandable; non-interest bearing; unsecured; payable in cash
	2019		(1,418,455)	(1,418,455)	-	
Deposit for future stock subscription	2020	b	298,750,000	-	-	Due and demandable; non-interest bearing; unsecured; payable in cash
	2019		(298,750,000)	-	(298,750,000)	
Subsidiary Advances	2020	a	-	195,750,000	-	Due and demandable; non-interest bearing; unsecured; payable in cash
	2019		195,750,000	195,750,000	-	
	2020			P1,409,943,743	P -	
	2019			P194,331,545	(P298,750,000)	

a. *Cash Advances*

These pertain to unsecured, non-interest bearing advances granted to and received from related parties 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 Company received subscription from III for its increase in authorized capital stock which was converted into capital stocks in 2020 (Note 21).

c. *Key Management Personnel*

No key management personnel compensation is recognized in 2020 and 2019 since the administrative and finance functions of the Company are being administered by III.

All material related party transactions are subject to approval by the BOD. Material related party transactions pertain to those transactions, either individually, or in aggregate over a 12-month period, that exceed 10% of the Company's total assets, based on the latest audited financial statements. All other related party transactions that are considered not material are approved by management.

19. Retirement Benefits

The Company does not have an established retirement plan and only conforms to the minimum regulatory benefit under Republic Act No. 7641, *The Retirement Pay Law*, which is of the defined benefit type and provides a retirement benefit equal to 22.5 days' pay for every year of credited service of employees who attain the normal retirement age of sixty (60) with at least five (5) years of service. The most recent actuarial valuation was carried out at December 31, 2020 by a qualified independent actuary.

The Company's retirement benefits liability amounted to P5.44 million and P6.17 million as at December 31, 2020 and 2019, respectively. Retirement benefits amounting to P1.94 million in 2019 is presented under "Operating expenses" account in the statement of comprehensive income.

The principal actuarial assumptions used to determine retirement benefits with respect to the discount rate and salary rate increases were based on historical and projected normal rates.

The Plan is exposed to both financial and demographic risks. Risks associated to the Plan are as follows:

- Liquidity Risk - The inability to meet benefit obligation payout when due.
- Interest Rate Risk - The present value of DBO is relatively sensitive and inversely related to the discount rate. In particular, if the discount rate, which is referenced to government bonds decreases, then the DBO increases.
- Salary Risk - The present value of DBO is relatively sensitive and directly related to future salary rate increases. In particular, if the actual salary rate increases in the future are higher than expected then the DBO and benefits are higher as well.
- Persistency Risk - The present value of DBO is relatively sensitive and inversely related to the turnover rates. In particular, lower turnover rates, which means employees persist or stay with the Company longer, correspond to higher DBO and benefit payouts.

The following table below shows the reconciliation from the opening to the closing balances for DBO and its components:

	2020	2019
Balance at January 1	P6,196,332	P4,255,993
Transition asset	(2,132,641)	-
Adjusted balance at January 1	4,063,691	4,255,993
Included in Profit or Loss		
Current service cost	219,439	1,940,339
Interest cost	519,943	-
	739,382	1,940,339
	4,803,073	6,196,332
Included in Other Comprehensive Income (OCI)		
Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		
▪ Experience adjustments	901,424	-
▪ Financial assumptions	(269,419)	-
	632,005	-
Balance at December 31	P5,435,078	P6,196,332

The retirement expense amounting to P1.94 million pertains to the current service cost in 2019, and is presented as "Retirement benefits" under operating expenses in the separate statement of comprehensive income.

The principal actuarial assumptions used at December 31 are as follows:

	2020
Discount rate	4.10%
Future salary growth	4.00%

Maturity analysis of the benefit payments are as follows:

	Carrying Amount	Contractual Cash Flows	Within 1 - 5 Years	More than 5 Years
2020	P5,435,078	P41,301,059	P1,053,532	P40,247,527

As at December 31, 2020, the weighted-average duration of the DBO is 13 years.

Sensitivity Analysis

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the DBO by the amounts shown below.

2020	DBO	
	Increase	Decrease
Discount rate (1% movement)	P4,720,416	(P6,322,406)
Future salary growth (1% movement)	6,286,039	(4,734,564)

Each sensitivity run is based on a change in a sole actuarial assumption while holding all other assumptions constant. However, the sensitivity runs may not be representative of the actual change in the DBO as it is unlikely that a change in assumption would occur in isolation as the assumptions may be correlated.

Furthermore, DBO figures in this sensitivity runs have been calculated using the PUC method, the same method used in the calculation of DBO.

20. Income Taxes

Income tax expense consists of:

	2020	2019
Current	P3,982,956	P18,891,629
Deferred	(292,677)	(582,102)
	P3,690,279	P18,309,527

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:

	2020	2019
Income before income tax	P133,400,293	P61,141,752
Income tax expense at the statutory income tax rate of 30%	P40,020,088	P18,342,525
Minimum corporate income tax (MCIT)	3,982,956	-
Nondeductible expenses	18,506	-
Income tax effect of interest income subject to final tax	(1,661,985)	(32,998)
Stock issuance cost	(38,669,286)	-
	P3,690,279	P18,309,527

The components and movements of the Company's deferred tax assets (liabilities) recognized in the statement of financial position and statement of comprehensive income as at December 31, 2020 and 2019 are as follows:

	At January 1, 2020	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (OCI)	At December 31, 2020
Deferred Tax Assets				
NOLCO	P -	P4,412,086	P -	P4,412,086
Retirement benefits liability	1,858,900	-	189,601	2,048,501
Excess of lease payments over amortization of ROU	-	354,818	-	354,818
Accrued expenses	-	270,000	-	270,000
	1,858,900	5,036,904	189,601	7,085,405
Deferred Tax Liabilities				
Capitalized interest claimed outright	-	4,326,249	-	4,326,249
Gain from transitional asset	-	417,978	-	417,978
	-	4,744,227	-	4,744,227
	P1,858,900	P292,677	P189,601	P2,341,178
	At January 1, 2019	Recognized in Profit or Loss	Recognized in OCI	At December 31, 2019
Deferred Tax Assets				
Retirement benefits liability	P1,276,798	P582,102	P -	P1,858,900

21. Equity and Earnings Per Share

Capital Stock

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

	2020	2019
Authorized Capital Stock		
Common:		
2020 - P0.05 par value		
2019 - P100 par value	P1,200,000,000	P5,000,000
Number of Shares Authorized for Issue		
Common	24,000,000,000	50,000

Details of the shares issued are as follows:

	2020	2019
Balance at beginning of year	12,500	12,500
Issuance of shares	7,594,924,209	-
	7,594,936,709	12,500

Details of the issued capital stock are as follows:

	2020	2019
Balance at beginning of year	P1,250,000	P1,250,000
Issuance of shares	378,496,835	-
	P379,746,835	P1,250,000

On November 15, 2019, the Stockholders representing at least 2/3 of the outstanding capital stock and the BOD approved the increase in the 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 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 divided into 50,000 shares of the par value of P100.00 each to P1,200,000,000 divided into 24,000,000,000 shares of the par value of P0.05 each.

On June 15, 2020, the Company issued 1,594,936,709 additional shares of capital stock.

Retained Earnings

On December 21, 2020, the BOD approved the reversal of P111 million appropriated retained earnings.

On February 18, 2020, the BOD approved the declaration of cash dividends amounting to P8.4 million (P0.0014 per share), 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 February 18, 2020, the BOD approved the reversal of the appropriated retained earnings of P6 million made on December 16, 2016.

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

EPS

EPS is computed as follows:

	2020	2019
Net income attributable to common shareholders of the Company	P129,710,014	P42,832,225
Weighted average number of common shares for basic EPS, before retrospective effect of stock split	6,490,143,969	12,500
Retrospective effect of change in par value from P100 to P0.05 (stock split) on January 23, 2020	1,570,253	24,987,500
Weighted average number of common shares for basic EPS, as adjusted	6,491,714,222	25,000,000
Basic EPS	P0.02	P1.71
Diluted EPS	P0.02	P1.71
Basic EPS, as previously presented		P3,426.58
Diluted EPS, as previously presented		P3,426.58

22. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies

The Company 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 Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks, and the Company's management of capital.

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

The Company's risk management policies are established to identify and analyze the risks faced by the Company, 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 Company's activities. All risks faced by the Company 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 Company's operations and forecasted results. The Company, 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 Company's principal financial assets include cash and cash equivalents, receivables, due from related parties, accrued interest receivable and security deposit. These financial assets are used to fund the Company's operations and capital expenditures.

Credit Risk

Credit risk represents the risk of loss the Company would incur if credit customers and counterparties fail to perform their contractual obligations. The risk arises principally from the Company's cash, receivables and advances to a subsidiary. 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:

	Note	2020	2019
Cash and cash equivalents (excluding cash on hand)	5	P733,868,041	P111,935,334
Receivables	6	7,780,306	803,702
Due from related parties	9, 18	1,409,943,743	195,750,000
Security deposit	11	33,696,144	-
		P2,185,288,234	P308,489,036

These financial assets are subjected to 12-month ECL.

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

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

The Company 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 Company performs credit investigation and evaluation of each buyer to establish paying capacity and creditworthiness. The credit risk for advances to a subsidiary is considered negligible as this is mainly from a subsidiary that is generally financially stable.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company 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 Company'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:

December 31, 2020	Note	Carrying Amount	Contractual Cash Flow	1 Year or Less	Within 1 - 5 Years	More than 5 Years
Financial Liabilities						
Accounts payable and other current liabilities*	12	P176,923,793	P176,923,793	P176,923,793	P -	P -
Loans payable	13	550,000,000	590,170,139	405,013,889	185,156,250	-
Lease liability	14	77,986,896	90,515,308	7,515,493	34,012,349	48,987,466

* Excluding statutory obligations

December 31, 2019	Note	Carrying Amount	Contractual Cash Flow	1 Year or Less
Financial Liabilities				
Accounts payable and other current liabilities*	12	P27,934,458	P27,934,458	P27,934,458
Due to a related party	18	1,418,455	1,418,455	1,418,455

* Excluding statutory obligations

Fair Values

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

Cash and Cash Equivalents/Receivables/Due from related parties/Security Deposit/Accounts Payable and Other Current Liabilities/Short-term Loans Payable/Lease Liability/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.

Capital Management

The Company'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 Company 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 Company 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 Company defines capital as equity, which includes capital stock and retained earnings. There were no changes in the Company's approach to capital management as at December 31, 2020 and 2019. The Company is not subject to externally-imposed capital requirements.

23. Other Matters

Bayanihan Act

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulation (RR) No. 25-2020 to implement Section 4 of RA No. 11494 ("Bayanihan to Recover as One Act"), relative to NOLCO which provides that the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next five consecutive taxable years immediately following the year of such loss.

The net operating loss for the said taxable years may be carried over as a deduction even after the expiration of RA No. 11494, provided that the same is claimed within the next five consecutive taxable years following the year such loss was incurred.

CREATE Act

On March 26, 2021, the President of the Philippines has approved the Corporate Recovery and Tax Incentives for Enterprises or the CREATE Act, with nine provisions vetoed by the President. Below are the salient features of the Act that are relevant to the Group:

1. Corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5 million and with total assets not exceeding P100 million. All other domestic corporations and resident foreign corporations will be subject to 25% income tax. The said reductions are effective on July 1, 2020.
2. MCIT rate is reduced from 2% to 1% effective on July 1, 2020 to June 30, 2023.
3. The imposition of improperly accumulated earnings tax has been repealed.

On April 8, 2021, the BIR issued the following implementing revenue regulations that are effective immediately upon publication:

- BIR RR No. 2-2021, amending certain provisions of RR No. 2-98, As Amended, to implement the amendments introduced by CREATE Act to the National Revenue Code of 1997, as Amended, relative to the final tax on certain passive income;
- BIR RR No. 3-2021, Rules and Regulations implementing section 3 of CREATE Act, amending section 20 of the National Internal Revenue Code of 1997, As Amended;
- BIR RR No. 4-2021, implementing the provisions on VAT and Percentage Tax under CREATE Act, which further amended the National Revenue Code of 1997, as Amended, as implemented by RR No. 16-2005 (Consolidated Value-Added Tax Regulations of 2005), As Amended; and
- BIR RR No. 5-2021, implementing the new income tax rates on the regular income of Corporations, on certain passive incomes, including additional allowable deductions from gross income of “Persons Engaged in Business or Practice of Profession” pursuant to CREATE Act, which further amended the National Revenue Code of 1997. The corporate income tax of the entities within the Group will be lowered from 30% to 25% or 20%, as applicable, on which the Group would qualify, effective July 1, 2020.

The enactment of the CREATE Act is a non-adjusting subsequent event thus, the current and deferred income taxes as of December 31, 2020 are measured using the applicable income tax rates as of December 31, 2020.

Presented below is the estimated effect of changes in tax rates under the CREATE Act on the Company’s financial statements as of and for the year ended December 31, 2020::

	Increase (Decrease)
Statement of Financial Position	
Prepaid expenses and other current assets	P995,739
Deferred tax assets	(24,390)
Statement of Changes in Equity	
Retained earnings	971,349
Statement of Comprehensive Income	
Current tax expense	(995,739)
Deferred tax benefit	24,390
Net income	971,349

Impact of Corona Virus Disease (COVID-19)

The Company’s stores have continued to be operational and managed to open additional 22 stores during the COVID 19 pandemic. The Company continuous to be of service to the community providing grocery and pharmacy essentials.

The COVID 19 pandemic has shifted consumer demands and preferences, and with this the Company launched in 2020 its inhouse online delivery platform and partnered with different online delivery applications to increase sales and continuously deliver essential goods to customers.

The pandemic has caused challenges to store's construction activities and disruptions to the supply chain as movement of goods and manpower are restricted. The Company implemented business continuity plan which includes equipping the employees to work remotely to support the supply chain with the purpose of minimizing the impact of this business disruption.

The Company complies with strict community quarantine regulations for the safety of its stakeholders, particularly its store frontliners. The Company have continuously reassessed store operations procedures and re-orient store frontliners for the any new health and safety protocols.

The Company closely monitors updates from the Philippine Department of Health and other reliable sources publishing information regarding COVID-19 and shall continue to comply with all government-mandated measures relating to COVID-19. Despite this challenging business environment, the Company does not foresee any going concern issue affecting its business operations, and the Company projects that it would continue to report positive results of operations and would remain liquid to meet current obligation as it falls due.

24. Subsequent Event

On April 15, 2021, the Board of Directors approved the creation of a wholly owned subsidiary, MM Consumer Technologies Corp., which will serve as MM's arm for consumer technology related ventures.

25. Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue (BIR)

In addition to the disclosure mandated under PFRS, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the separate financial statements, certain supplementary information for the taxable year. The amounts relating to such supplementary information may not necessarily be the same with those amounts disclosed in the separate financial statements which were prepared in accordance with PFRS. Following are the tax information/disclosures required for the taxable year ended December 31, 2020:

A. VAT

	Amount
1. Output VAT	P284,204,210
Basis of the Output VAT:	
Vatable sales	P2,368,368,417
Exempt sales	23,018,932
Total vatable sales	P2,391,387,349
2. Input VAT	
Beginning of the year	P -
Current year's domestic purchases	284,053,857
	284,053,857
Output VAT applied	(282,804,306)
Balance at the end of the year	P1,249,551

B. Withholding Taxes

	Amount
Expanded withholding taxes	P24,761,670
Creditable withholding taxes	325,485
	P25,087,155

C. All Other Taxes (Local and National)

	Amount
<i>Other taxes paid during the year recognized as "Taxes and licenses" account under Operating expenses</i>	
Business tax	P11,402,114
BIR annual registration	1,500
Others	3,931,076
	P15,334,690

	Amount
<i>Other taxes paid during the year recognized as "Stock Issuance Cost" account under Equity</i>	
IPO tax	P63,797,468
Documentary stamp tax	797,470
	P64,594,938

D. Tax Assessments and Tax Cases

As at December 31, 2020, the Company has no pending tax court cases or tax assessment notices from the BIR.

Information on amounts of custom duties, tariff fees, excise taxes and documentary stamp taxes are not applicable since there are no transactions that the Company would be subjected to these taxes in 2020.

COVER SHEET

for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	9	3	0	1	2	5	
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COMPANY NAME

M	E	R	R	Y	M	A	R	T		C	O	N	S	U	M	E	R		C	O	R	P	.						
(F	o	r	m	e	r	l	y		I	n	j	a	p		S	u	p	e	r	m	a	r	t					
I	n	c	.)																									

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

g	t	h		F	l	r.		T	o	w	e	r		1		D	o	u	b	l	e		D	r	a	g	o	n	
P	l	a	z	a	,		D	D		M	e	r	i	d	i	a	n		P	a	r	k							
P	a	s	a	y		C	i	t	y																				

Form Type

A F S 2 0

Department requiring the report

--

Secondary License Type, If Applicable

--

COMPANY INFORMATION

Company's email Address

www.merrymart.com.ph

Company's Telephone Number/s

(02)-8253-0356

Mobile Number

0917-560-7273

No. of Stockholders

14

Annual Meeting (Month / Day)

November 11

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Rizza Marie Joy Sia

Email Address

--

Telephone Number/s

8856-7111

Mobile Number

--

CONTACT PERSON'S ADDRESS

Injap Bldg., TATC, Plaridel St., Roxas City

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

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

MERRYMART CONSUMER CORP.

**REPORT OF FACTUAL FINDINGS ON THE
APPLICATION OF PROCEEDS FROM THE INITIAL PUBLIC
OFFERING**



R.G. Manabat & Co.
The KPMG Center, 9/F
6787 Ayala Avenue, Makati City
Philippines 1226
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Website home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF FACTUAL FINDINGS

The Board of Directors and Stockholders
MERRYMART CONSUMER CORP.
9th Floor, Tower 1, DoubleDragon Plaza
DD Meridian Park, Corner Macapagal Avenue and EDSA Extension
Bay Area, Barangay 76, Pasay City, NCR, Philippines

We have performed the procedures agreed with you and enumerated below with respect to the Progress Report on the application of proceeds from the Initial Public Offering ("IPO") of MerryMart Consumer Corp. (the "Company") on June 15, 2020. The procedures were performed solely to comply with the requirement of the Philippine Stock Exchange (PSE) for the Company to submit an external auditors' report of factual findings on the accuracy of the information being represented by the Company relating to the use of proceeds from the IPO whenever a report is submitted to the PSE. Our engagement was undertaken in accordance with Philippine Standard on Related Services (PSRS) 4400, *Engagements to Perform Agreed-upon Procedures Regarding Financial Information*.

The agreed-upon procedures are summarized as follows:

1. Obtain and check the mathematical accuracy of the Quarterly Progress Report from the Company.
2. Compare the list of all the disbursements in the Quarterly Progress Report with the schedule of planned use of proceeds from the IPO in the Offering Circular ("Prospectus") and agree the amounts to the related supporting documents such as memorandum of agreements, invoices, deposit slips, passbook and letter of instructions.
3. Obtain written management representation as to any reallocation (or absences thereof) on the Company's planned use of proceeds or any change in the work program as disclosed in the Prospectus.

The results of the procedures performed are summarized in Annex A, which is an integral part of this report.



The procedures that we performed did not constitute either an audit or review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standard on Review Engagements (PSRE), thus, we do not express any assurance on the use of proceeds from the IPO based on the said standards.

Had we performed additional procedures, or had we performed an audit or review of the financial statements in accordance with PSA and PSRE, other matters might have come to our attention that would have been reported to you.

We have no responsibility to update this report for events or circumstances occurring after the date of this report.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report relates only to the report on the Company's use of the proceeds from the IPO and items specified above and do not extend to any financial statements of the Company taken as a whole.

R.G. MANABAT & CO.

A handwritten signature in black ink, appearing to read 'Darwin P. Virocel', with a stylized flourish at the end.

DARWIN P. VIROCEL

Partner

CPA License No. 0094495

SEC Accreditation No. 94495-SEC, Group A, effective for five (5) years
covering the audit of 2019 to 2023 financial statements

October 15, 2020
Makati City, Metro Manila

Summary of Results of Agreed-Upon Procedures Performed Annex A

We report the results of our work as follows:

1. We have obtained and checked the mathematical accuracy of the Company's Quarterly Progress Report for the quarter ended September 30, 2020. No exceptions noted.
2. We have compared the list of all the disbursements in the Quarterly Progress Report with the schedule of planned use of proceeds from the IPO in the Prospectus and agreed the amounts to the related supporting documents. No exceptions noted.

As presented by the Company and based on the above procedures, the table below lists the details of the disbursements made during the quarter ended September 30, 2020, from the P1,466.3 million net IPO proceeds.

	Allocation per Prospectus (in millions)	Allocation of Actual Net Proceeds (in millions)	Actual Disbursement		Balance as at end of 2020-Q3 (in millions)
			Actual Disbursement for 2020-Q3 (in millions)	Total Cumulative Disbursement (in millions)	
Capital expenditures and initial working capital for store network expansion	P1,030.8	P1,030.8	P106.9	P108.3	P922.5
Investment in distribution centers	220.9	220.9	0.4	0.4	220.5
General corporate purposes	220.1	214.6	9.4	31.7	182.9
Total	P1,471.8	P1,466.3	P116.7	P140.4	P1,325.9

Relative to the actual disbursements for the period, the following procedures were also performed:

- a. Compared and agreed the actual disbursements for the quarter ended September 30, 2020 submitted by the Company to the PSE to the related supporting documents which includes bank account passbooks, official receipts, collection receipts and bank deposit slips. No exceptions noted.
- b. Checked the details of the disbursements made as shown above to the related supporting documents and noted that the portion of the proceeds allocated for capital expenditures and initial working capital for store network expansion of various stores has been disbursed by the Company totaling P106.9 million, disbursement amounting to P0.4 million for investment in distribution centers related to one of the stores, and disbursement of P9.4 million for the Company's general corporate requirements. Such transactions and amounts thereof were agreed to the related vouchers and official receipts.

