

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 22, 2022
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

Kindly take notice that the Annual Stockholders' Meeting of MerryMart Consumer Corp. (the "Company") for the year 2022 will be held on December 15, 2022, 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 25, 2022 to 6:00 PM of December 7, 2022.

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 2021 Audited Financial Statements and the 2021 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

SIGNATURES

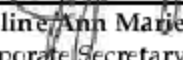
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MERRYMART CONSUMER CORP.

Issuer

November 22, 2022

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 Philippines, 1302**

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

8. Date, time and place of the meeting of security holders: **December 15, 2022**
10:30 am; 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, 2022**

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

- As of September 30, 2022

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 15, 2022; 10:30 AM 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 15, 2022, 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 25, 2022 to 6:00 PM of December 7, 2022.

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 2021 Audited Financial Statements and the 2021 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

The Board of Directors fixed the end of trading hours of the Philippine Stock Exchange ("PSE") on **November 21, 2022** 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 25, 2022 to 6:00 PM of December 7, 2022. The procedure for participation in the annual meeting via remote communication and voting in absentia are contained in Annex "A" to this Information Statement.

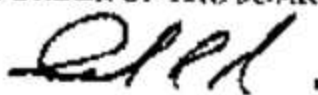
In the event that you cannot personally join the meeting, you are hereby requested to accomplish the attached proxy form, which need not be notarized, and email the same at corporatesecretary@merrymart.com.ph or return the same to the office of the Corporate Secretary at MerryMart Headquarters, 9th Floor, Tower 1, DoubleDragon Plaza, DD Meridian

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 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 7, 2022. Kindly refer to Annex "A" for the requirements for registration.

Thank you very much.

Pasay City, November 21, 2022.

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.**

**AGENDA
DECEMBER 15, 2022 ANNUAL STOCKHOLDERS' MEETING**

1) Call to Order

The Chairman or, in his absence, a president to be chosen by the stockholders will formally open the 2022 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, 2022. 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 2021 Audited Financial Statements and the 2021 Annual Report

The 2021 Audited Financial Statements (the "**AFS**") of the Company audited by KPMG R.G. Manabat & Co., the Company's independent external auditor, along with the 2021 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, 2021.

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

The Company's performance for the year 2021 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 2022. The resolution for adoption will be the approval of the appointment of KPMG R.G. Manabat & Co. as the Company's external auditor for 2022.

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 I. Sia II, age 45, 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, Chairman and Chief Executive Officer of DDMPR from 2014 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 I. Sia, age 43, 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, President and Chief Operating Officer of DDMPR since 2014 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 39, 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 57, 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.F. Morgan from 1993 to 2002. Dr. Cheng obtained his doctorate in Philosophy from the University of Leeds, England.

Atty. Victoria R. Tamayao, age 63, 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 39, 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 44, 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 85, 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 15, 2022
Time:	10:30 AM
Place	Through remote communication via Zoom. The link will be provided at least three (3) days prior to the meeting.
Mailing Address:	MerryMart Headquarters, 9 th Floor, Tower 1, DoubleDragon Plaza, DD Meridian Park, Corner Macapagal Avenue and EDSA Extension, Bay Area, Pasay City, Metro Manila 1302

Copies of this Information Statement will be sent on or around November 21, 2022 to all stockholders of record as of November 21, 2022. A copy of the Information Statement can be downloaded from the Company's website at www.merrymart.com.ph/companydisclosures/ASM2022

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 7, 2022. 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 September 30, 2022</i>			
<i>Issued Shares</i>	<i>Shares Allowed To Foreigners (100% equity)</i>	<i>Shares Owned By Foreigners (.49%)</i>	<i>Shares Owned By Filipinos (99.51%)</i>
<i>7,594,936,709</i>	<i>7,594,936,709</i>	<i>37,520,364</i>	<i>7,557,416,345</i>

As of September 30, 2022, 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 21, 2022 are entitled to notice and to vote at the Meeting to be held on December 15, 2022.

RECORD DATE

All common stockholders of record as of November 21, 2022 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 7, 2022 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 7, 2022 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 September 30, 2022

<i>Title of Class</i>	<i>Name, Address of Record Owner and Relationship with the Issuer</i>	<i>Name of Beneficial Owner and Relationship with the Issuer</i>	<i>Citizenship</i>	<i>No. of Shares</i>	<i>Percentage</i>
Common Share	Injap Investments Inc. Corner Fuentes and Delgado Streets, Iloilo City Stockholder	Injap Investments Inc. Stockholder	Filipino	5,999,989,995	79.00%
Common Share	PCD - Filipino - Stockholder	- Stockholder	Filipino	1,556,766,345	20.50%

As of September 30, 2022, foreign shareholders owned 0.49% 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 persons holding more than 5% of a class under a voting trust or any similar agreements as of balance sheet date.