We also observed that various disbursements in the prior quarter were included in the report. These disbursements form part of the total capital expenditures and initial working capital for store network expansion and general corporate requirements. No exceptions noted.

3. We have obtained written management representation and noted that there were no reallocations made on the Company's planned use of proceeds from the IPO or any changes in the work program as disclosed in the Prospectus.

MERRYMART CONSUMER CORP.

**REPORT ON FACTUAL FINDINGS ON THE
APPLICATION OF PROCEEDS FROM THE INITIAL PUBLIC
OFFERING**



R.G. Manabat & Co.
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Philippines 1226
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT ON FACTUAL FINDINGS

The Board of Directors and Stockholders
MERRYMART CONSUMER CORP.
9th Floor, Tower 1, DoubleDragon Plaza
DD Meridian Park, Corner Macapagal Avenue and EDSA Extension
Bay Area, Barangay 76, Pasay City, NCR, Philippines

We have performed the procedures agreed with you and enumerated below with respect to the Progress Report on the application of proceeds from the Initial Public Offering (“IPO”) of MerryMart Consumer Corp. (the “Company”) on June 15, 2020. The procedures were performed solely to comply with the requirement of the Philippine Stock Exchange (PSE) for the Company to submit an external auditors’ report on factual findings on the accuracy of the information being represented by the Company relating to the use of proceeds from the IPO whenever a report is submitted to the PSE. Our engagement was undertaken in accordance with Philippine Standard on Related Services (PSRS) 4400, *Engagements to Perform Agreed-upon Procedures Regarding Financial Information*.

The agreed-upon procedures are summarized as follows:

1. Obtain and check the mathematical accuracy of the Quarterly Progress Report from the Company.
2. Compare the list of all the disbursements in the Quarterly Progress Report with the schedule of planned use of proceeds from the IPO in the Offering Circular (“Prospectus”) and agree the amounts to the related supporting documents such as memorandum of agreements, invoices, deposit slips, passbook and letter of instructions.
3. Obtain written management representation as to any reallocation (or absences thereof) on the Company’s planned use of proceeds or any change in the work program as disclosed in the Prospectus.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until November 21, 2023
SEC Accreditation No. 0003-SEC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by SEC Accreditation No. 0004-FR-5)
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



The results of the procedures performed are summarized in Annex A, which is an integral part of this report.

The procedures that we performed did not constitute either an audit or review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standard on Review Engagements (PSRE), thus, we do not express any assurance on the use of proceeds from the IPO based on the said standards.

Had we performed additional procedures, or had we performed an audit or review of the financial statements in accordance with PSA and PSRE, other matters might have come to our attention that would have been reported to you.

We have no responsibility to update this report for events or circumstances occurring after the date of this report.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report relates only to the report on the Company's use of the proceeds from the IPO and items specified above and do not extend to any financial statements of the Company taken as a whole.

R.G. MANABAT & CO.

DARWIN P. VIROCEL

Partner

CPA License No. 0094495

SEC Accreditation No. 94495-SEC, Group A, effective for five (5) years
covering the audit of 2019 to 2023 financial statements

January 15, 2021
Makati City, Metro Manila



Summary of Results of Agreed-Upon Procedures Performed Annex A

We report the results of our work as follows:

1. We have obtained and checked the mathematical accuracy of the Company's Quarterly Progress Report for the fourth quarter ended December 31, 2020. No exceptions noted.
2. We have compared the list of all the disbursements in the Quarterly Progress Report with the schedule of planned use of proceeds from the IPO in the Prospectus and agreed the amounts to the related supporting documents. No exceptions noted.

As presented by the Company and based on the above procedures, the table below lists the details of the disbursements made during the quarter ended December 31, 2020, from the P1,466.3 million net IPO proceeds.

	Allocation per Prospectus (in millions)	Allocation of Actual Net Proceeds (in millions)	Actual Disbursement		Balance as at end of 2020-Q4 (in millions)
			Actual Disbursement for 2020-Q4 (in millions)	Total Cumulative Disbursement (in millions)	
Capital expenditures and initial working capital for store network expansion	P1,030.8	P1,030.8	P202.1	P310.4	P720.4
Investment in distribution centers	220.9	220.9	116.9	117.3	103.6
General corporate purposes	220.1	214.6	71.4	103.1	111.5
Total	P1,471.8	P1,466.3	P390.4	P530.8	P935.5

Relative to the actual disbursements for the period, the following procedures were also performed:

- a. Compared and agreed the actual disbursements for the quarter ended December 31, 2020 submitted by the Company to the PSE to the related supporting documents which includes bank account passbooks, official receipts, collection receipts and bank deposit slips. No exceptions noted.
- b. Checked the details of the disbursements made as shown above to the related supporting documents and noted that the portion of the proceeds allocated for capital expenditures and initial working capital for store network expansion of various stores has been disbursed by the Company totaling P202.1 million, disbursement amounting to P116.9 million for investment in distribution center related to one of the stores, and disbursement of P71.4 million for the Company's general corporate requirements. Such transactions and amounts thereof were agreed to the related vouchers and official receipts.

We also observed that various disbursements in the prior quarter were included in the report for the quarter ended December 31, 2020. These disbursements form part of the investment in distribution center and general corporate requirements. No exceptions noted.

3. We have obtained written management representation and noted that there were no reallocations made on the Company's planned use of proceeds from the IPO or any changes in the work program as disclosed in the Prospectus.

MERRYMART CONSUMER CORP.

**REPORT ON FACTUAL FINDINGS ON THE
APPLICATION OF PROCEEDS FROM THE INITIAL PUBLIC
OFFERING**



R.G. Manabat & Co.
The KPMG Center, 9/F
6787 Ayala Avenue, Makati City
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Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT ON FACTUAL FINDINGS

The Board of Directors and Stockholders
MERRYMART CONSUMER CORP.
9th Floor, Tower 1, DoubleDragon Plaza
DD Meridian Park, Corner Macapagal Avenue and EDSA Extension
Bay Area, Barangay 76, Pasay City, NCR, Philippines

We have performed the procedures agreed with you and enumerated below with respect to the Progress Report on the application of proceeds from the Initial Public Offering (“IPO”) of MerryMart Consumer Corp. (the “Company”) on June 15, 2020. The procedures were performed solely to comply with the requirement of the Philippine Stock Exchange (PSE) for the Company to submit an external auditors’ report on factual findings on the accuracy of the information being represented by the Company relating to the use of proceeds from the IPO whenever a report is submitted to the PSE. Our engagement was undertaken in accordance with Philippine Standard on Related Services (PSRS) 4400, *Engagements to Perform Agreed-upon Procedures Regarding Financial Information*.

The agreed-upon procedures are summarized as follows:

1. Obtain and check the mathematical accuracy of the Annual Progress Report from the Company.
2. Compare the list of all the disbursements in the Annual Progress Report with the schedule of planned use of proceeds from the IPO in the Offering Circular (“Prospectus”) and agree the amounts to the related supporting documents such as memorandum of agreements, invoices, deposit slips, passbook and letter of instructions.
3. Obtain written management representation as to any reallocation (or absences thereof) on the Company’s planned use of proceeds or any change in the work program as disclosed in the Prospectus.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until November 21, 2023
SEC Accreditation No. 0003-SEC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by SEC Accreditation No. 0004-FR-5)
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



The results of the procedures performed are summarized in Annex A, which is an integral part of this report.

The procedures that we performed did not constitute either an audit or review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standard on Review Engagements (PSRE), thus, we do not express any assurance on the use of proceeds from the IPO based on the said standards.

Had we performed additional procedures, or had we performed an audit or review of the financial statements in accordance with PSA and PSRE, other matters might have come to our attention that would have been reported to you.

We have no responsibility to update this report for events or circumstances occurring after the date of this report.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report relates only to the report on the Company's use of the proceeds from the IPO and items specified above and do not extend to any financial statements of the Company taken as a whole.

R.G. MANABAT & CO.

DARWIN P. VIROCEL

Partner

CPA License No. 0094495

SEC Accreditation No. 94495-SEC, Group A, effective for five (5) years
covering the audit of 2019 to 2023 financial statements

January 15, 2021
Makati City, Metro Manila



Summary of Results of Agreed-Upon Procedures Performed Annex A

We report the results of our work as follows:

1. We have obtained and checked the mathematical accuracy of the Company's Annual Progress Report for the year ended December 31, 2020. No exceptions noted.
2. We have compared the list of all the disbursements in the Annual Progress Report with the schedule of planned use of proceeds from the IPO in the Prospectus and agreed the amounts to the related supporting documents. No exceptions noted.

As presented by the Company and based on the above procedures, the table below lists the details of the disbursements made during the period ended December 31, 2020, from the P1,466.3 million net IPO proceeds.

	Allocation per Prospectus (in millions)	Allocation of Actual Net Proceeds (in millions)	Actual Disbursements (in millions)				As at December 31, 2020	Balance as at December 31, 2020
			2020 Q2	2020 Q3	2020 Q4	Total		
Capital expenditures and initial working capital for store network expansion	P1,030.8	P1,030.8	P1.4	P106.9	P202.1	P310.4	P310.4	P720.4
Investment in distribution centers	220.9	220.9	-	0.4	116.9	117.3	117.3	103.6
General corporate purposes	220.1	214.6	22.3	9.4	71.4	103.1	103.1	111.5
Total	P1,471.8	P1,466.3	P23.7	P116.7	P390.4	P530.8	P530.8	P935.5

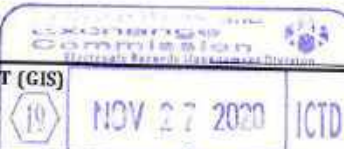
Relative to the actual disbursements for the year, we have compared and agreed the actual disbursements for the year ended December 31, 2020 submitted by the Company to the PSE to the related supporting documents, which includes the bank account passbooks, related check vouchers, official receipts, collection receipts and bank deposit slips. We have noted that the portion of the proceeds allocated for the Capital expenditures and initial working capital for store network expansion, Investment in distribution centers and general corporate purposes has been disbursed by the Company to various related expenditures totaling to P310.4 million, P117.3 million and P103.1 million, respectively. No exceptions noted.

3. We have obtained written management representation and noted that there were no reallocations made on the Company's planned use of proceeds from the IPO or any changes in the work program as disclosed in the Prospectus.

AMENDED GENERAL INFORMATION SHEET (GIS)

FOR THE YEAR 2020

STOCK CORPORATION



GENERAL INSTRUCTIONS:

- FOR USER CORPORATION: THIS GIS SHOULD BE SUBMITTED WITHIN THIRTY (30) CALENDAR DAYS FROM THE DATE OF THE ANNUAL STOCKHOLDERS' MEETING. **DO NOT LEAVE ANY ITEM BLANK.** WRITE "N.A." IF THE INFORMATION REQUIRED IS NOT APPLICABLE TO THE CORPORATION OR "NONE" IF THE INFORMATION IS NON-EXISTENT. IF THE ANNUAL STOCKHOLDERS' MEETING IS HELD ON A DATE OTHER THAN THAT STATED IN THE BY-LAWS, THE GIS SHALL BE SUBMITTED WITHIN THIRTY (30) CALENDAR DAYS AFTER THE ELECTION OF THE DIRECTORS, TRUSTEES AND OFFICERS OF THE CORPORATION AT THE ANNUAL MEMBERS' MEETING.
- IF NO MEETING IS HELD, THE CORPORATION SHALL SUBMIT THE GIS NOT LATER THAN JANUARY 30 OF THE FOLLOWING YEAR. HOWEVER, SHOULD AN ANNUAL STOCKHOLDERS' MEETING BE HELD THEREAFTER, A NEW GIS SHALL BE SUBMITTED/FILED.
- THIS GIS SHALL BE ACCOMPLISHED IN ENGLISH AND CERTIFIED AND SWORN TO BY THE **CORPORATE SECRETARY** OF THE CORPORATION.
- THE SEC SHOULD BE TIMELY APPRISED OF RELEVANT CHANGES IN THE SUBMITTED INFORMATION AS THEY ARISE. FOR CHANGES RESULTING FROM ACTIONS THAT AROSE BETWEEN THE ANNUAL MEETINGS, THE CORPORATION SHALL SUBMIT AMENDED GIS CONTAINING THE NEW INFORMATION TOGETHER WITH A COVER LETTER SIGNED BY THE CORPORATE SECRETARY OF THE CORPORATION. THE AMENDED GIS AND COVER LETTER SHALL BE SUBMITTED WITHIN SEVEN (7) DAYS AFTER SUCH CHANGE OCCURRED OR BECAME EFFECTIVE.
- SUBMIT FOUR (4) COPIES OF THE GIS TO THE RECEIVING SECTION AT THE SEC MAIN OFFICE, OR TO SEC SATELLITE OFFICES OR EXTENSION OFFICES. ALL COPIES SHALL UNIFORMLY BE ON A4 OR LETTER-SIZED PAPER. THE PAGES OF ALL COPIES SHALL USE ONLY ONE SIDE.
- ONLY THE GIS ACCOMPLISHED IN ACCORDANCE WITH THESE INSTRUCTIONS SHALL BE CONSIDERED AS HAVING BEEN FILED.**
- THIS GIS MAY BE USED AS EVIDENCE AGAINST THE CORPORATION AND ITS RESPONSIBLE DIRECTORS/OFFICERS FOR ANY VIOLATION OF EXISTING LAWS, RULES AND REGULATIONS.

***** PLEASE PRINT LEGIBLY *****

CORPORATE NAME: MERRYMART CONSUMER CORP.		DATE REGISTERED: 09/09/2009
BUSINESS/TRADE NAME: MERRYMART CONSUMER CORP.		FISCAL YEAR END: December 31
SEC REGISTRATION NUMBER: CS200930125		CORPORATE TAX IDENTIFICATION NUMBER (TIN): 281-768-124
DATE OF ANNUAL MEETING PER BY-LAWS: November 11		WEBSITE/URL ADDRESS: www.merrymart.com.ph
ACTUAL DATE OF ANNUAL MEETING: January 23, 2020		E-MAIL ADDRESS: N.A.
COMPLETE PRINCIPAL OFFICE ADDRESS: 9th Flr. Tower 1 DoubleDragon Plaza, DD Meridian Park, Pasay City		FAX NUMBER: N.A.
COMPLETE BUSINESS ADDRESS: 9th Flr. Tower 1 DoubleDragon Plaza, DD Meridian Park, Pasay City		TELEPHONE NUMBER(S): (02)-8253-0356
NAME OF EXTERNAL AUDITOR & ITS SIGNING PARTNER: KPMG R.G. Manabat & Co.		SEC ACCREDITATION NUMBER (if applicable):
PRIMARY PURPOSE/ACTIVITY/INDUSTRY PRESENTLY ENGAGED IN: Supermart/Food Shop	INDUSTRY CLASSIFICATION: Retail Trade	GEOGRAPHICAL CODE: Philippines

***** INTERCOMPANY AFFILIATIONS *****

PARENT COMPANY	SEC REGISTRATION NO.	ADDRESS
Injap Investments Inc.	CS200725757	Puentes St., Iloilo City
SUBSIDIARY/AFFILIATE	SEC REGISTRATION NO.	ADDRESS
MerryMart Grocery Centers Inc.	CS201821883	9th Flr. Tower 1 DoubleDragon Plaza, DD Meridian Park

NOTE: USE ADDITIONAL SHEET IF NECESSARY

GENERAL INFORMATION SHEET

STOCK CORPORATION

PLEASE PRINT LEGIBLY

Corporate Name:

INJAP SUPERMART INC.

A. Is the Corporation a covered person under the Anti Money Laundering Act (AMLA), as amended? (Rep. Acts. 9160/9164/10167/10365)

☐ Yes ☒ No

Please check the appropriate box:

1.

- ☐ a. Banks
- ☐ b. Offshore Banking Units
- ☐ c. Quasi-Banks
- ☐ d. Trust Entities
- ☐ e. Non-Stock Savings and Loan Associations
- ☐ f. Pawnshops
- ☐ g. Foreign Exchange Dealers
- ☐ h. Money Changers
- ☐ i. Remittance Agents
- ☐ j. Electronic Money Issuers
- ☐ k. Financial Institutions which Under Special Laws are subject to Bangko Sentral ng Pilipinas' (BSP) supervision and/or regulation, including their subsidiaries and affiliates.

4. ☐ Jewelry dealers in precious metals, who, as a business, trade in precious metals

5. ☐ Jewelry dealers in precious stones, who, as a business, trade in precious stone

6. Company service providers which, as a business, provide any of the following services to third parties:

2.

- ☐ a. Insurance Companies
- ☐ b. Insurance Agents
- ☐ c. Insurance Brokers
- ☐ d. Professional Reinsurers
- ☐ e. Reinsurance Brokers
- ☐ f. Holding Companies
- ☐ g. Holding Company Systems
- ☐ h. Pre-need Companies
- ☐ i. Mutual Benefit Association
- ☐ j. All Other Persons and entities supervised and/or regulated by the Insurance Commission (IC)

☐ a. acting as a formation agent of juridical persons

☐ b. acting as (or arranging for another person to act as) a director or corporate secretary of a company, a partner of a partnership, or a similar position in relation to other juridical persons

☐ c. providing a registered office, business address or accommodation, correspondence or administrative address for a company, a partnership or any other legal person or arrangement

☐ d. acting as (or arranging for another person to act as) a nominee shareholder for another person

3.

- ☐ a. Securities Dealers
- ☐ b. Securities Brokers
- ☐ c. Securities Salesman
- ☐ d. Investment Houses
- ☐ e. Investment Agents and Consultants
- ☐ f. Trading Advisors
- ☐ g. Other entities managing Securities or rendering similar services
- ☐ h. Mutual Funds or Open-end Investment Companies
- ☐ i. Close-end Investment Companies
- ☐ j. Common Trust Funds or Issuers and other similar entities
- ☐ k. Transfer Companies and other similar entities
- ☐ l. Other entities administering or otherwise dealing in currency, commodities or financial derivatives based there on
- ☐ m. Entities administering or otherwise dealing in valuable objects
- ☐ n. Entities administering or otherwise dealing in cash Substitutes and other similar monetary instruments or property supervised and/or regulated by the Securities and Exchange Commission (SEC)

7. Persons who provide any of the following services:

☐ a. managing of client money, securities or other assets

☐ b. management of bank, savings or securities accounts

☐ c. organization of contributions for the creation, operation or management of companies

☐ d. creation, operation or management of juridical persons or arrangements, and buying and selling business entities

8. ☒ None of the above

Describe nature of business:

Retail selling in supermarkets

B. Has the Corporation complied with the requirements on Customer Due Diligence (CDD) or Know Your Customer (KYC), record-keeping, and submission of reports under the AMLA, as amended, since the last filing of its GIS?

☐ Yes ☒ No

PLEASE PRINT LEGIBLY

MerryMart Consumer Corp.

AUTHORIZED CAPITAL STOCK

SUBSCRIBED CAPITAL	1,200,000,000.00
--------------------	------------------

TOTAL			7,590,966,709	TOTAL	TOTAL P	379,548,335.45	99.95
-------	--	--	---------------	-------	---------	----------------	-------

Percentage of Foreign Equity:	TOTAL	3,970,000	TOTAL	TOTAL	100,000,000
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TOTAL	3,970,000
-------	-----------

TOTAL	
-------	--

TOTAL	P
-------	---

	199 500 00
--	------------

231

TOTAL SUBSCRIBED	P
------------------	---

TOTAL	7,590,966,709	TOTAL	P	379 548 325 15	20 05%
-------	---------------	-------	---	----------------	--------

[illegible]

100.00 %

TOTAL	3,970,000
-------	-----------

TOTAL	P
-------	---

198,500.00

0.05

TOTAL PAID-UP

379.746.835.45

0.03
100.00%

* Common, Preferred or other classification

** Other than Directors, Officers, Shareholders owning 10% of outstanding shares

GENERAL INFORMATION SHEET

STOCK CORPORATION

PLEASE PRINT LEGIBLY

CORPORATE NAME:

MerryMart Consumer Corp.

DIRECTORS / OFFICERS

NAME/CURRENT RESIDENTIAL ADDRESS	NATIONALITY	INC'R	BOARD	GENDER	STOCK HOLDER	OFFICER	EXEC. COMM.	TAX IDENTIFICATION NUMBER
1. EDGAR J. SIA II Makati City	Filipino	Y	C	M	Y	Chairman/ CEO		192-003-450
2. FERDINAND J. SIA Makati City	Filipino	Y	M	M	Y	President		917-782-960
3. MARIANNA H. YULO Makati City	Filipino	N	M	F	Y	CFO/CIO		930-989-138
4. VICTORIA R. TAMAYAO Antipolo City	Filipino	N	I	F	Y	Independent Director		107-043-084
5. GARY P. CHENG Makati City	Filipino	N	I	M	Y	Independent Director		214-614-988
6. JOSE ROELPH E. DESALES Mandaluyong City	Filipino	N	M	M	Y	Asst. Corp. Secretary		907-735-837
7. JACQUELINE ANN MARIE GOMEZ Makati City	Filipino	N	M	F	Y	Corporate Secretary		941-650-485
8.								
9.								
10.								
11.								
12.								
13.								
14.								
15.								

INSTRUCTION:

FOR SEX COLUMN, PUT "F" FOR FEMALE, "M" FOR MALE.

FOR BOARD COLUMN, PUT "C" FOR CHAIRMAN, "M" FOR MEMBER, "I" FOR INDEPENDENT DIRECTOR.

FOR INC'R COLUMN, PUT "Y" IF AN INCORPORATOR, "N" IF NOT.

FOR STOCKHOLDER COLUMN, PUT "Y" IF A STOCKHOLDER, "N" IF NOT.

FOR OFFICER COLUMN, INDICATE PARTICULAR POSITION IF AN OFFICER, FROM VP UP INCLUDING THE POSITION OF THE TREASURER,

SECRETARY, COMPLIANCE OFFICER AND/OR ASSOCIATED PERSON.

FOR EXECUTIVE COMMITTEE, INDICATE "C" IF MEMBER OF THE COMPENSATION COMMITTEE; "A" FOR AUDIT COMMITTEE; "N" FOR NOMINATION AND ELECTION COMMITTEE. ADDITIONALLY WRITE "C" AFTER SLASH IF CHAIRMAN AND "M" IF MEMBER.

GENERAL INFORMATION SHEET
STOCK CORPORATION

===== PLEASE PRINT LEGIBLY =====						
CORPORATE NAME: MerryMart Consumer Corp.						
TOTAL NUMBER OF STOCKHOLDERS:		15		NO. OF STOCKHOLDERS WITH 100 SHARES EACH:		
TOTAL ASSETS BASED ON LATEST AUDITED FINANCIAL STATEMENTS:				Php497,550,643.00		
STOCKHOLDER'S INFORMATION						
NAME, NATIONALITY AND CURRENT RESIDENTIAL ADDRESS	SHARES SUBSCRIBED			% OF OWNER-SHIP	AMOUNT PAID (PhP)	TAX IDENTIFICATION NUMBER
	TYPE	NUMBER	AMOUNT (PhP)			
1. INJAP INVESTMENTS, INC. Filipino Fuentes St., Iloilo City	Common	5,999,989,995	299,999,499.75	78.99986127%	299,999,499.75	006-661-843
	TOTAL	5,999,989,995	299,999,499.75			
2. PCD NOMINEE CORP.(F) Filipino 37/F Tower 1, The Enterprise Tower 6766 Ayala Ave. Makati City	Common	1,590,956,709	79,547,835.45	20.94759667%	79,547,835.45	004-774-849
	TOTAL	1,590,956,709	79,547,835.45			
3. PCD NOMINEE (NF) Filipino 37/F Tower 1, The Enterprise Tower 6766 Ayala Ave. Makati City	Common	3,970,000	198,500.00	0.05227167%	198,500.00	004-774-849
	TOTAL	3,970,000	198,500.00			
4. OTHER STOCKHOLDERS Filipino	Common	20,005	1,000.25	0.00026340%	1,000.25	
	TOTAL	20,005	1,000.25			
5. **nothing follows**						
6.						
7.						
				100.00000000%	379,746,835.45	
TOTAL AMOUNT OF PAID-UP CAPITAL						

INSTRUCTION: SPECIFY THE TOP 20 STOCKHOLDERS AND INDICATE THE REST AS OTHERS.

Note: For PDC Nominee included in the list, please indicate further the beneficial owners owning more than 5% of any class of the company's voting securities. Attach separate sheet, if necessary.

GENERAL INFORMATION SHEET
STOCK CORPORATION

===== PLEASE PRINT LEGIBLY =====

CORPORATE NAME: MerryMart Consumer Corp.						
TOTAL NUMBER OF STOCKHOLDERS: 15		NO. OF STOCKHOLDERS WITH 100 OR MORE SHARES EACH:				
TOTAL ASSETS BASED ON LATEST AUDITED FS: Php497,550,643.00						
STOCKHOLDER'S INFORMATION						
NAME, NATIONALITY AND CURRENT RESIDENTIAL ADDRESS	SHARES SUBSCRIBED				AMOUNT PAID (Php)	TAX IDENTIFICATION NUMBER
	TYPE	NUMBER	AMOUNT (Php)	% OF OWNERSHIP		
8.						
9.						
10.						
11.						
12.						
	TOTAL					
13.						
	TOTAL					
14.						
	TOTAL					
TOTAL AMOUNT OF SUBSCRIBED CAPITAL						
TOTAL AMOUNT OF PAID-UP CAPITAL						
INSTRUCTION: SPECIFY THE TOP 20 STOCKHOLDERS AND INDICATE THE REST AS OTHERS						
<small>Note: For PDTC Nominee included in the list, please indicate further the beneficial owners owning more than 5% of any class of the company's voting securities. Attach separate sheet, if necessary.</small>						

GENERAL INFORMATION SHEET

STOCK CORPORATION

PLEASE PRINT LEGIBLY

CORPORATE NAME:

MerryMart Consumer Corp.

TOTAL NUMBER OF STOCKHOLDERS:

NO. OF STOCKHOLDERS WITH 10% OR MORE SHARES EACH:

TOTAL ASSETS BASED ON LATEST AUDITED FS:

STOCKHOLDER'S INFORMATION

NAME, NATIONALITY AND CURRENT RESIDENTIAL ADDRESS	SHARES SUBSCRIBED				AMOUNT PAID (Php)	TAX IDENTIFICATION NUMBER
	TYPE	NUMBER	AMOUNT (Php)	% OF OWNER-SHIP		
15.						
	TOTAL					
16.						
	TOTAL					
17.						
	TOTAL					
18.						
	TOTAL					
19.						
	TOTAL					
20.						
	TOTAL					
21. OTHERS (Indicate the number of the remaining stockholders)						
	TOTAL					
TOTAL AMOUNT OF SUBSCRIBED CAPITAL						
TOTAL AMOUNT OF PAID-UP CAPITAL						

INSTRUCTION: SPECIFY THE TOP 20 STOCKHOLDERS AND INDICATE THE REST AS OTHERS

Note: For PDTC Nominee included in the list, please indicate further the beneficial owners owning more than 5% of any class of the company's voting securities. Attach separate sheet, if necessary.

GENERAL INFORMATION SHEET

STOCK CORPORATION

===== PLEASE PRINT LEGIBLY =====			
CORPORATE NAME: MerryMart Consumer Corp.			
1. INVESTMENT OF CORPORATE FUNDS IN ANOTHER CORPORATION		AMOUNT (PhP)	DATE OF BOARD RESOLUTION
1.1 STOCKS			
1.2 BONDS/COMMERCIAL PAPER (Issued by Private Corporations)			
1.3 LOANS/ CREDITS/ ADVANCES			
1.4 GOVERNMENT TREASURY BILLS			
1.5 OTHERS			
2. INVESTMENT OF CORPORATE FUNDS IN ACTIVITIES UNDER ITS SECONDARY PURPOSES (PLEASE SPECIFY:)		DATE OF BOARD RESOLUTION	DATE OF STOCKHOLDERS RATIFICATION
N.A.			
3. TREASURY SHARES		NO. OF SHARES	% AS TO THE TOTAL NO. OF SHARES ISSUED
4. UNRESTRICTED/UNAPPROPRIATED RETAINED EARNINGS AS OF END OF LAST FISCAL YEAR: NA			
5. DIVIDENDS DECLARED DURING THE IMMEDIATELY PRECEDING YEAR: N.A.			
TYPE OF DIVIDEND		AMOUNT (PhP)	DATE DECLARED
5.1 CASH			
5.2 STOCK			
5.3 PROPERTY			
TOTAL		P	
6. ADDITIONAL SHARES ISSUED DURING THE PERIOD: N.A.			
DATE	NO. OF SHARES	AMOUNT	
SECONDARY LICENSE/REGISTRATION WITH SEC AND OTHER GOV'T AGENCY:			
NAME OF AGENCY:	SEC	BSP	IC
TYPE OF LICENSE/REGN.			
DATE ISSUED:			
DATE STARTED OPERATIONS:			
TOTAL ANNUAL COMPENSATION OF DIRECTORS DURING THE PRECEDING FISCAL YEAR (in PhP)	TOTAL NO. OF OFFICERS	TOTAL NO. OF RANK & FILE EMPLOYEES	TOTAL MANPOWER COMPLEMENT
N.A.			

NOTE: USE ADDITIONAL SHEET IF NECESSARY


I, JACQUELINE ANN MARIE O. GOMEZ, Corporate Secretary of MERRYMART CONSUMER CORP. declare under penalty of perjury that all matters set forth in this GIS have been made in good faith, duly verified by me and to the best of my knowledge and belief are true and correct.

I hereby attest that all the information in this GIS are being submitted in compliance with the rules and regulations of the Securities and Exchange Commission (SEC) the collection, processing, storage and sharing of said information being necessary to carry out the functions of public authority for the performance of the constitutionally and statutorily mandated functions of the SEC as a regulatory agency.

I further attest that I have been authorized by the Board of Directors/Trustees to file this GIS with the SEC.

I understand that the Commission may place the corporation under delinquent status for failure to submit the reportorial requirements three (3) times, consecutively or intermittently, within a period of five (5) years (Section 177, RA No. 11232).

Done this 27th day of November, 2020 in Pasay City.


JACQUELINE ANN MARIE O. GOMEZ

PASAY CITY

SUBSCRIBED AND SWORN TO before me in _____ on NOV 27 2020 by affiant who personally appeared before me and exhibited to me his/her competent evidence of identity consisting of PP No. P6783876A issued at DFA Manila on April 16, 2018.

Doc. No. 292;
Page No. 60;
Book No. 2;
Series of 2020.


NOTARY PUBLIC
ERIKA ESTEL G. CUSI

Notary Public for Pasay
Until December 31, 2021
Commission No. 20-27

Roll No. 63306

IBP Lifetime Member No. 012614 03/28/2014

PTR No. 7043503 01/10/2020/Pasay City

DoubleDragon Headquarters, 10th Floor, Tower 1

DoubleDragon Plaza, DD Meridian Park

Cor. Macapagal Avenue & EDSA Ext., Bay Area, Pasay City

BENEFICIAL OWNERSHIP DECLARATION

SEC REGISTRATION NUMBER:

CS200930125

CORPORATE NAME:

MerryMart Consumer Corp.

Instructions:

1. Identify the Beneficial Owner/s of the corporation as described in the Categories of Beneficial Ownership in items A to I below. List down as many as you can identify. You may use an additional sheet if necessary.
2. Fill in the required information on the beneficial owner in the fields provided for.
3. In the "Category of Beneficial Ownership" column, indicate the letter(s) corresponding thereto. In the event that the person identified as beneficial owner falls under several categories, indicate all the letters corresponding to such categories.
4. If the category is under letter "I", indicate the position held (i.e., Director/Trustee, President, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, etc.).
5. Do not leave any item blank. Write "N/A" if the information required is not applicable or "NONE" if non-existent.

"Beneficial Owner" refers to any natural person(s) who ultimately own(s) or control(s) or exercise(s) ultimate effective control over the corporation. This definition covers the natural person(s) who actually own or control the corporation as distinguished from the legal owners. Such beneficial ownership may be determined on the basis of the following:

Category

Description

- A** Natural person(s) owning directly or indirectly or through a chain of ownership, at least twenty-five percent (25%) of the voting rights, voting shares or capital of the reporting corporation.
- B** Natural person(s) who exercise control over the reporting corporation, alone or together with others, through any contract, understanding, relationship, intermediary or tiered entity.
- C** Natural person(s) having the ability to elect a majority of the board of directors/trustees, or any similar body, of the corporation.
- D** Natural person(s) having the ability to exert a dominant influence over the management or policies of the corporation.
- E** Natural person(s) whose directions, instructions, or wishes in conducting the affairs of the corporation are carried out by majority of the members of the board of directors of such corporation who are accustomed or under an obligation to act in accordance with such person's directions, instructions or wishes.
- F** Natural person(s) acting as stewards of the properties of corporations, where such properties are under the care or administration of said natural person(s).
- G** Natural person(s) who actually own or control the reporting corporation through nominee shareholders or nominee directors acting for or on behalf of such natural persons.
- H** Natural person(s) ultimately owning or controlling or exercising ultimate effective control over the corporation through other means not falling under any of the foregoing categories.
- I** Natural person(s) exercising control through positions held within a corporation (i.e., responsible for strategic decisions that fundamentally affect the business practices or general direction of the corporation such as the members of the board of directors or trustees or similar body within the corporation; or exercising executive control over the daily or regular affairs of the corporation through a senior management position). This category is only applicable in exceptional cases where no natural person is identifiable who ultimately owns or exerts control over the corporation, the reporting corporation having exhausted all reasonable means of identification and provided there are no grounds for suspicion.

COMPLETE NAME (Surname, Given Name, Middle Name, Name Extension (i.e., Jr., Sr., III)	SPECIFIC RESIDENTIAL ADDRESS	NATIONALITY	DATE OF BIRTH	TAX IDENTIFICATION NO.	% OF OWNERSHIP ¹ / % OF VOTING RIGHTS ²	TYPE OF BENEFICIAL OWNER ³ Direct (D) or Indirect (I)	CATEGORY OF BENEFICIAL OWNERSHIP
SIA, EDGAR, JARUDA, II	Makati City	Filipino	Jan 9, 1977	192-003-450	43%%	I	A
SIA, FERDINAND, JARUDA,	Makati City	Filipino	Jan 16, 1979	917-782-960	23%%	I	A

Note: This page is not for uploading on the SEC I View.

¹ For Stock Corporations.

² For Non-Stock Corporations.

³ For Stock Corporations.

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 .

(Company's Full Name)

9 t h F l r T o w e r D D M e r i d i a n P a r k

M a c a p a g a l A v e . c o r . E D S A E x t .

B r g y . 7 6 P a s a y C i t y

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

Jacqueline O. Gomez

Contact Person

(02) 8743-1111

Company Telephone Number

Month

Day

I A C G R

FORM TYPE

Month

Day

Annual Meeting

Secondary License Type, If Applicable

M S R D

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

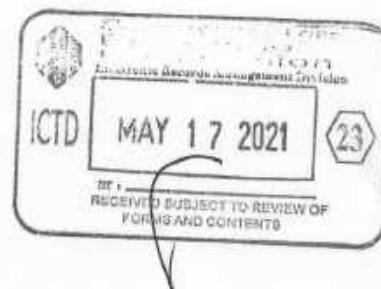
LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes.



SEC FORM - I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended: 2020
2. SEC Identification Number: CS200930125 3. BIR Tax Identification No: 281-768-124
4. Exact name of issuer as specified in its charter: MerryMart Consumer Corp.
5. PASAY CITY, PHILIPPINES
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. 9th Floor Tower 1 DoubleDragon Plaza,
DD Meridian Park, Macapagal Ave. cor.
EDSA Extension, Pasay City
Address of principal office
- 1302
Postal Code
8. +63(2)8743-1111
Issuer's telephone number, including area code
9. Not Applicable
Former name, former address, and former fiscal year, if changed since last report.



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

A. Use of Form I-ACGR

This SEC Form shall be used as a tool to disclose Publicly-Listed Companies' compliance/non-compliance with the recommendations provided under the Code of Corporate Governance for Publicly-Listed Companies, which follows the "comply or explain" approach, and for harmonizing the corporate governance reportorial requirements of the SEC and the Philippine Stock Exchange (PSE).

B. Preparation of Report

These general instructions are not to be filed with the report. The report shall contain the numbers and captions of all items.

The I-ACGR has four columns, arranged as follows:

RECOMMENDED CG PRACTICE/POLICY	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>Contains CG Practices/ Policies, labelled as follows:</p> <p>(1) "Recommendations" - derived from the CG Code for PLCs;</p> <p>(2) "Supplement to Recommendation" - derived from the PSE CG Guidelines for Listed Companies;</p> <p>(3) "Additional Recommendations" - CG Practices not found in the CG Code for PLCs and PSE CG Guidelines but are expected already of PLCs; and</p> <p>(4) "Optional Recommendation" - practices taken from the ASEAN Corporate Governance Scorecard</p> <p>*Items under (1) - (3) must be answered/disclosed by the PLCs following the "comply or explain" approach. Answering of items under (4) are left to the discretion of PLCs.</p>	<p>The company shall indicate compliance or non-compliance with the recommended practice.</p>	<p>The company shall provide additional information to support their compliance with the recommended CG practice</p>	<p>The PLCs shall provide the explanations for any non-compliance, pursuant to the "comply or explain" approach.</p> <p>Please note that the explanation given should describe the non-compliance and include how the overall Principle being recommended is still being achieved by the company.</p> <p>*"Not Applicable" or "None" shall not be considered as sufficient explanation</p>

C. Signature and Filing of the Report

- a. Three (3) copies of a fully accomplished I-ACGR shall be filed with the Main Office of the Commission **on or before May 30 of the following year for every year that the company remains listed in the PSE:**
- b. At least one (1) complete copy of the I-ACGR shall be duly notarized and shall bear **original and manual** signatures
- c. The I-ACGR shall be signed under oath by: (1) Chairman of the Board; (2) Chief Executive Officer or President; (3) All Independent Directors; (4) Compliance Officer; and (5) Corporate Secretary.
- d. The I-ACGR shall cover all relevant information from January to December of the given year.
- e. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	COMPLIANT	Provide information or link/reference to a document containing information on the following:	Merry/Mart Consumer Corp. is composed of the following directors who possess the knowledge, experience and expertise that are relevant to the company's industry/sector:
2. Board has an appropriate mix of competence and expertise.	COMPLIANT	1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors	1. Edgar J. Sia II – is the Chairman and Chief Executive Officer of Injap Investments Inc. Mr. Sia II is also the Founder of Mang Inasal Philippines, Inc. and various other companies. He obtained his Doctorate Degree from the University of San Agustin Honors Causa Major in Management in 2012.
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	COMPLIANT	2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance	2. Ferdinand J. Sia – is the President and Chief Operating Officer of Injap Investments Inc. He also served as Director of Mang Inasal Philippines, Inc. from 2006-2016. He graduated from the University of the Philippines Visayas with a degree in Bachelor of Arts in Political Science and took up law in Arellano University School of Law.

			<p>3. Marriana H. Yulo-Luccini – is the Chief Financial Officer and Chief Investment Officer of MM from 2020 to present and has been a director of MM from 2020 to present. She also serves as Chief Investment Officer of DD from 2015 to present. She was previously Chief Financial Officer of Alphaland Corporation and Group Chief Financial Officer of PhilWeb Corporation, ISM Communications Corporation, and Atok Big-Wedge Co. Inc. from 2011 to 2014. She graduated in Business Administration – Major in Management at Palawan State University and has a Masters in Business Administration Degree from the University of St. La Salle.</p> <p>4. Jose Roelph E. Desdales – is the Assistant Corporate Secretary and director of MM from 2020 to present. He joined MM in 2014 to present and was previously with VXi Global Holdings B.V. (Philippines) as Associate Director for Finance from 2010 to 2012. He graduated Bachelor of Science in Accountancy at the University of the Philippines in the Visayas and is a Certified Public Accountant.</p>
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		<p>5. Atty. Jacqueline Ann Marie O. Gomez – is the Corporate Secretary and director of MM from 2020 to present. She joined Ill in 2014 to present and was previously an associate at Falgui Law Office from 2009 to 2013. She graduated cum laude from the University of the Philippines – Diliman with an Economics degree and obtained Juris Doctor Degree from the same university in 2008. Atty Gomez was admitted to the Philippine Bar in 2009.</p> <p>6. Gary P. Cheng – is an investment banking professional with over 20 years of corporate finance and capital markets experience. He is currently the Managing Director and co-founder of Fortman Cline Capital Markets Limited since 2007. Dr. Cheng served as the former President/CEO of Amalgamated Investment Bancorporation from 2003 and 2008 and former Vice President of Investment Banking at J.P. Morgan from 1993 to 2001. Dr. Cheng obtained his doctorate in Philosophy from University of Leeds, England in 1991.</p> <p>7. Atty. Victoria R. Tamayao – is an Independent Director of MM from 2020 to present. She is the Senior and Managing Partner of Tamayao & Affiliates, Attorneys-at-Law from 2006 to present and is the Chairman and</p>
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			President of Glory Facilities and Development Inc. from 2019 to present. She obtained her Bachelor of Laws and Bachelors of Science in Business Economics degrees from the University of the Philippines, Diliman.																
Recommendation 1.2																			
1. Board is composed of a majority of non-executive directors.	COMPLIANT	Identify or provide link/reference to a document identifying the directors and the type of their directorships	The Board is composed of a majority of Non-Executive Directors: <table><thead><tr><th>NAME OF DIRECTORS</th><th>TYPE OF DIRECTORSHIP</th></tr></thead><tbody><tr><td>EDGAR J. SIA II</td><td>EXECUTIVE DIRECTOR</td></tr><tr><td>FERDINAND J. SIA</td><td>EXECUTIVE DIRECTOR</td></tr><tr><td>MARRIANA H. YULO-LUCCINI</td><td>EXECUTIVE DIRECTOR</td></tr><tr><td>ATTY. JACQUELINE ANN MARIE O. GOMEZ</td><td>NON-EXECUTIVE DIRECTOR</td></tr><tr><td>JOSE ROELPH E. DESALES</td><td>NON-EXECUTIVE DIRECTOR</td></tr><tr><td>GARY P. CHENG</td><td>INDEPENDENT DIRECTOR</td></tr><tr><td>ATTY. VICTORIA R. TAMAYAO</td><td>INDEPENDENT DIRECTOR</td></tr></tbody></table>	NAME OF DIRECTORS	TYPE OF DIRECTORSHIP	EDGAR J. SIA II	EXECUTIVE DIRECTOR	FERDINAND J. SIA	EXECUTIVE DIRECTOR	MARRIANA H. YULO-LUCCINI	EXECUTIVE DIRECTOR	ATTY. JACQUELINE ANN MARIE O. GOMEZ	NON-EXECUTIVE DIRECTOR	JOSE ROELPH E. DESALES	NON-EXECUTIVE DIRECTOR	GARY P. CHENG	INDEPENDENT DIRECTOR	ATTY. VICTORIA R. TAMAYAO	INDEPENDENT DIRECTOR
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Recommendation 1.3																			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	COMPLIANT	Provide link or reference to the company's Board Charter and Manual on Corporate Governance relating to its policy on training of directors.	ensure that they are appropriately apprised of their duties and responsibilities, before beginning their directorships; and relevant annual continuing for all incumbent directors which will promote an effective board performance and continuing																

			qualification of the directors in carrying-out their duties and responsibilities.
2. Company has an orientation program for first time directors.	COMPLIANT	Provide information or link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered.	The Corporate Governance of MerryMart Consumer Corp. provides that: "MM shall conduct an orientation program for first-time directors to ensure that they are appropriately appraised of their duties and responsibilities, before beginning their directorships ; and relevant annual continuing for all incumbent directors which will promote an effective board performance and continuing qualification of the directors in carrying-out their duties and responsibilities
3. Company has relevant annual continuing training for all directors.	COMPLIANT		The Code of Corporate Governance of MerryMart Consumer Corp. provides that: "MM shall conduct an orientation ensure that they are appropriately appraised of their duties and responsibilities, before beginning their directorships; and relevant annual continuing for all incumbent directors which will promote an effective board