**SECURITY OWNERSHIP OF MANAGEMENT
(As of September 30, 2022)**

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 September 30, 2022:

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	0	0.01%
Common	Ferdinand J. Sia	Director	Filipino	276,000	0	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	Ma. Merce des L. Taleon	Chief Development Officer	Filipino	0	150,000	0.01%
Common	Maribel N. Sibavan	CCO	Filipino		600,000	0.01%

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 15,595,005.

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	45	Filipino
Director and President	Ferdinand J. Sia	43	Filipino
Director and CFO	Marriana H. Yulo-Luccini	39	Filipino
Independent Director	Gary P. Cheng	57	Filipino
Independent Director	Atty. Victoria R. Tamayao	63	Filipino
Director and Corp. Secretary	Atty. Jacqueline Ann Marie Gomez	39	Filipino
Director and Asst. Corp. Secretary	Jose Roelph E. Desales	44	Filipino
Adviser to the Board	Chief Justice Artemio V. Panganiban	85	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 45, 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 Corp. since 2009 and DDMP REIT INC. since 2014. He obtained his Doctorate Degree from the University of San Agustin Honoris Causa Major in Management in 2012.

Ferdinand J. Sia, age 43, 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 Corp. since 2009 and DDMP REIT INC. since 2014. 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 39, 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.

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Other directorships and affiliations are:

Company/Organization	Position/Relationship	Period of Service
Orzat Development Corporation	Independent Director	November 2019 - 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 63, 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 39, 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 44, 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 85, 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	Metropolitan Bank and Trust Company
Member, Advisory Council	Bank of the Philippine Islands

Non-listed Companies

Independent Director	Asian Hospital Inc.
Independent Director	Liberty Telecoms Holdings Inc.
Independent Director	Metro Pacific Tollways Corp.
Independent Director	Tollways Management Corporation
Director	TeaM Energy Corporation
Chairman, Board of Advisors	Metrobank Foundation
Chairman, Board of Directors	Pan Philippine Resources Corp.
Chairman, Board of Directors	Peecee Holdings Corporation
Chairman, Board of Trustees	Foundation for Liberty and Prosperity
Chairman, Board of Trustees	Philippine Judges Foundation
Chairman, Philippine Chapter	ASEAN Law Association
Chairman Emeritus	Philippine Dispute Resolution Center, Inc.
President	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.
Consultant	Judicial and Bar Council
Member	Permanent Court of Arbitration, The Hague, Netherlands

*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>
<i>Edgar J. Sia II</i>	2009 to present
<i>Ferdinand J. Sia</i>	2009 to present
<i>Marriana H. Yulo</i>	2020 to present
<i>Atty. Victoria R. Tamayao</i>	2020 to present
<i>Gary P. Cheng</i>	2020 to present
<i>Atty. Jacqueline O. Gomez</i>	2020 to present
<i>Jose Roelph E. Desales</i>	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

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 September 30, 2022 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 and none of them has been:

- a) Subject to any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time;
- b) Subject to any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- c) Being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and d) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended or vacated.

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.

None of the Company's directors have entered into self-dealing and related party transactions with or involving the Company.

Refer to Note 18, Related Party Transactions of the 2021 Audited Consolidated Financial Statements of the Company and to Schedules B, Schedule C and Schedule F of the Supplementary Schedules of Annex 68-J

Item 6. Compensation of Directors and Executive Officers

For each of the years ended December 31, 2019, 2020 and 2021 the total salaries paid to all other officers as a group unnamed are as follows , no allowances and bonuses were paid during the period:

Name & Position	Year	Salary	Bonus and Other Benefits	Total
Edgar J. Sia II	FY 2021	P7,875,580		P7,875,580
Ferdinand J. Sia				
Rizza Marie Joy S. Javelona	FY 2020	P7,368,210		P7,368,210
Shella A. Sia				
Marriana H. Yulo-Luccini	FY 2019	P-		P-
Mercedes L. Talcón				
Maribel N. Sibayan				
Atty. Jacqueline Ann Marie O. Gomez				
<i>Aggregate compensation paid to all officers and directors as a group</i>				

For the year 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, 2021 and December 31, 2020, total directors fee amounts to P720,000 and P360,000, respectively. For the year ended December 31, 2019 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

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, the Company has no disagreement with them 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 2021 and 2020, to the Company as well as to its subsidiaries.