		<p>performance and continuing qualification of the directors in carrying out their duties and responsibilities.</p> <p>Aside from the company attendance in continuing orientations held by the Securities Exchange Commission (SEC) and the Philippine Stock Exchange (PSE), MM is exploring service providers of online directorship training programs which are in line with the relevant changes implemented by the SEC and the PSE.</p>
Recommendation 1.4		
1. Board has a policy on board diversity.	COMPLIANT	<p>Provide information on or link/reference to a document containing information on the company's board diversity policy.</p> <p>Indicate gender composition of the board.</p> <p>"MM encourages diversity in its Board. Board diversity may refer to distinctions in age, ethnicity, culture, skills, competence, knowledge, gender, among other things. A diverse Board promotes different perspectives and ideas and mitigates groupthink to achieve optimal decision-making."</p> <p>The current Board is composed of four (4) male directors and three (3) female directors.</p>
Optional: Recommendation 1.4		

<p>1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.</p>		<p>Provide information on or link/reference to a document containing the company's policy and measurable objectives for implementing board diversity.</p> <p>Provide link or reference to a progress report in achieving its objectives.</p>	
<p>Recommendation 1.5</p>			

1. Board is assisted by a Corporate Secretary.	COMPLIANT	Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions.	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides that:</p> <p>"The Board, at all times, is assisted in its duties by a Corporate Secretary, who is a separate individual from the Compliance Officer. The Corporate Secretary should annually attend a training on corporate governance and shall likewise be apprised of his duties and responsibilities through continuing training.</p> <p>The Corporate Secretary is primarily responsible to the corporation and its shareholders, and not to the Chairman or President of the Company and has, among others, the following duties and responsibilities.</p> <p>a. Assists the Board and the board committees in the conduct of their meetings, including preparing an annual schedule of Board and committee meetings and the annual board calendar, and assisting the chairs of the Board and its committees to set agendas for those meetings;</p> <p>b. Safe keeps and preserves the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the Corporation;</p> <p>c. Keeps abreast on relevant</p>
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			<p>laws, regulations, all governance issues, relevant industry developments and operations of the corporation, and advises the Board and the Chairman on all relevant issues as they arise;</p> <p>d. Works fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;</p> <p>e. Advises on the establishment of board committees and their terms of reference;</p> <p>f. Informs members of the Board, in accordance with the by-laws, of the agenda of their meetings at least five working days in advance, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;</p> <p>g. Attends all board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him/her from doing so;</p> <p>h. Performs required</p>
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			<p>administrative functions;</p> <p>i. Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements; and</p> <p>j. Performs such other duties and responsibilities as may be provided by the SEC."</p> <p>The Corporate Secretary of MerryMart Consumer Corp. is Atty. Jacqueline Ann Marie O. Gomez</p> <p>Please refer to the Prospectus in relation to the Code of Corporate Governance</p> <p>https://www.merrymart.com.ph/company-disclosures?section=prospectus</p>
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2. Corporate Secretary is a separate individual from the Compliance Officer.	COMPLIANT		The Code of Corporate Governance of MerryMart Consumer Corp., provides that: "The Board, at all times, is assisted in its duties by a Corporate Secretary, who is a separate individual from the Compliance Officer. The Corporate Secretary, should annually attend a training on corporate governance and shall likewise be apprised of his duties and responsibilities through continuing training."
3. Corporate Secretary is not a member of the Board of Directors.	NON - COMPLIANT		The Corporate Secretary is a member of the Board of Directors as allowed under the Board's Charter.
4. Corporate Secretary attends training/s on corporate governance.	COMPLIANT	Provide information or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered	The Corporate Governance of MerryMart Consumer Corp. provides that: "The Board, at all times, is assisted in its duties by a Corporate Secretary, who is a separate individual from the Compliance Officer. The Corporate Secretary should annually attend a training on corporate governance and shall likewise be apprised of his duties and responsibilities through continuing training. " The current Corporate Secretary is Atty. Jacqueline Ann Marie O. Gomez. She has been a member of the Bar since 2009 and has relevant legal and corporate experience. She has attended the Company Disclosure seminar conducted by the PSE

			annually since the appointment (June 2020, and March 2021) and attends the SEC webinars since the implementation of the shift to online transactions.
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.		Provide proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	COMPLIANT	Provide information on or link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions.	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides that:</p> <p>The duties and responsibilities of the Compliance Officer: "</p> <p>a. Ensures proper onboarding of new directors (i.e., orientation on the company's business, charter, articles of incorporation and by-laws, among other);</p> <p>b. Monitors, reviews, evaluates and ensures the compliance by the corporation, its officers and directors with the relevant laws, this Code, rules and regulations and all governance issuances of regulatory agencies;</p> <p>c. Reports the matter to the Board if violations are found and recommends the imposition of</p>

			<p>appropriate disciplinary action;</p> <p>d. Ensures the integrity and accuracy of all documentary submissions to regulators;</p> <p>e. Appears before the SEC when summoned in relation to compliance with this Code;</p> <p>f. Collaborates with other departments to properly address compliance issues, which may be subject to investigation;</p> <p>g. Identifies possible areas of compliance issues and works towards the resolution of the same;</p> <p>h. Ensures attendance of Board members and key officers to relevant trainings; and</p> <p>i. Performs such other duties and responsibilities as may be provided by the SEC."</p> <p>The Compliance Officer is Jose Roelph E. Desales. He Certified Public Accountant and is experienced in corporate management and finance.</p>
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2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	COMPLIANT		<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides that:</p> <p>"The Board should ensure that it is assisted in its duties by a Compliance Officer, with adequate stature and authority in the MM."</p>
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3. Compliance Officer is not a member of the board.	NON-COMPLIANT		The Compliance Officer is a member of the Board of Directors due to the key role and responsibility accorded to the position. This position is currently under review of the Management.
4. Compliance Officer attends training/s on corporate governance.	COMPLIANT	Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered	Merry/Mart Consumer Corp. has been updated with the SEC and PSE for the required seminars and orientations. The latest Company Disclosure Requirements Orientation of the PSE was attended by the Compliance Officer held on March 16, 2021.

Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders

Recommendation 2.1			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	COMPLIANT	Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting)	The Code of Corporate Governance of Merry/Mart Consumer Corp. provides that: “The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines, should be clearly made known to all directors as well as to shareholders and other stakeholders. The Board members should act on a fully informed basis, in good faith, with due diligence and care, and in the

			best interest of the company and all shareholders."
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	COMPLIANT	Provide information or link/reference to a document containing information on how the directors performed this function (can include board resolutions, minutes of meeting)	The Code of Corporate Governance of MerryMart Consumer Corp. provides that:
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	COMPLIANT	Indicate frequency of review of business objectives and strategy	"The Board should oversee the development of and approve the company's business objectives and strategy, and monitor their implementation, in order to sustain the company's long-term viability and strength."
			Review of business objectives will come with the ongoing operations and execution of the strategic objectives of the company.
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	COMPLIANT	Indicate or provide link/reference to a document containing the company's vision, mission and core values.	https://www.merrymart.com.ph/mis-sion-vision-and-values
		Indicate frequency of review of the vision, mission and core values.	The course of the business allows for the update of the visions and mission.
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	COMPLIANT	Provide information on or link/reference to a document containing information on the strategy execution process.	The Board seeks a strategy execution which effectively incorporates corporate governance development of the Management in the course of the business operation for its effective performance.
Recommendation 2.3			

1. Board is headed by a competent and qualified Chairperson.	COMPLIANT	Provide information or reference to a document containing information on the Chairperson, including his/her name and qualifications	The Chairperson is Mr. Edgar J. Sial II. The website includes the Board of Directors, organizational chart and the company disclosures including the prospectus.
Recommendation 2.4			

<p>1. Board ensures and adopts an effective succession planning program for directors, key officers and management.</p>	<p>COMPLIANT</p>	<p>Disclose and provide information or link/reference to a document containing information on the company's succession planning policies and programs and its implementation</p>	<p>The Code of Corporate Governance of MerryWart Consumer Corp. provides that: The Board should be responsible for ensuring and adopting an effective succession planning program or directors, key officers and management to ensure growth and a continued increase in the shareholders' value. This should include adopting a policy on the retirement age for directors and key officers as part of management succession and to promote dynamism in the corporation"</p> <p>Nomination and Succession</p> <p>"The Board should have and disclose in its Code a formal and transparent board nomination and election policy that should include how it accepts nominations from minority shareholders and reviews nominated candidates. The policy should also include an assessment of the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a director. In addition, its process of identifying the quality of directors should be aligned</p>
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<p>2. Board adopts a policy on the retirement for directors and key officers.</p>	<p>COMPLIANT</p>	<p>with the strategic direction of the company. For Executive and Non-executive Directors:</p> <p>The election of all Directors is held during each regular stockholders' meeting, unless a vacancy occurred which shall be filled in immediately during a meeting called for the purpose and the person so elected shall serve only the unexpired portion of his predecessor in office.</p> <p>For Independent Directors:</p> <p>1. The nomination of the independent director shall be conducted by the Nomination Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.</p> <p>2. After the nomination, the Nomination Committee shall prepare a final list of candidates which shall contain all the information about all the nominees for the independent directors. The list shall be made available to the SEC and to all the stockholders through the filing and distribution of the Information Statement or Proxy Statement, or in such other reports the Corporation is required to submit to the Commission.</p> <p>3. Only nominees whose names</p>
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			<p>appeared on the Final List of Candidates shall be eligible for election as an Independent Director. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual stockholders' meeting.</p> <p>4. The specific slot for independent directors shall not be filled-up by unqualified nominees.</p> <p>5. In case of failure of election for the independent director, the Chairman of the meeting shall call a separate election during the same meeting to fill up the vacancy.</p>
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Recommendation 2.5

1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	COMPLIANT	Provide information on or link/reference to a document containing information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance.	The Code of Corporate Governance of MerryMart Consumer Corp., provides: Remuneration of Directors and Officers "The levels of remuneration of MM should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.
2. Board adopts a policy specifying the relationship between remuneration and performance.	COMPLIANT		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	COMPLIANT		MM may establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual directors and officers depending on the particular needs of the corporation. No director should participate in deciding on his remuneration. MM's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable

			compensation that may be paid, directly or indirectly, to its directors and top four (4) management officers during the preceding fiscal year.
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.		Provide proof of board approval	
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.		Provide information on or link/reference to a document containing measurable standards to align performance-based remuneration with the long-term interest of the company.	
Recommendation 2.6			

<p>1. Board has a formal and transparent board nomination and election policy.</p>	<p>COMPLIANT</p>	<p>Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders. Provide proof if minority shareholders have a right to nominate candidates to the board</p> <p>Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.</p>	<p>The company's Code of Governance provides that:</p> <p>Nomination and Succession</p> <p>"The Board should have and disclose in its Code a formal and transparent board nomination and election policy that should include how it accepts nominations from minority shareholders and reviews nominated candidates. The policy should also include an assessment of the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a director. In addition, its process of identifying the quality of directors should be aligned with the strategic direction of the company.</p> <p><u>For Executive and Non-executive Directors:</u></p> <p>The election of all Directors is held during each regular stockholders' meeting, unless a vacancy occurred which shall be filled in immediately during a meeting called for the purpose and the person so elected shall serve only the unexpired portion of his predecessor in office.</p> <p><u>For Independent Directors:</u></p> <p>1. The nomination of the independent director shall be conducted by the</p>
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		<p>Nomination Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.</p> <p>2. After the nomination Committee shall prepare, a final list of candidates which shall contain all the information about all the nominees for the independent directors. The list shall be made available to the SEC and to all the stockholders through the filing and distribution of the Information Statement or Proxy Statement, or in such other reports the Corporation is required to submit to the Commission.</p> <p>3. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as an Independent Director. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual stockholders' meeting.</p> <p>4. The specific slot for independent directors shall not be filled-up by unqualified nominees.</p> <p>5. In case of failure of election for the independent director, the Chairman of the meeting shall call a separate</p>
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			election during the same meeting to fill up the vacancy."							
		<table><tr><td>A. Selection and Election Requirements/Criteria</td></tr><tr><td>i. Executive Directors</td></tr><tr><td>1. Holder of at least one (1) share of a capital stock of the Company. 2. Must be a college graduate or equivalent academic degree. 3. Must have practical understanding of the business of the Company. 4. Membership in good standing in relevant industry, business or professional organizations. 5. Must have previous business experience.</td></tr><tr><td>ii. Independent Directors</td></tr><tr><td>1. Holder of at least one (1) share of stock of the corporation. 2. He shall be at least a college graduate or he shall have been engaged or exposed to the business of the corporation for at least five(5) years. 3. He shall possess integrity and probity. 4. He shall be assiduous.</td></tr><tr><td>B. Reappointment Requirements/Criteria</td></tr><tr><td>i. Executive Directors</td></tr><tr><td>Shall follow the process of nomination of directors. Must have all the qualifications and</td></tr></table>	A. Selection and Election Requirements/Criteria	i. Executive Directors	1. Holder of at least one (1) share of a capital stock of the Company. 2. Must be a college graduate or equivalent academic degree. 3. Must have practical understanding of the business of the Company. 4. Membership in good standing in relevant industry, business or professional organizations. 5. Must have previous business experience.	ii. Independent Directors	1. Holder of at least one (1) share of stock of the corporation. 2. He shall be at least a college graduate or he shall have been engaged or exposed to the business of the corporation for at least five(5) years. 3. He shall possess integrity and probity. 4. He shall be assiduous.	B. Reappointment Requirements/Criteria	i. Executive Directors	Shall follow the process of nomination of directors. Must have all the qualifications and
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			<p>none of the disqualifications of a director as mentioned above.</p> <p>ii. Non-Executive Directors</p> <p>Shall follow the process of nomination of directors. Must have all the qualifications and none of the disqualifications of a director as mentioned above.</p> <p>iii. Independent Directors</p> <p>Shall follow the process of nomination of directors. Must have all the qualifications and none of the disqualifications of a director as mentioned above.</p> <p>C. Permanent Disqualification</p> <p>i. Executive Directors & Independent Directors</p> <p>Following the procedural rules of the Corporation Code and the basis for disqualifications under Code of Corporate Governance for Publicly-listed Companies:</p> <p>Procedure:</p> <p>Sec. 28. Corporation Code, Removal of directors or trustees. - Any director or trustee of a corporation may be removed from office by a vote of the stockholders holding or representing at least two thirds (2/3) of the outstanding capital stock. Provided, That such removal shall take place either at a regular meeting of the corporation or at a special meeting called for the purpose, and in either case, after previous</p>
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			<p>notice to stockholders or members of the corporation of the intention to propose such removal at the meeting. A special meeting of the stockholders or members of a corporation for the purpose of removal of directors or trustees, or any of them, must be called by the secretary on order of the president or on the written demand of the stockholders representing or holding at least a majority of the outstanding capital stock.</p> <p>Should the secretary fail or refuse to call the special meeting upon such demand or fail or refuse to give the notice, or if there is no secretary, the call for the meeting may be addressed directly to the stockholders or members by any stockholder or member of the corporation signing the demand.</p> <p>Notice of the time and place of such meeting, as well as of the intention to propose such removal, must be given by publication or by written notice prescribed in the Corporation Code. Removal may be with or without cause: Provided, That removal without cause may not be used to deprive minority stockholders or members of the right of representation to which they may be entitled under Section 24 of the Corporation</p>
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			<p>Code.</p> <p>Disqualifications:</p> <p>Without prejudice to a specific provision of law prescribing disqualifications of a director, the following shall be permanently disqualified of a director:</p> <ol style="list-style-type: none"> 1. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that <ol style="list-style-type: none"> (a) involves the purchase and sale of securities as defined in the SRC; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi- bank, trust company, investment house or as an affiliated person of any of them. 2. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final
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			<p>judgment or order of the Commission or any court or administrative body competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.</p> <p>3. Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts.</p> <p>4. Any person who has been adjudged by final</p>
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			<p>judgment or order of the Commission, court, or competent administrative body have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, SRC or any other law administered by the Commission or BSP or any of its rule, regulation or order.</p> <p>5. Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation.</p> <p>6. Any person judicially declared as insolvent.</p> <p>7. Judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in paragraphs 1 and 5 above.</p> <p>8. Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or</p>
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			<div> <div>appointment.</div> <div> D. Temporary Disqualification </div> <div> i. Executive Directors / Non-Executive Directors/ Independent Directors </div> <div> 1. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists. </div> <div> 2. Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election. </div> <div> 3. Dismissal or termination for cause as director of any corporation covered by the Corporation Code. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination. </div> <div> 4. If the beneficial equity ownership of an </div> </div>
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			<p>independent director in the corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.</p> <p>5. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final. A temporarily disqualified director shall, within sixty(60) business days from such disqualification, take the appropriate action to remedy or. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p>
			<p>E. Removal</p> <p>i. Executive Directors / Non- Executive Directors/ Independent Directors</p> <p>The procedure of the removal follows Art. 28 of the Corporation Code mentioned, on the basis of possession of the grounds for permanent disqualifications and those provided under applicable laws.</p>
			<p>F. Reinstatement</p> <p>i. Executive Directors / Non- Executive Directors/ Independent Directors</p>

			<p>The procedure of reinstatement when the director subsequently have all the qualifications and none of the disqualification of a director shall follow the procedure for the Selection and Election Policies mentioned.</p> <p>G. SUSPENSION</p> <p>i. Executive Directors / Non-Executive Directors/ Independent Directors</p> <p>The suspension is dependent on the basis of the disqualification which may be temporary or permanent,</p>
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	COMPLIANT		<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides that:</p> <p>Nomination and Succession</p> <p>"The Board should have and disclose in its Code a formal and transparent</p>
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	COMPLIANT		

4. Board nomination and election policy includes how the board shortlists candidates.	COMPLIANT	<p>board nomination and election policy that should include how it accepts nominations from minority shareholders and reviews nominated candidates. The policy should also include an assessment of the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a director. In addition, its process of identifying the quality of directors should be aligned with the strategic direction of the company.</p> <p><u>For Executive and Non-executive Directors:</u></p> <p>The election of all Directors is held during each regular stockholders' meeting, unless a vacancy occurred which shall be filled in immediately during a meeting called for the purpose and the person so elected shall serve only the unexpired portion of his predecessor in office.</p> <p><u>For Independent Directors:</u></p> <p>1. The nomination of the independent director shall be conducted by the Nomination Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.</p>
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	COMPLIANT	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	COMPLIANT	

			<p>2. After the nomination, the Nomination Committee shall prepare a final list of candidates which shall contain all the information about all the nominees for the independent directors. The list shall be made available to the SEC and to all the stockholders through the filing and distribution of the Information Statement or Proxy Statement, or in such other reports the Corporation is required to submit to the Commission.</p> <p>3. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as an Independent Director. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual stockholders' meeting.</p> <p>4. The specific slot for independent directors shall not be filled-up by unqualified nominees.</p> <p>5. In case of failure of election for the independent director, the Chairman of the meeting shall call a separate election during the same meeting to fill up the vacancy."</p>
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or		Identify the professional search firm used or other external sources of candidates	

shareholder bodies) when searching for candidates to the board of directors.			
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and	COMPLIANT	Provide information on or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs.	Corporate Governance of MerryMart Consumer Corp. provides that: "The Board may also organize a Related Party Transaction (RPT) Committee, which should be tasked with reviewing all material related party transaction of the company and should be composed of at least three non-executive directors, two of whom should be independent, including the Chairman." The company has a Conflict of Interest Policy which is in tandem with Related Party Transactions Policy found in the website in the Company Policies section.
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	COMPLIANT		
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	COMPLIANT		
Supplement to Recommendations 2.7			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered de minimis or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for	COMPLIANT	Provide information on a materiality threshold for RPT disclosure and approval, if any. Provide information on RPT categories	Under Paragraph 4 of the company's Conflict of Interest Policy, "A director who is related with one of the Company's supplier or client, or the owner or representative of the supplier, client, or any person or entity who has business dealings with the Company, within the 4 th civil degree of

disclosure and approval.			consanguinity or affinity, should disclose such relationship with the Board.
			The requisites for approval are: (a) the present of the Director in the Board meeting in which the transaction or contract was approved was not necessary to constitute a quorum for such meeting; (b) That the vote of said Director was not necessary for the approval of the transaction or contract; and (c) that the transaction or contract is fair and reasonable under the circumstances.
2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	COMPLIANT	Provide information on voting system, if any.	Under paragraph 4.4 of the company's Conflict of Interest Policy , the transaction or contract may be ratified by the vote of the shareholders representing at least two-thirds (2/3) of the outstanding capital stock in a meeting called for the purpose, provided that full disclosure of the adverse interest of the Directors/s is made at such meeting.
Recommendation 2.8			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	COMPLIANT	Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management. Identify the Management team appointed	The Code of Corporate Governance of MerryMort Consumer Corp., provides that: "The Board should be responsible for ensuring and adopting an effective succession planning program for directors, key officers and management to

		<p>ensure growth and a continued increase in the shareholders' value. This should include adopting a policy on the retirement age for directors and key officers as part of management succession and to promote dynamism in the corporation."</p> <p>The Management Team composition may be found in the website https://www.merrymart.com.ph/management. It is the same team provided and discussed in the prospectus, which was examined by the SEC and PSE.</p>
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	COMPLIANT	<p>Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management.</p> <p>Provide information on the assessment process and indicate frequency of assessment of performance.</p> <p>The Code of Corporate Governance of MerryMart Consumer Corp. provides that:</p> <p>"The Board should be responsible for ensuring and adopting an effective succession planning program for directors, key officers and management to ensure growth and a continued increase in the shareholders' value. This should include adopting a policy on the retirement age for directors and key officers as part of management succession and to promote dynamism in the corporation"</p>
Recommendation 2.9		
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	COMPLIANT	<p>Provide information on or link/reference to a document containing the Board's performance management framework for management and personnel.</p> <p>The Code of Corporate Governance of MerryMart Consumer Corp. provides that:</p> <p>"The Board should formulate the</p>

<p>2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.</p>	<p>COMPLIANT</p>		<p>corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.</p> <p>And that they:</p> <p>"Provide sound strategic policies and guidelines to the corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance."</p>
<p>Recommendation 2.10</p> <p>1. Board oversees that an appropriate internal control system is in place.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document showing the Board's responsibility for overseeing that an appropriate internal control system is in</p>	<p>The Code of Corporate Governance of Merry/Mart Consumer Corp. provides that:</p>

<p>2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.</p>	<p>COMPLIANT</p>	<p>place and what is included in the internal control system</p>	<p>"The control environment of the corporation consists of (a) the Board which ensures that the corporation is properly and effectively managed and supervised; (b) a Management that actively manages and operates the corporation in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.</p> <p>(i) The minimum internal control mechanisms for the performance of the Board's oversight responsibility may include:</p> <p>a. Definition of the duties and responsibilities of the President and CEO who is ultimately</p>
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			<p>accountable for the corporation's organizational and operational controls;</p> <p>b. Selection of the person who possesses the ability, integrity and expertise essential for the position of President and CEO;</p> <p>c. Evaluation of proposed senior management appointments;</p> <p>d. Selection and appointment of qualified and competent management officers; and</p> <p>e. Review of the corporation's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.</p> <p>(ii) The scope and particulars of the systems of effective organizational and operational controls may differ among corporations depending on, among others, the following factors: nature and complexity of the business and the business culture; volume, size and complexity of transactions; degree of risks involved; degree of centralization and delegation of authority; extent and effectiveness of information technology; and</p>
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			extent of regulatory compliance."
3. Board approves the Internal Audit Charter.	COMPLIANT	Provide reference or link to the company's Internal Audit Charter	The Code of Corporate Governance of MerryMart Consumer Corp., provides that: "MM may establish an internal audit system that can reasonably assure the Board, Management and stockholders that its key organizational and operational controls are faithfully complied with. The Board may appoint an Internal Auditor to perform the audit function, and may require him to report to a level in the organization that allows the internal audit activity to fulfill its mandate. The Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing."
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	COMPLIANT	Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.	The Code of Corporate Governance of MerryMart Consumer Corp., provides that: "XII. Strengthening the Internal Control System and Enterprise Risk Management Framework C. Enterprise Management System
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	COMPLIANT	Provide proof of effectiveness of risk management strategies, if any.	

			<p>MM shall establish a separate, efficient enterprise risk management function to identify, assess and monitor key risk exposures. The risk management function involves the following activities, among others:</p> <ul style="list-style-type: none"> a. Defining a risk management strategy; b. Identifying and analyzing key risk exposures relating to economic, environmental, social and governance (EESG) factors and the achievement of the organization's strategic objectives; c. Evaluating and categorizing each identified risk using the Company's predefined risk categories and parameters; d. Establishing a risk register with clearly defined, prioritized and residual risks; e. Developing a risk mitigation plan for the most important risks to the Company, as defined by the risk management strategy; f. Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Board Risk Oversight Committee; and
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			g. Monitoring and evaluating the effectiveness of the organization's risk management process.
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	COMPLIANT	Provide link to the company's website where the Board Charter is disclosed.	https://www.merrymart.com.ph/committee-charters
2. Board Charter serves as a guide to the directors in the performance of their functions.	COMPLIANT		
3. Board Charter is publicly available and posted on the company's website.	COMPLIANT		
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	COMPLIANT	Provide information on or link/reference to a document showing company's insider trading policy.	https://merrymart.com.ph/insider-trading.pdf
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.		Provide information on or link/reference to a document showing company's policy on granting loans to directors, if any.	
2. Company discloses the types of decision requiring board of directors' approval.		Indicate the types of decision requiring board of directors' approval and where there are disclosed.	
Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.			

Recommendation 3.1			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	COMPLIANT	Provide information or link/reference to a document containing information on all the board committees established by the company.	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides that:</p> <p>“ III. Establishing Board Committees</p> <p>The Board shall constitute the proper committees to assist it in good corporate governance.</p> <p>i. The Executive Committee; ii. The Audit Committee; iii. Nomination Committee; iv. Compensation and Personnel Committee;</p> <p>The Board may also organize the following:</p> <p>v. Corporate Governance Committee; vi. Board Risk Oversight Committee; vii. Related Party Transaction Committee.</p>
Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	COMPLIANT	<p>Provide information or link/reference to a document containing information on the Audit Committee, including its functions.</p> <p>Indicate if it is the Audit Committee's responsibility to recommend the</p>	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides that:</p>

		<p>appointment and removal of the company's external auditor.</p>	<p>"The Audit Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit Committee should be an independent director. The committee shall have the following functions:</p> <p>a. Recommends the approval the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;</p> <p>b. Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy</p>
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			<p>and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;</p> <p>c. Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;</p> <p>d. Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee;</p> <p>e. Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;</p> <p>f. Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;</p> <p>g. Evaluates and determines the non-audit work, if any, of the External</p>
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			<p>Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report;</p> <p>h. Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:</p> <ul style="list-style-type: none"> • Any change/s in accounting policies and practices • Areas where a significant amount of judgment has been exercised • Significant adjustments resulting from the audit • Going concern assumptions • Compliance with accounting standards • Compliance with tax, legal and regulatory requirements <p>i. Reviews the disposition of the recommendations in the External Auditor's management letter;</p>
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			<p>j. Performs oversight functions over the corporation's Internal and External Auditors. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;</p> <p>k. Coordinates, monitors and facilitates compliance with laws, rules and regulations;</p> <p>l. Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders."</p> <p>The Audit Committee meets with the Board without the presence of the CEO and periodically meets with the head of the internal audit.</p>
<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	NON-COMPLIANT	<p>Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship.</p>	<p>The Code of Corporate Governance of MerryMart Consumer Corp. provides that:</p>

<p>3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.</p>	<p>"The Audit Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit Committee should be an independent director.</p> <p>The members of the Audit Committee are:</p> <ol style="list-style-type: none"> 1. Mr. Gary P. Cheng (Chairman); 2. Mr. Ferdinand J. Sia (Member); and 3. Ms. Marriana H. Yulo (Member). <p>Gary P. Cheng is an investment banking professional with over 20 years of corporate finance and capital markets experience. He is currently the Managing Director and co-founder of Fortman Cline Capital Markets Limited since 2007. Dr. Cheng served as the former President/CEO of Amdagamated Investment Bancorporation from 2003 and 2008 and former Vice President of Investment Banking at J.P. Morgan from 1993 to 2001. Dr. Cheng obtained his doctorate in Philosophy from University of Leeds, England in 1991.</p> <p>Ferdinand J. Sia – is the President and Chief Operating Officer of Injap Investments Inc. He also served as Director of Mang Inasal Philippines, Inc. from 2006-2016. He graduated</p>
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			<p>from the University of the Philippines Visayas with a degree in Bachelor of Arts in Political Science and took up law in Arellano University School of Law.</p> <p>Mariana H. Yulo-Luccini – is the Chief Financial Officer and Chief Investment Officer of MM from 2020 to present and has been a director of MM from 2020 to present. She also serves as Chief Investment Officer of DD from 2015 to present. She was previously Chief Financial Officer of Alphaland Corporation and Group Chief Financial Officer of PhilWeb Corporation, ISM Communications Corporation, and Atok Big-Wedge Co. Inc. from 2011 to 2014. She graduated in Business Administration – Major in Management at Palawan State University and has a Masters in Business Administration Degree from the University of St. La Salle.</p>
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4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	COMPLIANT	Provide information or link/reference to a document containing information on the Chairman of the Audit Committee	The Chairman of the Audit Committee is Mr. Gary P. Cheng. https://www.merrymart.com.ph/board-committees
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	COMPLIANT	Provide proof that the Audit Committee approved all non-audit services conducted by the external auditor.	The Code of Corporate Governance of MerryMart Consumer Corp., provides that the Audit Committee: "Evaluates and determines that non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporations' overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report."
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	COMPLIANT	Provide proof that the Audit Committee conducted regular meetings and dialogues with the external audit team without anyone from management present.	There is non-interference from the management when it comes to the meetings periodically done by the Audit Committee regarding the external audit team.
Optional: Recommendation 3.2			

1. Audit Committee meet at least four times during the year.		Indicate the number of Audit Committee meetings during the year and provide proof	
2. Audit Committee approves the appointment and removal of the internal auditor.		Provide proof that the Audit Committee approved the appointment and removal of the internal auditor.	
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	NON-COMPLIANT	Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.	The company has yet to establish the Corporate Governance Committee.
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	NON-COMPLIANT	Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship.	
3. Chairman of the Corporate Governance Committee is an independent director.	NON-COMPLIANT	Provide information or link/reference to a document containing information on the Chairman of the Corporate Governance Committee.	
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.		Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof.	
Recommendation 3.4			

1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	NON-COMPLIANT	Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions	The company has yet to establish the Board Risk Oversight Committee (BROC).
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	NON-COMPLIANT	Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	NON-COMPLIANT	Provide information or link/reference to a document containing information on the Chairman of the BROC	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	NON-COMPLIANT	Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROC.	
Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	NON-COMPLIANT	Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.	The company has yet to establish the Related Party Transaction (RPT) Committee.

2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	NON-COMPLIANT	Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship.	
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	COMPLIANT	Provide information on or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.	The Code of Corporate Governance of MerryMart Consumer Corp., provides that: (i) The Executive Committee
2. Committee Charters provide standards for evaluating the performance of the Committees.	COMPLIANT		The Executive Committee shall consist of at least (3) members of the Board. Members of the Committee shall be appointed by the Board, who shall also appoint a Committee Chairperson and Committee Secretary. In accordance with this, members of the Committee may be removed or replaced, and any vacancies in the Committee shall be filled by the Board. The Executive Committee's primary purpose is to function when the Board is not in session. The Committee shall have all the power and authority of the Board in the governance, management and direction of the business and affairs of the Company except for those

			<p>matters expressly provided for in Section 35 of the Corporation Code, the Company's By-Laws and other pertinent laws, rules or regulations.</p> <p>The Executive Committee shall have the following duties and responsibilities:</p> <ol style="list-style-type: none"> Assist the Board in overseeing the implementation of strategies and sustaining the Corporation's long-term success and competitiveness in a manner consistent with its mission/ vision; Review of major issues facing the organization; Monitoring of the operating activities of each business group; Defining and monitoring the Company's performance improvement goals; Defining group-wide policies and actions and overseeing their implementation; Fostering the sharing of information in all areas of the business group; and Performs other duties and responsibilities as the Committee may deem appropriate within the scope
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			<p>of its primary functions or as may be assigned by the Board.</p> <p>(ii) The Audit Committee</p> <p>The Audit Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit Committee should be an independent director. The committee shall have the following functions:</p> <p>a. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal, and other risks of the Corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities;</p> <p>b. Recommends the approval the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;</p>
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			<p>c. Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data and information technology security, and (d) ensure compliance with applicable laws and regulations;</p> <p>d. Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services</p> <p>e. Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee</p>
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			<p>f. Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;</p> <p>g. Review the annual internal audit plan to ensure its conformity with the objectives of the Corporation. The plan shall include the audit scope, resources, and budget necessary to implement it;</p> <p>h. Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;</p> <p>i. Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance</p>
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		<p>Report;</p> <p>j. Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:</p> <ul style="list-style-type: none"> • Any change/s in accounting policies and practices • Areas where a significant amount of judgment has been exercised • Significant adjustments resulting from the audit • Going concern assumptions • Compliance with accounting standards • Compliance with tax, legal and regulatory requirements <p>k. Reviews the disposition of the recommendations in the External Auditor's management letter;</p> <p>l. Performs oversight functions over the corporation's Internal and External Auditors, including the review of reports submitted by them. It ensures the independence of Internal and External Auditors, and</p>
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			<p>that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;</p> <p>m. Coordinates, monitors and facilitates compliance with laws, rules and regulations;</p> <p>n. Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders.</p> <p>The Audit Committee meets with the Board without the presence of the CEO and periodically meets with the head of the internal audit.</p> <p>(ii) The Nomination Committee</p> <p>The Nomination Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent</p>
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		<p>director and another with audit experience.</p> <p>The Nomination Committee shall review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and shall assess the effectiveness of the Board's processes and procedures in the election or replacement of</p> <p>(iii) The Compensation and Personnel Committee</p> <p>The Compensation and Personnel Committee shall consist of at least three (3) directors, one of whom shall be an independent director.</p> <p>The Compensation and Personnel Committee shall establish a formal and transparent procedure for developing a policy for remuneration of directors and officers to ensure that</p> <p>(iv) The Compensation and Personnel Committee</p> <p>(a) The Board may also organize the following committees</p> <p>(1) A Corporate Governance Committee that should be tasked to assist the Board in the performance of its corporate governance</p>
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			<p>responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee. It should be composed of at least three members, all of whom should be independent directors, including the Chairman thereof.</p> <p>(2) A separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness. The BROC should be composed of at least three members, the majority of whom should be independent directors, including the Chairman thereof. The Chairman should not be the Chairman of the Board or of any other committee. At least one member of the committee must have relevant thorough knowledge and experience on risk and risk management.</p> <p>(3) A Related Party Transaction (RPT) Committee, which should be tasked with reviewing all material related party transactions of the company and should be composed of at least three non-executive directors, two of whom should be independent, including the Chairman.</p>
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3. Committee Charters were fully disclosed on the company's website.	COMPLIANT	Provide link to company's website where the Committee Charters are disclosed.	https://www.merrymart.com.ph/corporate-governance?section=board-committees-27
Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
Recommendation 4.1			
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	COMPLIANT	<p>Provide information or link/reference to a document containing information on the process and procedure for tele-/videoconferencing board and/or committee meetings.</p> <p>Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee and shareholders' meetings.</p>	<p>The Code of Corporate Governance of MerryMart Consumer Corp. provides that:</p> <p>"To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.</p> <p>The directors should attend and actively participate in all meetings of the Board Committees, and Shareholders, in person or through tele-/videoconferencing, conducted in accordance with the rules and regulations of the Commission, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so. In Board and Committee meetings, the director should review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations."</p>
2. The directors review meeting materials for all Board and Committee meetings.	COMPLIANT		

3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	COMPLIANT	Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors	The members of the Board are permitted to raise questions on items presented before them. There are no impediments that prevent them from doing so.
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Recommendation 4.2			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	COMPLIANT	Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously. Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies	<p>Guidelines:</p> <p>Multiple Board Seats</p> <p>The Board may consider the adoption of guidelines on the number of directorship that its members can hold in stock and non-stock corporations. The optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities.</p> <p>The Chief Executive Officer (CEO) and other directors may be covered by a lower indicative limit for membership in other boards. A similar limit may apply to independent who, at the same time, serve as full-time executives in other corporations. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve should not be compromised.</p>

Recommendation 4.3			
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1. The directors notify the company's board before accepting a directorship in another company.	NON - COMPLIANT	Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed.	The company has yet to form a policy requiring directors to notify the company's Board before accepting a directorship in another company.
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.			
2. Company schedules board of directors' meetings before the start of the financial year.			
3. Board of directors meet at least six times during the year.		Indicate the number of board meetings during the year and provide proof	
4. Company requires as minimum quorum of at least 2/3 for board decisions.		Indicate the required minimum quorum for board decisions	
Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs			
Recommendation 5.1			
1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	NON - COMPLIANT	Provide information or link/reference to a document containing information on the number of independent directors in the board	The Board has two (2) independent directors.
Recommendation 5.2			

1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	COMPLIANT	Provide information or link/reference to a document containing information on the qualifications of the independent directors.	<p>MerryMart Consumer Corp. has two (2) independent directors, namely:</p> <p>1. Gary P. Cheng – is an investment banking professional with over 20 years of corporate finance and capital markets experience. He is currently the Managing Director and co-founder of Fortman Cline Capital Markets Limited since 2007. Dr. Cheng served as the former President/CEO of Amalgamated Investment Bancorporation from 2003 and 2008 and former Vice President of Investment Banking at J.P. Morgan from 1993 to 2001. Dr. Cheng obtained his doctorate in Philosophy from University of Leeds, England in 1991.</p> <p>2. Atty. Victoria R. Tamayao – is an Independent Director of MM from 2020 to present. She is the Senior and Managing Partner of Tamayao & Affiliates, Attorneys-at-Law from 2006 to present and is the Chairman and President of Glory Facilities and Development Inc. from 2019 to present. She obtained her Bachelor of Laws and Bachelors of Science in Business Economics degrees from the University of the Philippines, Diliman.</p>
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Supplement to Recommendation 5.2

1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	COMPLIANT	Provide link/reference to a document containing information that directors are not constrained to vote independently.	No shareholder agreement with independent directors.
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Recommendation 5.3

1. The independent directors serve for a cumulative term of nine years (reckoned from 2020).	COMPLIANT	Provide information or link/reference to a document showing the years IDs have served as such.	The Independent Directors are: a) Mr. Gary P. Cheng who served as such for one (1) year; and (b) Atty. Victoria R. Tamayao who served as such for one (1) year.
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	COMPLIANT	Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director	The current set of independent directors served for one (1) year.
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	COMPLIANT	Provide reference to the meritorious justification and proof of shareholders' approval during the annual shareholders' meeting.	No independent director has served for more than nine (9) years.

Recommendation 5.4

1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	NON - COMPLIANT	Identify the company's Chairman of the Board and Chief Executive Officer	The Chairman of the Board and Chief Executive Officer is Edgar J. Sia II.
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	NON - COMPLIANT	Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer.	
		Identify the relationship of Chairman and CEO.	

Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	NON-COMPLIANT	Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any.	The company has yet to establish the Corporate Governance Committee and has yet to incorporate its Code of Governance regarding this policy.
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation	NON-COMPLIANT	Provide proof of abstention, if this was the case	The company currently does not have a policy in the Code of Corporate Governance requiring directors with
abstain from taking part in the deliberations on the transaction.			material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	NON-COMPLIANT	Provide proof and details of said meeting, if any.	The Code of Corporate Governance provides: Audit Committee meet with the external auditor and the head of the Corporation's internal audit to discuss interim and annual financial statements of the Corporation at least twice a year to discuss the audit plan and audit results.
2. The meetings are chaired by the lead independent director.	COMPLIANT	Provide information on the frequency and attendees of meetings.	
			The company has yet to incorporate its Code of Governance regarding this policy.
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	COMPLIANT	Provide proof of self-assessments conducted for the whole board, the	The Code of Corporate Governance of MerryMart Consumer Corp.,

2. The Chairman conducts a self-assessment of his performance.	COMPLIANT	individual members, the Chairman and the Committees	provides that:
3. The individual members conduct a self-assessment of their performance.	COMPLIANT		
4. Each committee conducts a self-assessment of its performance.	COMPLIANT		
5. Every three years, the assessments are supported by an external facilitator.	COMPLIANT		
A. Board Evaluation			The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.
Recommendation 6.2			Assessing Board Performance The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies. A. Board Evaluation (i) The Board should conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. Every three years, the assessment should be supported by an external facilitator. (ii) The Board should have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system should allow for a feedback mechanism from the shareholders.

1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	COMPLIANT	Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders	The Code of Corporate Governance of MerryWart Consumer Corp., provides that: Assessing Board Performance The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.
2. The system allows for a feedback mechanism from the shareholders.	COMPLIANT		A. Board Evaluation (i) The Board should conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. Every three years, the assessment should be supported by an external facilitator. (ii) The Board should have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system should allow for a feedback mechanism from the shareholders.
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			

1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.		Provide information on or link/reference to the company's Code of Business Conduct and Ethics.	
2. The Code is properly disseminated to the Board, senior management and employees.	COMPLIANT	Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees.	
3. The Code is disclosed and made available to the public through the company website.	COMPLIANT	Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/ disclosed.	