	2020	2021
	(P)	
Audit and Audit-Related Fees	2,900,000	3,145,000
All Other Fees	435,000	407,294
Tax Fees	-	-
Total	<u>3,335,000</u>	<u>3,552,294</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 F. Cheng
Members	:	Ferdinand J. Sia Marriana H. Yulo

The partner-in-charge for the ensuing year is Mr. Darwin F. 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, 2021 and the audited separate financial statements are attached herein as **Annex D** 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, 2021.

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**.

The resolution for adoption will be the approval of the Management Report for the year ended December 31, 2021.

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, 2022 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, 2022:

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. Appointment of Representatives in Various Proceedings;
5. Approval of authority to enter into any contract necessary for the operation of the Company and the designation of signatories; and
6. Entry into multi-year lease contract with Lessors

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 2021 Audited Financial Statements and 2021 Annual Report

This proposal is for the purpose of informing the stockholders of the key results of the Company's operations in 2021, in accordance with Section 74 of the Revised Corporation Code. The Company's audited financial statements as of December 31, 2021 is integrated and made part of the Company's 2021 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 21, 2022 Record Date may participate and vote in absentia. Registration of the stockholders and proxies attending the Meeting will be from 9:00 am

November 25, 2022 to 6:00PM December 7, 2022. See **Annex A** of this Information Statement for the Procedures and Requirements for Voting and Participation in the 2022 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 15, 2022 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: <div style="text-align: center;"><input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> ABSTAIN</div>	
(b) Approval of the 2021 Audited Financial Statements and the 2021 Annual Report <div style="text-align: center;"><input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> ABSTAIN</div>	(c) Ratification of the actions of the Board of Directors and Officers <div style="text-align: center;"><input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> ABSTAIN</div>
(d) Election of Directors <div style="text-align: center;"> <input type="checkbox"/> VOTE FOR ALL NOMINEES LISTED BELOW <div style="text-align: center;"> 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 </div> <input type="checkbox"/> WITHHOLD AUTHORITY FOR ALL NOMINEES LISTED ABOVE <input type="checkbox"/> WITHHOLD AUTHORITY TO VOTE FOR THE NOMINEES LISTED BELOW <div style="text-align: center;"> <div style="display: flex; justify-content: space-around; margin-bottom: 5px;"> <div style="border-bottom: 1px solid black; width: 40%;"></div> <div style="border-bottom: 1px solid black; width: 40%;"></div> </div> <div style="display: flex; justify-content: space-around; margin-bottom: 5px;"> <div style="border-bottom: 1px solid black; width: 40%;"></div> <div style="border-bottom: 1px solid black; width: 40%;"></div> </div> <div style="display: flex; justify-content: space-around; margin-bottom: 5px;"> <div style="border-bottom: 1px solid black; width: 40%;"></div> <div style="border-bottom: 1px solid black; width: 40%;"></div> </div> <div style="display: flex; justify-content: space-around; margin-bottom: 5px;"> <div style="border-bottom: 1px solid black; width: 40%;"></div> <div style="border-bottom: 1px solid black; width: 40%;"></div> </div> </div> </div>	
(e) Appointment of KPMG R.G. Manabat & Co. as independent external auditors <div style="text-align: center;"><input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> ABSTAIN</div>	
At their discretion, the proxy named above is authorized to vote upon such matters as may properly come before the Meeting.	
<div style="border-top: 1px solid black; margin-bottom: 5px; height: 20px;"></div> (SIGNATURE OVER PRINTED NAME OF STOCKHOLDER/ AUTHORIZED REPRESENTATIVE AND DATE)	

THIS PROXY FORM SHOULD BE SENT BY EMAIL TO corporatesecretary@merrymart.com.ph ON OR BEFORE 6:00 PM OF December 7, 2022

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 November 21, 2022.

Registrant
MERRY MART CONSUMER CORP.

By:



Jacquiline Ann Marie O. Gomez
Corporate Secretary

Annex A
Procedures And Requirements
For Participation And Voting In The 2022 Annual
Stockholders' Meeting



PROCEDURES AND REQUIREMENTS FOR PARTICIPATION AND VOTING IN THE 2022 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 2022 Annual Shareholders' Meeting ("ASM") scheduled on December 15, 2022, 10:30 AM by remote communication and will conduct voting in absentia or by proxy.

Only stockholders of record as of November 21, 2022 are entitled to participate and vote in the 2022 ASM.

The Corporation has adopted the following procedures and requirements to enable its stockholders to register, participate and vote in the 2022 ASM.

I. ONLINE REGISTRATION STEPS AND REQUIREMENTS

A. Stockholders may register from 9:00 AM November 25, 2022 to 6:00 PM of December 7, 2022 to signify his/her/its intention to participate in the 2022 ASM by remote communication. The registration steps and requirements are available in the Company's website <https://merrymart.com.ph/company-disclosures> under ASM2022.

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 FCD 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 2022 ASM through electronic voting in absentia. The deadline for registration is 6:00 PM of December 7, 2022. 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 7, 2022 to cast their votes in absentia.
- E. Stockholders will not be allowed to cast votes during the proceedings of the 2022 ASM.

III. VOTING BY PROXY

- A. For individual stockholders holding certificated shares of the Company - Download the proxy form that is available at <https://merrymart.com.ph/company-disclosures> under ASM 2022.
- B. For stockholders holding 'scripless' shares or shares held under FCD Participant/Broker - Download the proxy form that is available at <https://merrymart.com.ph/company-disclosures> under ASM2022. 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 <https://merrymart.com.ph/company-disclosures> under ASM2022. 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 7, 2022.
- (4) Validation of proxies will be on December 9, 2022.
- (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 asm2022@merrymart.com.ph. The deadline for submitting questions shall be at 6:00 PM of December 7, 2022.
- C. The proceedings during the 2022 ASM will be recorded.

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

Annex B

Management Report

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. (“II”), which is the investment holding company of the Sia family, primarily led by its major shareholder and Chairman, Edgar J. Sia II.

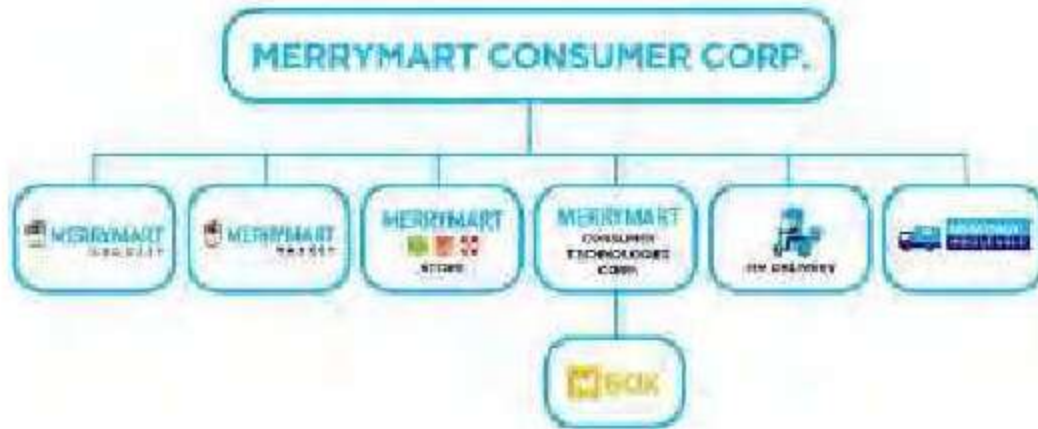
MM was incorporated in 2009. However, the Sia family has long been engaged in the supermarket business. MM opened its first two stores, Injap Supermart TATC and Injap Supermart Burgos Roxas City after its incorporation in 2009. Injap Supermarts like MerryMart Groceries are full size supermarkets offering 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.

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.

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 brick and mortar grocery retail formats and two online 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.



4. MerryMart Delivery

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.



5. MerryMart Wholesale

On October 10, 2021 MM Group soft launched its online Wholesale platform which is served from the MM Group's central distribution center in CentralHub-Tarlac. The online Wholesale platform features live inventory and next day delivery. The MerryMart Wholesale app on iOS and Android is expected to be ready by May 2022.



As of December 31, 2021, MM Group has 45 operational branches, opening 26 new stores in 2021 across the country. In addition to its operational branches, it has secured another 56 branches through its recent acquisitions, bringing its total network of branches to 101

nationwide.



Map shows the distribution of the MM Group's operational branches as of December 31, 2021

For the year ended December 31, 2021, the MM Group booked consolidated revenues of **P3.9** billion, an increase of 13.1% from the prior year's consolidated revenues of **P3.5** billion. For the year ended December 31, 2021, the MM Group booked consolidated net income of **P34.0** million, a decrease of 29.5% from the prior year's consolidated net income of **P48.2** 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, 2021, the MM Group owns and operates 45 stores nationwide (excluding recent acquisitions).

The table below shows the historical sale of goods growth for MM Group, with CAGR of 21.82% for 2017 to 2021.