Supplement to Recommendation 7.1

<p>1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.</p>		<p>Provide information on or link/reference to a document containing information on the company's policy and procedure on curbing and penalizing bribery</p>	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides:</p> <p><u>DISQUALIFICATION OF DIRECTORS</u></p> <p>Permanent Disqualification</p> <p>The following shall be grounds for the permanent disqualification of a director:</p> <p>xxx xxx</p> <p>(iii) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;."</p>
<p>Recommendation 7.2</p> <p>1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.</p>	<p>COMPLIANT</p>	<p>Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.</p> <p>Indicate who are required to comply with</p>	<p>The company's Code of Ethics is firmly ensconced in the company. Publication of policies internally and externally holds the directors and personnel accountable to the Code.</p>

2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	COMPLIANT	the Code of Business Conduct and Ethics and any findings on non-compliance.	Everyone affiliated with the company is required to comply with the Code.
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	COMPLIANT	Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders	<p>The Code of Corporate Governance of MerryWart Consumer Corp., provides:</p> <p><u>"DISCLOSURE AND TRANSPARENCY</u></p> <p>VIII. Enhancing Company Disclosure Policies and Procedures</p> <p>The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.</p>

			<p>(i) The Board should establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.</p> <p>(ii) The Company should have a policy requiring all directors and officers to disclose/report to the company any dealings in the company's shares within three business days.</p> <p>The Board should fully disclose all relevant and material information on individual board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p> <p>(iv) The company should provide a clear disclosure of its policies and procedure for setting Board and executive remuneration, as well as the level and mix of the same in the Annual Corporate Governance Report. Also, companies should disclose the remuneration on an individual basis, including termination and retirement provisions.</p>
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			<p>(v) The company should disclose its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance. The material or significant RPTs reviewed and approved during the year should be disclosed in its Annual Corporate Governance Report.</p> <p>(vi) The company should make a full, fair, accurate and timely disclosure to the public of every material fact or event that occurs, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders. Moreover, the Board of the offeree company should appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.</p> <p>(vii) The company's corporate governance policies, programs and procedures should be contained in its Manual on Corporate Governance, which should be submitted to the regulators and posted on the company's website."</p> <p>Please see disclosures on the website.</p> <p>www.merrymart.com.ph</p>
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Supplement to Recommendations 8.1				
1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.	COMPLIANT	Indicate the number of days within which the consolidated and interim reports were published, distributed or made available from the end of the fiscal year and end of the reporting period, respectively.	The consolidated financial statements of MerryMart Consumer Corp. are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period, as required by the SEC.	
2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	COMPLIANT	Provide link or reference to the company's annual report where the following are disclosed: 1. principal risks to minority shareholders associated with the identity of the company's controlling shareholders; 2. cross-holdings among company affiliates; and 3. any imbalances between the controlling shareholders' voting power and overall equity position in the company.	MerryMart Consumer Corp.'s Annual Report shall be published in the website which will be submitted on its first year with this report. The link prepared is as follow under Company Disclosures. www.merrymart.com.ph	
Recommendation 8.2				
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	COMPLIANT	Provide information on or link/reference to the company's policy requiring directors and officers to disclose their dealings in the company's share.	The Code of Corporate Governance of MerryMart Consumer Corp., provides:	

<p>2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.</p>	<p>COMPLIANT</p>	<p>Indicate actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction.</p>	<p><u>"DISCLOSURE AND TRANSPARENCY</u></p> <p>VIII. Enhancing Company Disclosure Policies and Procedures</p> <p>The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations</p> <p>(ii) The Company should have a policy requiring all directors and officers to disclose/report to the company any dealings in the company's shares within three business days."</p>
<p>Supplement to Recommendation 8.2</p> <p>1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to the shareholdings of directors, management and top 100 shareholders.</p> <p>Provide link or reference to the company's Conglomerate Map.</p>	<p>The monthly reports, the Top 100 shareholders, any purchase or shareholdings of the Directors and officers are indicated in the Public Ownership report and Form 23 filed at the PSE and/or SEC as required.</p> <p>https://www.merrymart.com.ph/consumer-corp</p>
<p>Recommendation 8.3</p>			

1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.	This is provided currently in the Prospectus of the company. https://www.merrymart.com.ph/company-disclosures-prospectus
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	Provide link or reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.	

Recommendation 8.4

1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	COMPLIANT	Disclose or provide link/reference to the company policy and practice for setting board remuneration	The Code of Corporate Governance of MerryMart Consumer Corp., provides:
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	COMPLIANT	Disclose or provide link/reference to the company policy and practice for determining executive remuneration	<p><u>REMUNERATION OF DIRECTORS AND OFFICERS</u></p> <p>The levels of remuneration of MM should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.</p> <p>MM may establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual directors and</p>

			<p>officers depending on the particular needs of the corporation. No director should participate in deciding on his remuneration.</p> <p>MM's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its directors and top four (4) management officers during the preceding fiscal year.</p> <p>To protect the funds of MM, the Commission may, in exceptional cases, e.g., when a corporation is under receivership or rehabilitation, regulate the payment of the compensation, allowances, fees and fringe benefits to its directors and officers.</p>
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3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	COMPLIANT	Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.	The remuneration of the Directors is shown on the Annual Report to be submitted with this Report.
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	COMPLIANT	<p>Disclose or provide reference/link to company's RPT policies</p> <p>Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction.</p>	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides:</p> <p><u>"DISCLOSURE AND TRANSPARENCY</u></p> <p>VIII. Enhancing Company Disclosure Policies and Procedures</p> <p>The company should disclose its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance. The material or significant RPTs reviewed and approved during the year should be disclosed in its Annual Corporate Governance Report."</p>

2. Company discloses material or significant RPTs reviewed and approved during the year.	COMPLIANT	Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs: 1. name of the related counterparty; 2. relationship with the party; 3. transaction date; 4. type/nature of transaction; 5. amount or contract price; 6. terms of the transaction; 7. rationale for entering into the transaction; 8. the required approval (i.e., names of the board of directors approving, names and percentage of shareholders who approved) based on the company's policy; and 9. other terms and conditions	The Financial Statement also has a discussion on Related Party Transactions.
<div> <div>SEC Form 1-A/GF</div> <div>* Updated 21Dec2017</div> </div>			

Supplement to Recommendation 8.5				
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	COMPLIANT	Indicate where and when directors disclose their interests in transactions or any other conflict of interests.	Directors disclose their interest on a particular transaction to prevent conflict of interest.	
Optional : Recommendation 8.5				
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.		Provide link or reference where this is disclosed, if any		
Recommendation 8.6				
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	COMPLIANT	Provide link or reference where this is disclosed	Any remuneration of the Directors is shown on the Annual Report to be submitted with this Report.	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	COMPLIANT	Identify independent party appointed to evaluate the fairness of the transaction price Disclose the rules and procedures for evaluating the fairness of the transaction price, if any.	The company is aware of market values of properties acquired through third party agents and different property appraisers to ensure fairness of the transaction.	
Supplement to Recommendation 8.6				
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	NON-COMPLIANT	Provide link or reference where these are disclosed.	The company has yet to disclose the trust agreements.	
Recommendation 8.7				

1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	Provide link to the company's website where the Manual on Corporate Governance is posted.	https://www.merrymart.com.ph/corporate-governance?section=manual-on-corporate-governance-24
2. Company's MCG is submitted to the SEC and PSE.	COMPLIANT		

3. Company's MCG is posted on its company website.	COMPLIANT		
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	COMPLIANT	Provide proof of submission.	The Company has just submitted the Code of Corporate Governance on January 24, 2020. There is no update yet on the Code.
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:	COMPLIANT	Provide link or reference to the company's Annual Report containing the said information.	The Annual Report submitted with this Report discloses the information indicated including the Risk factors and will be provided under the company disclosures on the website.
a. Corporate Objectives	COMPLIANT		
b. Financial performance indicators	COMPLIANT		
c. Non-financial performance indicators	COMPLIANT		
d. Dividend Policy	COMPLIANT		
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	COMPLIANT		
f. Attendance details of each director in all directors meetings held during the year	COMPLIANT		
g. Total remuneration of each member of the board of directors	COMPLIANT		

2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	COMPLIANT	Provide link or reference to where this is contained in the Annual Report	
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	COMPLIANT	Provide link or reference to where this is contained in the Annual Report	
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	COMPLIANT	Provide link or reference to where this is contained in the Annual Report	
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	COMPLIANT	Provide link or reference to where these are contained in the Annual Report	

Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

Recommendation 9.1			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	COMPLIANT	Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor.	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides:</p> <p><u>INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT FRAMEWORK</u></p> <p>IX. Strengthening the External</p>
2. The appointment, reappointment, removal, and fees of the external auditor is	COMPLIANT	Indicate the percentage of shareholders that ratified the appointment,	

recommended by the Audit Committee, approved by the Board and ratified by the shareholders.		reappointment, removal and fees of the external auditor.	<p>Auditor's Independence and Improving Audit Quality</p> <p>The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.</p> <p>“(A) External Auditor</p> <p>The Audit Committee should have a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditor. The appointment, reappointment, removal, and fees of the external auditor should be recommended by the Audit Committee, approved by the Board and ratified by the shareholders. For removal of the external auditor, the reasons for removal or change should be disclosed to the regulators and the public through the company website and required disclosures.</p> <p>The Audit Committee Charter should include the Audit Committee's responsibility on assessing the integrity and independence of external auditors and exercising effective oversight to review and monitor the</p>
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			external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. The Charter should also contain the Audit Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	COMPLIANT	Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor.	The company should disclose the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest. The Audit Committee should be alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity."
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	COMPLIANT	Provide information on or link/reference to a document containing the policy of rotating the lead audit partner every five years.	The lead auditor of the company which audited the financial statements of the company changed last 2014 and it is still the current lead auditor of the company.
Recommendation 9.2			
1. Audit Committee Charter includes the	COMPLIANT	Provide link/reference to the company's	The Code of Corporate Governance

<p>Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 		Audit Committee Charter	<p>Of MerryMart Consumer Corp. provides that:</p> <p>"The Audit Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit Committee should be an independent director. The committee shall have the following functions:</p> <ul style="list-style-type: none"> a. Recommends the approval the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter; b. Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	COMPLIANT	Provide link/reference to the company's Audit Committee Charter	

			<p>place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;</p> <p>c. Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;</p> <p>d. Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee;</p> <p>e. Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;</p> <p>f. Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to</p>
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			<p>secure proper coverage and minimize duplication of efforts;</p> <p>g. Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report;</p> <p>h. Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:</p> <ul style="list-style-type: none"> • Any change/s in accounting policies and practices • Areas where a significant amount of judgment has been exercised • Significant adjustments resulting from the audit • Going concern assumptions • Compliance with accounting standards
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			<ul style="list-style-type: none"> • Compliance with tax, legal and regulatory requirements <p>i. Reviews the disposition of the recommendations in the External Auditor's management letter;</p> <p>j. Performs oversight functions over the corporation's Internal and External Auditors. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;</p> <p>k. Coordinates, monitors and facilitates compliance with laws, rules and regulations;</p> <p>l. Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders."</p> <p>The Audit Committee meets with the Board without the presence of the CEO and periodically meets with the head of the internal audit.</p>

Supplement to Recommendations 9.2			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	COMPLIANT	Provide link/reference to the company's Audit Committee Charter	The Code of Corporate Governance of Merry/Mart Consumer Corp. provides that:
			<p>(ii) The Audit Committee</p> <p>The Audit Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit Committee should be an independent director. The committee shall have the following functions:</p> <p>c. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal, and other risks of the Corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities;</p> <p>d. Recommends the approval the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;</p>

			<p>k. Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data and information technology security, and (d) ensure compliance with applicable laws and regulations;</p> <p>l. Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services</p> <p>m. Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee</p> <p>n. Reviews and monitors</p>
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			<p>Management's responsiveness to the Internal Auditor's findings and recommendations;</p> <p>o. Review the annual internal audit plan to ensure its conformity with the objectives of the Corporation. The plan shall include the audit scope, resources, and budget necessary to implement it;</p> <p>p. Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;</p> <p>q. Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report;</p>
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			<p>r. Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:</p> <ul style="list-style-type: none"> • Any change/s in accounting policies and practices • Areas where a significant amount of judgment has been exercised • Significant adjustments resulting from the audit • Going concern assumptions • Compliance with accounting standards
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2. Audit Committee ensures that the external auditor has adequate quality control procedures.	COMPLIANT	Provide link/reference to the company's Audit Committee Charter	<p>The Code of Corporate Governance of MerryMart Consumer Corp. provides that:</p> <p>"The Audit Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit</p>
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	<p>Committee should be an independent director. The committee shall have the following functions:</p> <ol style="list-style-type: none"> Recommends the approval the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter; Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting,
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			<p>and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;</p> <p>c. Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;</p> <p>d. Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee;</p> <p>e. Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;</p> <p>f. Prior to the commencement of the audit, discusses with the External</p>
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		<p>Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;</p> <p>g. Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report;</p> <p>h. Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:</p> <ul style="list-style-type: none"> • Any change/s in accounting policies and practices • Areas where a significant amount of judgment has been exercised • Significant adjustments resulting from the audit
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			<ul style="list-style-type: none"> • Going concern assumptions • Compliance with accounting standards • Compliance with tax, legal and regulatory requirements <p>k. Reviews the disposition of the recommendations in the External Auditor's management letter;</p> <p>l. Performs oversight functions over the corporation's Internal and External Auditors, including the review of reports submitted by them. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;</p> <p>o. Coordinates, monitors and facilitates compliance with laws, rules and regulations;</p> <p>p. Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial</p>
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			<p>statements should be prepared and presented to the stockholders.</p> <p>The Audit Committee meets with the Board without the presence of the CEO and periodically meets with the head of the internal audit.</p> <p>https://merrymart.com/ph/audit-charter.pdf</p>
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Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	COMPLIANT	Disclose the nature of non-audit services performed by the external auditor, if any.	There are no non-audit services performed by the external auditor.
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	COMPLIANT	Provide link or reference to guidelines or policies on non-audit services	The Code of Corporate Governance Of MerryMart Consumer Corp. provides that the Audit Committee: "Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report."
Supplement to Recommendation 9.3	COMPLIANT	Provide information on audit and non-audit fees paid.	The Audit Fees and Audit Related Fees of the External Auditor outweigh the all other fees.

Additional Recommendation to Principle 9

1. Company's external auditor is duly accredited by the SEC under Group A category.	COMPLIANT	Provide information on company's external auditor, such as:	The company's external auditor is:
		<ol style="list-style-type: none"> 1. Name of the audit engagement partner; 2. Accreditation number; 3. Date Accredited; 4. Expiry date of accreditation; and 5. Name, address, contact number of the audit firm. 	<ol style="list-style-type: none"> 1. Dayl P. Virocel of R.G. Manabat & Co. (KPMG); 2. With Accreditation no. of 1386-AR-1; 3. Date Accredited: June 15, 2017; 4. Expiry Date of Accreditation: June 14, 2020; and 5. Name of Audit Firm: R.G. Manabat & Co., <p>Address: The KPMG Center, 6787 Ayala Ave, Makati Contact Number: (02) 885 7000</p>
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	COMPLIANT	Provide information on the following: <ol style="list-style-type: none"> 1. Date it was subjected to SOAR inspection, if subjected; 2. Name of the Audit firm; and 3. Members of the engagement team inspected by the SEC. 	Since R.G. Manabat & Co., audits listed companies it is subject to the SEC's SOAR inspection. However, it has yet to receive notification from the SEC for this matter.

Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

Recommendation 10.1

1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	COMPLIANT	Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.	The Code of Corporate Governance of MerryMart Consumer Corp., provides that: "Increasing Focus on Non-Financial and Sustainability Reporting MM ensures that the material and reportable non-financial and sustainability issues are disclosed. The Board should have a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability."
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	COMPLIANT	Provide link to Sustainability Report, if any. Disclose the standards used.	https://merrymart.com.ph/social-responsibility.pdf
Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.			
Recommendation 11.1			
1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	COMPLIANT	Disclose and identify the communication channels used by the company (i.e., website, Analyst's briefing, Media briefings /press conferences, Quarterly reporting, Current reporting, etc.). Provide links, if any.	https://www.merrymart.com.ph/news

Supplemental to Principle 11

1. Company has a website disclosing up-to-date information on the following:	COMPLIANT	Provide link to company website	www.merrymart.com.ph
a. Financial statements/reports (latest quarterly)	COMPLIANT		<p>Company discloses there include:</p> <p>a. Financial Statements</p> <p>b. Press Releases</p> <p>c. Annual Report</p> <p>d. Notices and Minutes of ASM (currently has a ready link in preparation for the conduct of the ASM).</p> <p>e. Company's Articles of Incorporation</p>
b. Materials provided in briefings to analysts and media	COMPLIANT		
c. Downloadable annual report	COMPLIANT		
d. Notice of ASM and/or SSM	NON-COMPLIANT		
e. Minutes of ASM and/or SSM	NON-COMPLIANT		
f. Company's Articles of Incorporation and By-Laws	COMPLIANT		

Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	COMPLIANT		Pursuant to SEC Memorandum Circular No. 11 Series of 2014 providing for the template for publicly-listed companies' website, MM has complied with such and its website is: https://www.merrymart.com.ph/
Internal Control System and Risk Management Framework			
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	COMPLIANT	List quality service programs for the internal audit functions. Indicate frequency of review of the internal control system	The Code of Corporate Governance of MerryMart Consumer Corp., provides: "XII. Strengthening the Internal Control System and Enterprise Risk Management Framework A. To ensure the integrity, transparency and proper governance

			<p>in the conduct of its affairs, MM shall have a strong and effective internal control system and enterprise risk management framework. MM shall observe the following:</p> <p>ii. MM shall have in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations. The following are the functions of the internal audit, among others:</p> <p>a. Provides an independent-risk-based assurance service to the Board, Audit Committee and Management, focusing on reviewing the effectiveness of the governance and control processes in (1) promoting the right values and ethics, (2) ensuring effective performance management and accounting in the organization, (3) communicating risk and control information, and (4) coordinating the activities and information among the Board, external and internal auditors, and Management;</p> <p>b. Performs regular and special audit as contained in the annual audit plan and/or based on the company's risk assessment;</p>
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			<p>c. Performs consulting and advisory services related to governance and control as appropriate for the organization;</p> <p>d. Performs compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;</p> <p>e. Reviews, audits and assesses the efficiency and effectiveness of the internal control system of all areas of the company;</p> <p>f. Evaluates operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned;</p> <p>g. Evaluates specific operations at the request of the Board or Management, as appropriate; and</p> <p>h. Monitors and evaluates governance processes."</p> <p>During the course of the company operations, the frequency of the review will be determined for this policy.</p>
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<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>COMPLIANT</p>	<p>Identify international framework used for Enterprise Risk Management</p> <p>Provide information or reference to a document containing information on:</p> <ol style="list-style-type: none"> 1. Company's risk management procedures and processes 2. Key risks the company is currently facing 3. How the company manages the key risks <p>Indicate frequency of review of the enterprise risk management framework.</p>	<p>The Code of Corporate Governance of MerryWart Consumer Corp., provides:</p> <p>C. Enterprise Management System</p> <p>MM shall establish a separate, effective enterprise risk management function to identify, assess and monitor key risk exposures. The risk management function involves the following activities, among others:</p> <ol style="list-style-type: none"> a. Defining a risk management strategy; b. Identifying and analyzing key risk exposures relating to economic, environmental, social and governance (EESG) factors and the achievement of the organization's strategic objectives; c. Evaluating and categorizing each identified risk using the
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			<p>Company's predefined risk categories and parameters;</p> <p>d. Establishing a risk register with clearly defined, prioritized and residual risks;</p> <p>e. Developing a risk mitigation plan for the most important risks to the Company, as defined by the risk management strategy;</p> <p>f. Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Board Risk Oversight Committee; and</p> <p>g. Monitoring and evaluating the effectiveness of the organization's risk management processes.</p>
Supplement to Recommendations 12.1			
<p>1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.</p>	COMPLIANT	<p>Provide information on or link/ reference to a document containing the company's compliance program covering compliance with laws and relevant regulations.</p> <p>Indicate frequency of review.</p>	<p>The company is complying with the SEC Rules on all the requirements to be submitted by a publicly-listed corporation (e.g. submission of the Annual Corporate Governance Report).</p>

Optional: Recommendation 12.1				
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.	COMPLIANT	Provide information on IT governance process	The company has an IT governance process providing that for any disruption, there is an immediate troubleshoot to the company's servers/systems as well as assist and inform the users. For disaster recovery, the IT department of the company has a daily back-up using Net backup and a High Availability Disaster Recovery (HADR) which is located at PLDT E-Vitro in Pasig to avoid any data loss. For the company email, Equicom is a third-party service provider for troubleshooting and data security for all the emails.	
Recommendation 12.2				
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	COMPLIANT	Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm.	The internal audit is in-house.	
Recommendation 12.3				
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	COMPLIANT	Identify the company's Chief Audit Executive (CAE) and provide information	The Chief Audit Executive is Ms. Alona Gison. Her responsibility is to monitor	

		on or reference to a document containing his/her responsibilities.	and evaluate the adequacy of effectiveness of the company's internal control system, integrity of financial reporting, and security of physical and information assets.
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	COMPLIANT		
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	COMPLIANT	Identify qualified independent executive or senior management personnel, if applicable.	The qualified independent executive is Ms. Alona Gison.
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	COMPLIANT	Provide information on company's risk management function.	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides:</p> <p>"Enterprise Management System</p> <p>MM shall establish a separate, effective enterprise risk management function to identify, assess and monitor key risk exposures. The risk management function involves the following activities, among others:</p> <p>a. Defining a risk management strategy;</p> <p>b. Identifying and analyzing key risk exposures relating to economic, environmental,</p>

			<p>social and governance (EESG) factors and the achievement of the organization's strategic objectives;</p> <p>c. Evaluating and categorizing each identified risk using the Company's predefined risk categories and parameters;</p> <p>d. Establishing a risk register with clearly defined, prioritized and residual risks;</p> <p>e. Developing, a risk mitigation plan for the most important risks to the Company, as defined by the risk management strategy;</p> <p>f. Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Board Risk Oversight Committee; and</p> <p>g. Monitoring and evaluating the effectiveness of the organization's risk management processes. "</p>
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	COMPLIANT	Identify source of external technical support, if any.	The company seeks external technical support such as the Traffic Impact Assessment Study and Asian Appraisal should the project requires it.

Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	NON - COMPLIANT	Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.	Currently, the Company has not designated a Chief Risk Officer. However, the Company's Code of Corporate Governance provides that the Company shall have a Risk Officer-in-Charge who is the ultimate champion of Enterprise Risk Management (ERM) and has adequate authority, stature, resources and support to fulfill his/her responsibilities, subject to company's size, risk profile and complexity of operations.
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	NON - COMPLIANT		
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	NON- COMPLIANT	Provide link to CEO and CAE's attestation	In this I-ACGR, the CEO AND CAE assure that there is a sound internal audit, control and compliance system that is in place and working effectively.
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	COMPLIANT	Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed.	The Code of Corporate Governance of MerryMart Consumer Corp., provides: "Promoting Shareholder Rights

			<p>MM shall treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.</p> <p>(i) It shall be the duty of the Board to promote shareholder rights, remove impediments to the exercise of shareholder rights and allow possibilities to seek redress for violation of their rights. The Board shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. The Board shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The Board shall pave the way for electronic filing and distribution of shareholder information necessary to make informed decisions, subject to legal constraints.</p> <p>(ii) In addition to the sending of notices, open communications shall be maintained with stockholders to encourage them to personally attend the stockholders' meeting. If they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy. The Board shall encourage active shareholder participation by sending the Notice of Annual and</p>
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			<p>Special Shareholders' Meeting with sufficient and relevant information at least twenty eight (28) business days before the meeting.</p> <p>(iii) The Board shall encourage active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting shall be available on the Company website within five (5) business days from the end of the meeting.</p> <p>(iv) The Board shall commit to respect the following rights of the stockholders:</p> <ul style="list-style-type: none"> a. Voting Rights b. Pre-emptive Right c. Right of Inspection d. Right to Information e. Right to Dividend f. Appraisal Right <p>(v) It is the responsibility of the Board of Directors to establish an alternative dispute resolution system to settle intra-corporate disputes in an amicable and effective manner. As such, the Board of Directors normally engages the services of a neutral third party to assist in the resolution of issues</p>
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			<p>between MM and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as MM and the circumstances sees fit. Consideration is given to the need to promote candor through confidentiality of the process, the policy of fostering prompt, economical, and amicable resolution of disputes in accordance with the principles of integrity of determination by the parties, and the policy that the decision-making authority in the process rests with the parties.</p> <p>(vi) MM shall establish an Investor Relations Office (IRO) to facilitate constant engagement with its shareholders. The IRO shall be present at every shareholders' meeting.</p> <p><u>DUTIES TO STAKEHOLDERS</u></p> <p>XIV. Respecting Rights of Stakeholders and Effective Redress for Violation of Stakeholder's Rights</p> <p>The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders'</p>
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			rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.
2. Board ensures that basic shareholder rights are disclosed on the company's website.	COMPLIANT	Provide link to company's website	(i) The Board should identify the company's various stakeholders and promote cooperation between them and the company in creating wealth, growth and sustainability. (ii) The Board should establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders. (iii) The Board should adopt a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights."
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	COMPLIANT		The Company's common share has one (1) vote for one share.
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	COMPLIANT	Provide information on all classes of shares, including their voting rights if any.	There is only one (1) class of shares, enjoying the same voting rights.

3. Board has an effective, secure, and efficient voting system.	NON-COMPLIANT	Provide link to voting procedure. Indicate if voting is by poll or show of hands.	The Board voting system is by poll but the provided on the website once the ASM will be conducted by the Company for this year.
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	NON - COMPLIANT	Provide information on shareholder voting mechanisms such as supermajority or "majority of minority", if any.	There is no voting mechanism that requires "supermajority" or "Majority of minority".
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	COMPLIANT	Provide information on how this was allowed by board (i.e., minutes of meeting, board resolution)	Shareholders meeting, for any purpose or purposes, may be called by any of the following: (a) Board of Directors, at its own instance, or by (b) President.
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	COMPLIANT	Provide information or link/reference to the policies on treatment of minority shareholders	The Code of Corporate Governance of MerryMart Consumer Corp., provides: Promoting Shareholder Rights "MM shall treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights."
7. Company has a transparent and specific dividend policy.	COMPLIANT	Provide information on or link/reference to the company's dividend Policy.	https://merrymart.com.ph/upload/dividend-policy.pdf

		company paid the dividends within 60 days from declaration	
Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	COMPLIANT	Identify the independent party that counted/validated the votes at the ASM, if any.	The company intends to have the Votes bvalidated and counted by the company's Stock and Transfer Agent, Rizal Commercial Banking Corporation, as adjoined by its Auditors, KPMG R.G. Manabat & Co.
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	COMPLIANT	Indicate the number of days before the annual stockholders' meeting or special stockholders' meeting when the notice and agenda were sent out Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting. Provide link to the Agenda included in the company's Information Statement (SEC Form 20-IS)	The Code of Corporate Governance of MerryMart Consumer Corp provides twenty-eight (28) days.
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:	NON-COMPLIANT	Provide link or reference to the company's notice of Annual Shareholders' Meeting	The ASM is yet to be set and conducted for the first year.
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	NON-COMPLIANT		The information mentioned in the recommendation will be included in the Notice of the ASM.
b. Auditors seeking appointment/re-appointment	NON-COMPLIANT		

c. Proxy documents	NON-COMPLIANT		
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	NON-COMPLIANT	Provide link or reference to the rationale for the agenda items	The Company Disclosures on the website has a ready link for the upload of the minutes for the conduct of the ASM in this first year.
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	NON-COMPLIANT	Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.	The Company Disclosures on the website has a ready link for the upload of the minutes to contain the information, once the ASM is conducted.
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	NON-COMPLIANT	<p>Provide link to minutes of meeting in the company website.</p> <p>Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes.</p> <p>Indicate also if the voting on resolutions was by poll.</p> <p>Include whether there was opportunity to ask question and the answers given, if any</p>	

Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	COMPLIANT	Indicate if the external auditor and other relevant individuals were present during the ASM and/or special meeting	Yes. The external auditor and other relevant individuals were present during the ASM.
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	COMPLIANT	Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes	The Code of Corporate Governance of MerryMart Consumer Corp., provides: General Responsibility "Establish and maintain an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities."
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	COMPLIANT	Provide link/reference to where it is found in the Manual on Corporate Governance	Promoting Shareholder Rights "It is the responsibility of the Board of Directors to establish an alternative dispute resolution system to settle intra-corporate disputes in an amicable and effective manner. As such, the Board of Directors normally engages the services of a neutral third party to assist in the resolution of issues between MM and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any

			combination thereof, as MM and the circumstances sees fit. Consideration is given to the need to promote candor through confidentiality of the process, the policy of fostering prompt, economical, and amicable resolution of disputes in accordance with the principles of integrity of determination by the parties, and the policy that the decision-making authority in the process rests with the parties."
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	COMPLIANT	Disclose the contact details of the officer/office responsible for investor relations, such as: 1. Name of the person 2. Telephone number 3. Fax number 4. E-mail address	1. Marriana H. Yulo 2.+632 8743 1111 3. +632 8743 1111 4. mhy@merrymart.com.ph
2. IRO is present at every shareholder's meeting.	COMPLIANT	Indicate if the IRO was present during the ASM.	Yes, the IRO was present during the ASM.
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	COMPLIANT	Provide information on how anti-takeover measures or similar devices were avoided by the board, if any.	The anti-takeover measures or similar devices were avoided by allowing stockholders to participate and exercise their voting rights and their right to be voted upon, as well as increase their shareholdings.
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	NON-COMPLIANT	Indicate the company's public float.	20.80% (a)
Optional: Principle 13			

1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting		Disclose or provide link/reference to policies and practices to encourage shareholders' participation beyond ASM	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.		Disclose the process and procedure for secure electronic voting in absentia, if any.	

Duties to Stakeholders

Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

Recommendation 14.1

1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	COMPLIANT	Identify the company's shareholder and provide information or reference to a document containing information on the company's policies and programs for its stakeholders.	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides:</p> <p>Promoting Shareholder Rights</p> <p>"MM shall treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.</p> <p>(i) It shall be the duty of the Board to promote shareholder rights, remove impediments to the exercise of shareholder rights and allow possibilities to seek redress for violation of their rights. The Board shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. The Board shall be instrumental in removing excessive costs</p>
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			<p>and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The Board shall pave the way for electronic filing and distribution of shareholder information necessary to make informed decisions, subject to legal constraints.</p> <p>(ii) In addition to the sending of notices, open communications shall be maintained with stockholders to encourage them to personally attend the stockholders' meeting. If they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy. The Board shall encourage active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least twenty eight (28) business days before the meeting.</p> <p>(iii) The Board shall encourage active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting shall be available on the Company website within five (5) business days from the end of the meeting.</p> <p>(iv) The Board shall commit to respect the following rights of the stockholders:</p>
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			<p>a. Voting Rights b. Pre-emptive Right c. Right of Inspection d. Right to Information e. Right to Dividend f. Appraisal Right</p> <p>(v) It is the responsibility of the Board of Directors to establish an alternative dispute resolution system to settle intra-corporate disputes in an amicable and effective manner. As such, the Board of Directors normally engages the services of a neutral third party to assist in the resolution of issues between MM and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as MM and the circumstances sees fit. Consideration is given to the need to promote candor through confidentiality of the process, the policy of fostering prompt, economical, and amicable resolution of disputes in accordance with the principles of integrity of determination by the parties, and the policy that the decision-making authority in the process rests with the parties.</p> <p>(vi) shall establish an Investor Relations Office (IRO) to facilitate constant engagement with its shareholders. The IRO shall be present at every shareholders' meeting.</p>
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			<p style="text-align: center;">DUTIES TO STAKEHOLDERS</p> <p style="text-align: center;">Respecting Rights of Stakeholders and Effective Redress for Violation of Stakeholder's Rights</p> <p>"The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.</p> <p>(i) The Board should identify the company's various stakeholders and promote cooperation between them and the company in creating wealth, growth and sustainability.</p> <p>(ii) The Board should establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p> <p>(iii) The Board should adopt a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights."</p>
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Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	COMPLIANT	Identify policies and programs for the protection and fair treatment of company's stakeholders	<p>The Code of Corporate Governance of MerryMart Consumer Corp. provides:</p> <p>Promoting Shareholder Rights</p> <p>"MM shall treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.</p> <p>(i) It shall be the duty of the Board to promote shareholder rights, remove impediments to the exercise of shareholder rights and allow possibilities to seek redress for violation of their rights. The Board shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. The Board shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The Board shall pave the way for electronic filing and distribution of shareholder information necessary to make informed decisions, subject to legal constraints.</p> <p>(ii) In addition to the sending of notices, open communications shall be maintained with stockholders to encourage them to personally attend the stockholders' meeting. If they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy. The Board shall</p>

			<p>encourage active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least twenty eight (28) business days before the meeting.</p> <p>(iii) The Board shall encourage active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting shall be available on the Company website within five (5) business days from the end of the meeting.</p> <p>(iv) The Board shall commit to respect the following rights of the stockholders:</p> <p>a. Voting Rights b. Pre-emptive Right c. Right of Inspection d. Right to Information e. Right to Dividend f. Appraisal Right</p> <p>(v) It is the responsibility of the Board of Directors to establish an alternative dispute resolution system to settle intra-corporate disputes in an amicable and effective manner. As such, the Board of Directors normally engages the services of a neutral third party to assist in the resolution of issues</p>
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		<p>between MM and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as MM and the circumstances sees fit. Consideration is given to the need to promote candor through confidentiality of the process, the policy of fostering prompt, economical, and amicable resolution of disputes in accordance with the principles of integrity of determination by the parties, and the policy that the decision-making authority in the process rests with the parties.</p> <p>(vi) MM shall establish an Investor Relations Office (IRO) to facilitate constant engagement with its shareholders. The IRO shall be present at every shareholders' meeting."</p> <p>DUTIES TO STAKEHOLDERS</p> <p>Respecting Rights of Stakeholders and Effective Redress for Violation of Stakeholder's Rights</p> <p>The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of</p>
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			<p>their rights.</p> <p>(i) The Board should identify the company's various stakeholders and promote cooperation between them and the company in creating wealth, growth and sustainability.</p> <p>(ii) The Board should establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p> <p>(iii) The Board should adopt a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights."</p>
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Recommendation 14.3			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	COMPLIANT	Provide the contact details (i.e., name of contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights.	<p>The Investor Relations Department with contact number +632 8743 1111</p> <p>The policy on Whistle-blowing adopted is published on the website, as follows:</p> <p>https://merrymart.com.ph/whistleblowing-policy.pdf</p>
		Provide information on whistleblowing policy, practices and procedures for stakeholders	

Supplement to Recommendation 14.3			
	1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	COMPLIANT	Provide information on the alternative dispute resolution system established by the company.
			<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides that:</p> <p>"It is the responsibility of the Board of Directors to establish an alternative dispute resolution system to settle intra-corporate disputes in an amicable and effective manner. As such, the Board of Directors normally engages the services of a neutral third party to assist in the resolution of issues between MM and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as MM and the circumstances sees fit. Consideration is given to the need to promote candor through confidentiality of the process, the policy of fostering prompt, economical, and amicable resolution of disputes in accordance with the principles of integrity of determination by the parties, and the policy that the decision-making authority in the process rests with the parties."</p>

Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	COMPLIANT	Disclose any requests for exemption by the company and the reason for the request.	
2. Company respects intellectual property rights.	COMPLIANT	Provide specific instances, if any.	
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	COMPLIANT	Identify policies, programs and practices that address customers' welfare or provide link/reference to a document containing the same.	Concerns of customers can be conveyed to the company through its Customer Care.
2. Company discloses its policies and practices that address supplier/contractor selection procedures	COMPLIANT	Identify policies, programs and practices that address supplier/contractor selection procedures or provide link/reference to a document containing the same.	The company has adopted a policy on the accreditation and selection of suppliers and contractors through bidding.
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			

<p>1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to company policies, programs and procedures that encourage employee participation.</p>	<p>The Code of Corporate Governance of provides:</p> <p>Encouraging Employees' Participation</p> <p>"A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.</p> <p>(i) The Board should establish policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.</p> <p>(ii) The Board should set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct. Further, the Board should disseminate the policy and program to employees across the organization through trainings to embed them in the company's culture.</p> <p>(iii) The Board should establish a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns. The</p>
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			Board should be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement."
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	NON-COMPLIANT	Disclose if company has in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders.	.
2. Company has policies and practices on health, safety and welfare of its employees.	COMPLIANT	Disclose and provide information on policies and practices on health, safety and welfare of employees. Include statistics and data, if any.	https://merrymart.com.ph/Health&Safety.pdf
3. Company has policies and practices on training and development of its employees.	COMPLIANT	Disclose and provide information on policies and practices on training and development of employees. Include information on any training conducted or attended.	The company facilitates training and Development of employees through update of skills and knowledge. https://merrymart.com.ph/safety-training.pdf

Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	COMPLIANT	Identify or provide link/reference to the company's policies, programs and practices on anti-corruption	The Code of Corporate Governance of MerryMart Consumer Corp., provides: Encouraging Employees' Participation "The Board should set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct. Further, the Board should disseminate the policy and program to employees across the organization through trainings to embed them in the company's culture."
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	COMPLIANT	Identify how the board disseminated the policy and program to employees across the organization	The initial policy against receipt of gifts for third parties and the need to surrender of any Christmas gifts to the Human Resources was disseminated through the organization through electronic mail.
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	COMPLIANT	Identify or provide link/reference to the company policy and procedures on penalizing employees involved in corrupt practices. Include any finding of violations of the company policy.	The Code of Business Ethics provides on receiving gifts from third parties that: "Every employee must perform his duties in accordance with the highest ethical and professional standards of the Company with diligence of a good father of a family. Further, receipt of gifts from third parties must at all times be dealt with in a prudent manner."
			https://merrymart.com.ph/code-of-ethics.pdf

Recommendation 15.3

1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	COMPLIANT	Disclose or provide link/reference to the company whistle-blowing policy and procedure for employees. Indicate if the framework includes procedures to protect the employees from retaliation. Provide contact details to report any illegal or unethical behavior.	Section 5 of the Whistle-Blowing Policy provides that: "PROTECTION OF AND REMEDIES OF A WHISTLE-BLOWER 5.1 For this policy to be effective, the concerned parties must be adequately assured that the information given will be treated in a confidential manner and, above all, that they will be protected against retaliation from within or without the Company. The Company will maintain as confidential the whistle-blower's identity unless: xxxx 5.2 Retaliation against any whistleblower shall not be permitted."
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	COMPLIANT		Section 2 , on Purpose of the Policy, provides: " xxxx The other aims if this Policy are: a) To provide an avenue for raising concerns related to corruption, fraud and other misconduct." Further, in Section 5, the Policy commits to the whistle-blower the help of the President and the Managing Director under certain circumstances: "xxxxx the President or his duly authorized representative, subject to the Company's rules and regulations, shall guarantee the confidentiality of the identity an individual who submits a
3. Board supervises and ensures the enforcement of the whistleblowing framework.	COMPLIANT	Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.	

			<p>whistle-blowing complaint or is a witness in an investigation;</p> <p>xxxxx</p> <p>c) Where a party external to the Company reasonably believes he or she is threatened with retaliation because he or she assisted in an investigation or an audit by the Company, the Managing Director, on the recommendation of the President or his duly authorized representative, shall commit the Company to provide reasonable and appropriate assistance to secure that party's protection."</p>
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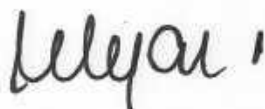
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

Recommendation 16.1

<p>1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.</p>	<p>COMPLIANT</p>	<p>Provide information or reference to a document containing information on the company's community involvement and environment-related programs.</p>	<p>The Code of Corporate Governance</p> <p>"The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.</p> <p>The company should recognize and place an importance on the interdependence between business and society, and promote a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates."</p>
<p>Optional: Principle 16</p>			
<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>	<p>COMPLIANT</p>	<p>Identify or provide link/reference to policies, programs and practices to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development.</p>	<p>https://meritmart.com.ph/social-responsibility.pdf</p>
<p>2. Company exerts effort to interact positively with the communities in which it operates</p>	<p>COMPLIANT</p>	<p>Identify or provide link/reference to policies, programs and practices to</p>	<p>The Company has signed a Corporate Social Responsibility Partnership deal with</p>

		interact positively with the communities in which it operates.	Jollibee Group Foundation on June 27, 2019 to support its programs, primarily the Farmer Entrepreneurship Program. This program aims to increase the capabilities of smallholder farmers as well as enhance their income by linking them to the supply chain of institutional markets such as Jollibee and MerryMart. All MerryMart supermarkets nationwide will also host the foundation's coin banks for its Busog Lusog Talino school feeding program across the country
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Pursuant to the requirement of the Securities and Exchange Commission (SEC), this Integrated Annual Corporate Governance Report of the MerryMart Consumer Corp.(Company) is signed by the undersigned in PASAY CITY on MAY 14 2021.



EDGAR J. SIA II
Chairman



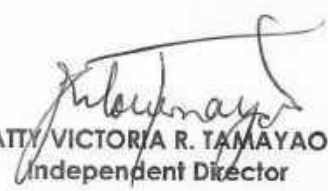
FERDINAND J. SIA
President




JOSE ROELPHE DESALES
Compliance Officer



ATTY. JACQUELINE ANN MARIE O. GOMEZ
Corporate Secretary

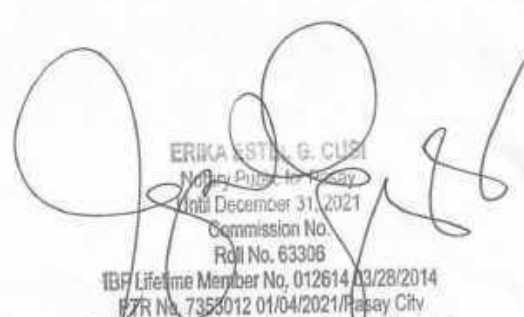

ATTY VICTORIA R. TAMAYAO
Independent Director


GARY P. CHENG
Independent Director

SUBSCRIBED AND SWORN to before me this MAY 14 2021, Affiants
exhibited to me the following competent evidence of Identity, as follows:

Name	Passport/ID	Valid Until	Issued At
EDGAR J. SIA II	P2057771A	February 27, 2022	DFA Manila
FERDINAND J. SIA	P7882199A	July 10, 2028	DFA Manila
JOSE ROELPH E. DESALES	F04-95-027676	April 2, 2024	LTO Manila
JACQUELINE ANN MARIE O. GOMEZ	P6783876A	April 16, 2028	DFA Manila
VICTORIA R. TAMAYAO	P7676941A	6/25/2028	DFA Manila
GARY P. CHENG	P7178698A	5/15/2028	DFA Manila

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Series of 2021


ERIKA ESTELA G. CUSI
Notary Public for Pasay
Until December 31, 2021
Commission No.
Roll No. 63306
IBF Lifetime Member No. 012614 03/28/2014
PTR No. 7358012 01/04/2021/Pasay City
DoubleDragon Headquarters, 10th Floor, Tower 1
DoubleDragon Plaza, DD Meridian Park
Cor. Macapagal Avenue & EDSA Ext., Bay Area Pasay City

SUSTAINABILITY REPORT

Contextual Information

Company Details	
Name of Organization	MerryMart Consumer Corp. (“MM” or the “Company”)
Location of Headquarters	9 th Floor, Tower 1, DoubleDragon Plaza, EDSA Extension corner Macapagal Avenue, Pasay City
Location of Operations	Various places around the Philippines (Annex A)
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	MerryMart Grocery Centers, Inc.
Business Model, including Primary Activities, Brands, Products, and Services	MERRYMART is composed of company-owned and franchised retail stores and wholesale/distribution centers. The business model is to shift existing local and traditional groceries to modern branded retail chain network using online digital network and applications, in line with the future developments of the country.
Reporting Period	January 1, 2020 - December 31, 2020 (listing date- June 15, 2020)
Highest Ranking Person responsible for this report	Jose Roelph Desales – Chief Compliance Officer

**If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.¹

The experience brought in by key executive and managerial personnel of the Company complemented by interaction and close dealings with customers, regulators, suppliers and other stakeholders (collectively “stakeholders”) contributed largely to the determination of the factors which are key to the operations of the Company.

The following steps were undertaken:

- Understanding the Sustainability Context.
- Consultations and Dialogue with Stakeholders.
- Identifying Material Topics.
- Measuring Performance and Defining Management Approaches.

We referred to the UN Sustainable Development Goals as our reference to evaluate our impact to environment, economy, and society is linked to delivering on specific SDG targets.

ECONOMIC

MERRYMART has set its **12-12-12 Vision** 2030 with the goal of rolling out a total of 1,200 MERRYMART branches nationwide. This number and volume will achieve the Php 120 Billion in systemwide sales revenue envisioned, and eyes a timetable to achieve the set targets within 12 years from listing in the year of 2020. MM’s aims and ensures that it will have all the essential goods in one place or just a digital click away to help guarantee this mission and vision.

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	3,,479,853,763.00	PhP
Direct economic value distributed:		
a. Operating costs	3,450,379,496.00	PhP
b. Employee wages and benefits	74,403,575.00	PhP
c. Payments to suppliers, other operating costs	3,699,876,810.00	Php
d. Dividends given to stockholders and interest payments to loan providers	8,400,000.00	PhP
e. Taxes given to government	132,229,831.00	PhP
f. Investments to community (e.g. donations, CSR)	250,000.00	PhP

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

For the company's operations alone for 2020, it has contributed Php 3,699,867,810.00 to the business operations of its suppliers and contractors to construct the expansion laid-out in the of the MM brand based on the Mission and Vision. The MM brand is now present in the, Luzon, Visayas and Mindanao.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>The Company's growth from 2 to 21 stores/centers in the year 2020 brought consequent economic and social development to spread across the country.</p> <p>The company's innovations in providing more distribution centers and company online order and delivery system, as well as partnership with FoodPanda and others , will keep on its competitive advantage to pricing and availability of supply to more people instead of the select.</p>	<p>Employees, Community, Suppliers, Investors, Creditors, Government</p>	<p>The MM management plans further expansion with a focus on innovation and sustainable growth. Part of the mission of the Company is keeping the business future-proof and being able to keep up with the changes in times.</p> <p>The Company prioritizes inclusive growth by creating more distribution centers in more areas specially in those areas needing it. By growing more markets, the Company will be attuned to the needs of the community at large. The Company will integrate more innovations in it the execution of its plan and growth.</p>

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p>The current risks identified are market competition and the Covid-19 Measures which affect ease of logistics, supply and prices.</p> <p>The Annual Report contains the discussion of the risks identified during the operations.</p>	Employees, Suppliers, Investors, Government	<p>The MM management will continue to use its advantage of nimble execution to fully respond to the current conditions of the market. It will continue its approach of fine-tuning plans in the implementation stage to fully mitigate any risks and challenges during the operations.</p> <p>The management will prioritize digital innovations for faster and complete distribution of goods, in response to the needs of the customers especially in the areas with limited movement programs.</p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p>The current pandemic only intensified and highlighted the need for the fast integration of the digital tools in the business operations.</p> <p>The significant opportunity of the pandemic experience is for the retails industry to provide a responsive essential goods service which is online, contactless, fast and complete.</p>	Employees, Suppliers, Investors, the Community and Government	<p>The move towards the wider use of technology and online digital presence of the operations will be a priority. It is expected that the use of the digital presence will increase volume of sales, efficiency, safety and productivity.</p> <p>The management will pursue collaborative opportunities with the local government to serve and help the specific needs of each community.</p>

Climate-related risks and opportunities²

MM finds opportunities to lessen the negative impact of operations on the climate. The Company continues to explore the use of sustainable and renewable as it pursues its mission.

MM is aware that climate-related risks are manifested as natural catastrophes. The Company will align with initiatives to help the general welfare, locally and nationally.

MM will further study and apply sustainable practices in the course of its operations.

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

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	Not yet monitored	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>MM is a fast and newly-expanding business throughout the archipelago. It is mindful that the fresh capital invested in each area should redound to the benefit and advantage of the localities of its stores and centers.</p> <p>The sourcing and procurement of the Company for suppliers, and contractors will give more experience and chances for the local pool of contractors, and suppliers. MM will support and expand the development of every locality in which it operates the business.</p>	Suppliers and contractors	MM requires in its sourcing and procurement process that the stakeholders it contracts with are compliant with relevant regulations. The Company's accreditation process requires or supports the proper registration of business entities and yearly reporting (e.g. SEC and DTI Registration, BIR registration, Business Permits, Audited Financial Statements). The local pool of suppliers and contractors are tapped for provisions of the sites.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Logistic delays, availability of goods based on demand, and damage to the quality of goods that may occur due to the nature or the items, are risks identified in the distribution of the supplies.	Employees, Suppliers, and Customers.	<p>The Company will set the protocols and standards of its operations through policies and make sure that all stakeholders will be able to comply with it.</p> <p>The Company will ensure that protocols are continuously reviewed and tweaked to mitigate these risks of the business operations.</p> <p>MM is in the early infancy of its hypergrowth years, and the Company considers this the best time to incorporate and implement Company Policies and Conduct within its organization and which is a part of the job orientation.</p>

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p>New channels for business such as better and more sustainable materials for packaging to ensure uniform standard of goods, service and delivery.</p> <p>Better synergy with the suppliers and customers with the use of technology and the online network for faster, consistent, uniform and efficient routine transactions.</p>	Employees, Suppliers, and Customer.	The Company monitors and checks the system of sourcing and collaboration with the providers regularly. This will ensure competitive edge in the industry.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	N/A	%
Percentage of employees that have received anti-corruption training	100	%

MM's has a strict policy against corruption.

This policy is likewise discussed in every orientation for new employees and annual employee general assembly.

The company will continue to review the policies aimed to prevent and deter corruption.

- Conflict of Interest
- Conduct of Business and Fair Dealings
- Prohibition on Solicitation/Receipt of Gifts from Third Parties
- Compliance with Laws and Regulations
- Respect for Trade Secrets/Use of Non-public Information
- Protection of Data Privacy
- Use of Company Funds and Assets
- Employment and Labor Laws and Policies
- Whistleblowing
- Related Party Transactions

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company knows the effects of Corruption is inconsistent with its priorities and vision. Corrupt practices will erode the goals set to achieve the common vision of the Company.	Employees, Suppliers, Government Regulators	<p>The Company has the above policies to keep employees and other stakeholders aware of the proper actions in transactions and dealings. These policies are either posted in the Company's website and incorporated in various contracts entered by the Company.</p> <p>The Company ensures to keep the implementation of anti-corrupt practices consistent from top to bottom of the company and give it the proper importance, educating all the stakeholders to be mindful in everyday dealings.</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Stakeholders may not completely comply with the established provisions of the Company's Anti-corruption policies.	Employees, Suppliers, Investors	The Company ensures the standards set in the Policies are always given importance by the employees, and suppliers. Programs are continuously being developed to keep everyone educated of the proper way in doing transactions to avoid corrupt practices.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
No significant opportunities identified.		

Incidents of Corruption

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
There was no case of corruption within or against the Company in the reporting year.	Employees, Suppliers and Government	<p>The Company as practice, introduces the Anti-corruption policies to all the stakeholders, especially the employees. Then the internal controls and monitoring put in place in the daily transactions strengthens it during implementation of tasks and dealings.</p> <p>Finally, the Company will not hesitate to cancel contracts and implement disciplinary actions and pursue legal remedies for violations of the Policies.</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The risk will be always present as the Company continually grows, develops and evolves for its needs.	Employees, Suppliers and Government	<p>The Company will always make the Policies a priority during the selection and hiring of new employees, and regularly conduct re-orientation programs.</p> <p>As the Company uses more technologically advanced tools for more efficiency and responsive actions for the needs of the times, the management will ensure that checks and balances will be in place to ensure and comply with the Anti-Corruption Policies.</p>
He What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company implements and continuously finds ways to advance with technology. There is an opportunity to integrate applications and securities as check and balances for corruption.	Employees, Suppliers and Government.	The Company will allocate enough resources to ensure that the Policies will be given the same advancement through technology.

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	N/A	GJ
Energy consumption (gasoline)	N/A	GJ
Energy consumption (LPG)	N/A	GJ
Energy consumption (diesel)	N/A	GJ
Energy consumption (electricity)	7,885,470	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	N/A	GJ
Energy reduction (LPG)	N/A	GJ
Energy reduction (diesel)	N/A	GJ
Energy reduction (electricity)	N/A	kWh
Energy reduction (gasoline)	N/A	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company's energy consumption is growing because of it is also growing its business operations. The Company will just make sure to keep sustainable practices in the use of resources as it builds and operates in other localities. Currently we increase the use of Energy from the local grid and suppliers.	Employees, suppliers and customers	The management explores ways to implement sustainable practices in the operations. It keeps abreast of advancements and best practices for future implementation within the organization.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No identified significant risks yet.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p>The shift to digital stores and online payment is a good opportunity to use less energy in keeping everything in distribution centers and warehouses which consume less energy, before it will reach the end-users.</p> <p>The use of less materials in packaging and delivery is also important.</p>	Landlords if any, suppliers, and customers.	The Company will continue to align with programs to ensure reduction of energy consumption. In the business operations, sustainable practices will be given priority in the planning and execution of these plans.

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	N/A	Cubic meters
Water consumption	39,691	Cubic meters
Water recycled and reused	N/A	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company sources its water supply from compliant utility companies instead of small third party providers who are unregulated and may have exploited underground water without care to water depletion. The impact of the Company arises from the importance given to the water resource being used, to have been sourced safely.	Suppliers, customers, employees and community	Part of the program of the management is education on the proper use of water. It also trains the employees on water conservation. Pollution control officers are also being trained to keep the sites under regular maintenance and within the allowed standards sets by the government departments.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Water depletion and shortage.	Suppliers, employees, customers, the community and the Company itself.	The Company will prioritize water haulers/suppliers with proper government accreditation and safe practices. The Company will align its contracts and Policies towards mitigating these risks.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The developments towards use of technology and the digital network will provide an opportunity for less consumption of the water resource.	Suppliers, employees, customers, the community and the Company itself.	The Company may explore avenues to use less and contribute in keep our underground water with enough levels to sustain the future needs.

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
• renewable	N/A	kg/liters
• non-renewable	N/A	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	N/A	%

The Company is located in malls with properly government- accredited garbage haulers. And the Company will only contract with haulers who are compliant with government standards.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A	
Habitats protected or restored	N/A	ha
IUCN ³ Red List species and national conservation list species with habitats in areas affected by operations	N/A	

³ International Union for Conservation of Nature

None of the Company's operational sites are located within protected areas.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	No available data	Tonnes CO ₂ e
Energy indirect (Scope 2) GHG Emissions	No available data	Tonnes CO ₂ e
Emissions of ozone-depleting substances (ODS)	N/A	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>The scope 1 GHG emissions are the result of operation of generator sets, which are provided by the malls.</p> <p>The Company's impact is only in places prone to temporary power outage.</p>	Landlords (malls, and other sites), customers and the community.	The Company is participating in trainings and seminars of the Department of Energy and Natural Resources on reduction of emission of Greenhouse Gases. Planning ahead of announced power outage will limit the operations reliance on the power given by the generator sets.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No significant risk identified yet.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
No significant opportunities identified yet.		

Air pollutants

Disclosure	Quantity	Units
NO _x	N/A	kg
SO _x	N/A	kg
Persistent organic pollutants (POPs)	N/A	kg
Volatile organic compounds (VOCs)	N/A	kg
Hazardous air pollutants (HAPs)	N/A	kg
Particulate matter (PM)	N/A	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company is not yet operating any generator sets causing air pollution. So far the impact of the company is insignificant.	Employees, customers and community.	The Company will comply with the standards set by the government for clean air emissions.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No significant risks identified yet.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
No significant opportunities yet.		

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	N/A	kg
Reusable	N/A	kg
Recyclable	N/A	kg
Composted	N/A	kg
Incinerated	N/A	kg
Residuals/Landfilled	N/A	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company observes proper disposition of waste before it is collected by accredited waste disposal contractors. This practice gives the haulers a more efficient way to recycle the waste materials.	Contractors, customers, and the community.	The management will strengthen pollution controls in the business operations. Pollution Control training will be conducted by the officers sent by the company for training with the Department of Environment and Natural Resources.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No significant risks are identified yet.		

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
No significant opportunities are identified yet.		

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	N/A	kg
Total weight of hazardous waste transported	N/A	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company knows and observes the proper waste disposal of hazardous materials. It ensures that the collection of these materials will be compliant to the proper process.	Suppliers, customers and community.	The Company ensures that hazardous waste is hauled by a contracted waste disposal contractor duly accredited by the DENR which dispose it in landfills duly identified by the government.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No significant risks are identified yet.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
No significant opportunities identified yet.		

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	N/A	Cubic meters
Percent of wastewater recycled	N/A	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company knows that the proper way of disposal of waste water is through waste water treatment facilities. The Company requires and asks that its landlord which are usually the malls, to make sure it observes waste water treatment.	Community, suppliers, employees and government	The Company ensures that its wastewater treatment facilities comply with the regulatory requirements set by the DENR. It prioritizes the importance of safety of the stakeholders in the community.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No significant risks are identified yet.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
No significant opportunities are identified yet.		

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	N/A	#
No. of cases resolved through dispute resolution mechanism	N/A	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The company studies and complies the government standards in the use of the natural resources. The Policies being put in place considers the standards set by the government for compliance of the Company thereby reducing unlawful use of water, and other resources.	Employees, the Company and community.	The Company ensures compliance of environmental laws and standards on all of its sites and units.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No significant risks identified yet.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
No significant opportunities identified yet.		

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees ⁴	318	
a. Number of female employees	165	#
b. Number of male employees	153	#
Attrition rate ⁵	55.32%	Ave Rate
Ratio of lowest paid employee against minimum wage	1:1	

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	100%	100%
PhilHealth	Y	100%	100%
Pag-IBIG	Y	100%	100%
Parental leaves	Y		
Vacation leaves	Y	100%	100%
Sick leaves	Y	100%	100%
Medical benefits (aside from PhilHealth))	Y	HMO -57%	HMO - 43%
Housing assistance (aside from Pag-IBIG)	N		
Retirement fund (aside from SSS)	Y		
Further education support	Y		
Company stock options	N		
Telecommuting	Y		
Flexible-working Hours	Y		
(Others) Life Insurance	Y		

***Unutilized sick and vacation leaves are convertible to cash.*

****All employees are covered by mandatory benefits set by law.*

MM is fully compliant to mandatory benefits, minimum wage and the labor standards set by law. The Company also provides additional benefits and perks based on industry standards to provide and take care of its employees..

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

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

Workplace Safety

In 2020, the Company had no incidents resulting to deaths, nor serious injuries involving permanent or probationary employees. The Company will continue to monitor and ensure that work safety standards in place are maintained to keep the safety of employees a priority.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p>The Company provides and or renovates its sites to be a safe environment in each locality, following the prescribed standards of its consultants and the building and accessibility laws.</p> <p>The impact on the over-all surroundings of the employees generate a healthier and safer work environment.</p>	<p>MM provides in addition to the basic employee benefits mandated by law, competitive compensation and benefit package which are higher than the minimum. The Company also provides ample amount of commutable leave credits, health card availment,, so that prevention of sickness will be available for the employees and others.</p>
What are the Risk/s Identified?	Management Approach
<p>The Covid-19 measure implemented during the pandemic identified risks of travel and health safety of our front-liners in the business. The Company prioritizes and provides subsidy for the employee's well-being.</p>	<p>MM puts importance in employee welfare. Subsidies for essentials are provided as well as shelter accommodations during lockdown to maintain the free flow of essential goods in the market.</p>

What are the Opportunity/ies Identified?	Management Approach
MM will explore more advanced tools to limit the risk exposures to the frontlines.	MM provides and aims to continuously improve on providing adequate facilities and tools for its employees.

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	736	hours
b. Male employees	872	hours
Average training hours provided to employees		
a. Female employees	6.06	hours/employee
b. Male employees	7.52	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
MM is newly-expanding company and knows the need to train and develop employee skills and supporting career development. By providing opportunities for training and development, the Company hopes that the employees will also quickly adapt to new challenges in the company's hypergrowth years.	<p>The Company dedicated 1,608.00 hours on training employees. Training primarily comprised of on-boarding, departmental immersion and safety compliance.</p> <p>Selected key employees are made to attend certification training like Basic Occupational Health and Safety Training.</p>

What are the Risk/s Identified?	Management Approach
The current worldwide health and safety concern brought by the pandemic, has affected the Company in providing the usual and traditional training offerings planned by the H.R. department.	The Company aims to establish a training policy and launch an annual training calendar and competency assessment and development program in 2021 through online materials and seminars.
What are the Opportunity/ies Identified?	Management Approach
<p>The Company will establish a training policy and competency assessment and development program that will address the competency requirements of the employees to increase productivity and improve engagement in the workplace.</p> <p>The Company sees the need to develop online or materials based training to limit exposure of the employees to health risks.</p>	The Company's Performance Review process will be strengthened and will be used as one of the tools to assess competencies and potential. Data will be used as baseline reference to create learning and development programs.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
MM understands the vital role of harmonious labor-management relations. As the Company continues on its growth, the employees are given greater chance to contribute in the company policies and plans through feedbacks and suggestions.	<p>The management implements a consultative and open-door approach to raise concerns and gather feedback from our employees.</p> <p>These concerns whether business or personal related are addressed and given priority during Policy changes..</p>

What are the Risk/s Identified?	Management Approach
No material risks identified yet.	
What are the Opportunity/ies Identified?	Management Approach
No opportunities identified yet.	

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	165	%
% of male workers in the workforce	152	%
Number of employees from indigenous communities and/or vulnerable sector*	0	#

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company does not discriminate its employees on the basis of personal characteristics, such as but not limited to, race, sex, religion, gender orientation, political opinion, and others. In fact, the company has more or less an equal number of male and female employees.	<p>The Company promotes equal employment opportunity to applicants, without discrimination on the basis of race, sex, religion, gender orientation, or other personal characteristics.</p> <p>The Company also ensures to comply with Philippine labor laws related to diversity; including policies on discrimination and harassment, and unfair treatment in the workplace.</p>
What are the Risk/s Identified?	Management Approach
No significant risks identified yet.	
What are the Opportunity/ies Identified?	Management Approach
No opportunities identified yet.	

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	N/A	Man-hours
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work related ill-health	0	#
No. of safety drills	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p>The Company's designed workplaces follows drawings and designs of consultants to minimize or prevent accidents as well as raise efficiency.</p> <p>Before hiring the employees are physically checked for conditions which may be at risk at work and the annual physical exam is done to keep everyone healthy within the workplace.</p> <p>Because the company allocates resources for proper renovations with workplace safety in mind, the stores in leased premises are identical to company-owned stores. These have passed the standards and inspection of the government agencies.</p>	<p>The Company partners with a Health Maintenance Organization (HMO) and ensures its employees' health and wellness by mandating employees to undergo annual physical examinations. The Company aims to prevent illnesses and/or progress of illnesses.</p> <p>The company supports the training of Safety Officers and First-Aiders and an nurses/doctors, if the number of employees require it, who provide immediate assistance. Moreover, various sites have partnerships with nearby clinics and hospitals. Personnel can assist in taking the employee to a nearby medical facility for treatment.</p> <p>The Company also sends representatives for Basic Occupational Safety & Health Training, as well as first-aid training.</p>
What are the Risk/s Identified?	Management Approach
No risks identified yet.	
What are the Opportunity/ies Identified?	Management Approach
No opportunities identified yet.	

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the Company policy
Forced labor	N	While the Company does not have a written policy on these subjects, the Company complies with the provisions of labor laws which prohibits forced labor, child labor and ensures protection of human rights.
Child labor	N	
Human Rights	N	

For holding companies, the services and products of its subsidiaries may be disclosed.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
No data yet.					

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available:

Not applicable.

Certificates	Quantity	Units
FPIC process is still undergoing	N/A	#
CP secured	N/A	#

What are the Risk/s Identified?	Management Approach
No significant risks identified yet.	
What are the Opportunity/ies Identified?	Management Approach
MM will support local retail suppliers. It will align with the DTI, for local retailers to have opportunities.	The Company will align with the LGUs and local communities to offer support on programs to strengthen community relationships and bonds.

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	N/A	N

No survey on customer satisfaction has been conducted by a third party.

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	N/A	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Marketing and labeling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labeling	0	#
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p>The Company's commitment to compliance with building standards, health and sanitation programs, procedures and facilities ensures that the sites are safe for the customers and employees.</p> <p>The Company ensures that the structures under its management are equipped and safe lessening the over-all risk of accidents in the locality.</p>	<p>The Company endeavors to update itself in the progress of accessible facilities and equipment and other measures for priority persons such as children, senior citizens and the differently-abled persons.</p> <p>The Company participates in fire prevention drills, national disaster coordination and will continue to join the programs of the government in preparation for any disaster.</p>

What are the Risk/s Identified?	Management Approach
<p>Occurrence of situations like Covid,-19 outbreak and pandemic, accidental mishaps and natural disasters most of the time cannot be prevented.</p>	<p>The Company will continue to assess, prepare and implement health programs of the government, disaster preparedness and training. The Company will give proper support for the training of the employees.</p>

	Medical and administrative teams at every project will be equipped to handle first aid procedures in case of emergencies, and cooperation with clinics are also on standby for any emergency, and have connections with hospitals near the malls for major emergencies.
What are the Opportunity/ies Identified?	Management Approach
No Opportunities identified yet.	

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	N/A	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

Data Privacy and Security

MM collects personal data of its customers, clients and other individuals the Company has transactions depending on the type of information the law requires to support and complete a particular transaction. The data is processed in local servers equipped with access controls and logs through specific and designated computers. MM ensures that it contracts IT and data services only with reputable and credible companies .

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Essential Goods Supply and Distribution Through Stores Creation of Online Order and Delivery Systems	The Company provides an accessible and safe way to respond to the current needs of the customers. It contributes to a faster, more efficient and safer operation to support an increased economic activity and promote job creation in the areas where our businesses are located.	Use of packaging which may be non-renewable.	The Company will prioritize sustainability and help in ways to reduce the negative impact of its operations.
Distribution Centers in Other Localities of the Philippines Partnerships with Online Distribution Companies	Decentralizing supply centers will help keep more supplies for localities and decongest the ports and roads due to frequent need for stocking and deliveries. It will lessen the need for frequent travel of customers and suppliers thereby lessening the use of fuel. It will help empower the localities because of the sufficient supply of goods in the area.	These centers will be large structures had a negative effect with the use on raw materials and smoke emissions during construction.	The Company will explore avenues to throughout its operations to provide positive impact in the locality.

** None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*