	2017	2018	2019	2020	2021
Sale of goods	1,750,689,674	2,095,408,067	2,482,302,804	3,412,521,282	3,855,509,832

Venturing to widen reach, on November 8, 2021 the Group finalized the acquisition of 75.08% equity stake in Carlos Drugs-Lucena Inc. ("Carlos SuperDrug"), the biggest pharmacy chain in Quezon Province. Carlos SuperDrug brand was founded in 1946 in Lucena City by the husband & wife team of Diomedes & Generosa Carlos.

On November 8, 2021, the Company signed an agreement for the acquisition of 75.08% equity stake in Carlos Drugs-Lucena Inc. ("Carlos SuperDrug"). The Company will acquire 287,856 secondary shares representing 71.96% in Carlos SuperDrug for P289.53 million as soon as all conditions precedents are completed by the Selling Shareholders which include among others the approval of the SEC of the amendment of the Articles of Incorporation and By-Laws of the Corporation. The Company will also purchase an additional 50,000 primary shares for P50.29 million.

On January 6, 2022, the Securities and Exchange Commission (SEC) approved the amended provisions of articles of incorporation of Carlos Drugs-Lucena, Inc. allowing the Company to complete its acquisition of shares.

The acquisition gave the Company a 71.96% ownership and control on January 6, 2022. For the convenience purposes, the Company used December 31, 2021 as the cut-off date in determining the net assets of Carlos Drugs-Lucena. The purchase price allocation has been prepared on a preliminary basis as the fair values are being finalized. Preliminary net asset value of Carlos Drugs-Lucena is P108.17 million.

On March 09, 2022 MM signed the agreement with ZC Ramthel Corporation (Cecile's Pharmacy) finalizing the acquisition of majority 53.125% stake in the Mindanao based pharmacy chain.

Cecile's Pharmacy is the biggest pharmacy chain in the city of Zamboanga in Mindanao Region, and the brand has been in operation for 57 years since 1964 with 21 strategically located operating branches to date, with over 300 workforce.

Actual photos of MERRYMART opening



MERRYMART Grocery – Arayat



MERRYMART Grocery – Umbria



MERRYMART Grocery – Bacalso with Carlo's SuperDrug Pharmacy

On October 10, 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.



MERRYMART WHOLESALE – MM Logistics Distribution Center in CentralHub-Tarlac

The MM wholesale operations commenced 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).

On October 9, 2021, MERRYMART opened its first Drive Thru store along Diversion Road, Iloilo City.



MERRYMART's first Drive Thru store located on Diversion Road, Iloilo City

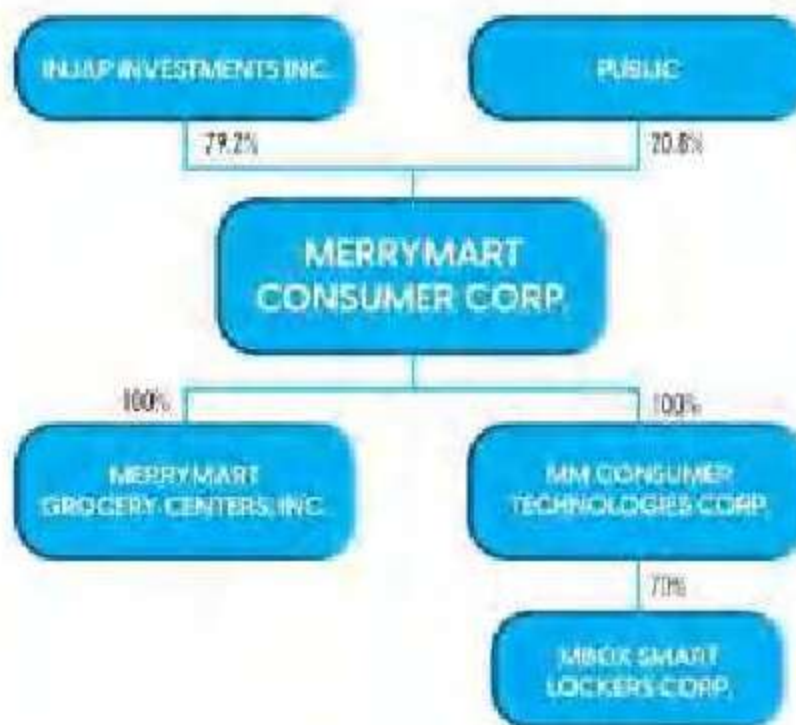
On October 7, 2021, MM Group's consumer technology arm started rolling out MBOX Smart Lockers, which are revolutionary system of self-service lockers similar to post office boxes that are accessible 24/7, where customers can collect and drop off packages at their convenience at minimal or no additional cost. As soon as a package arrives, the locker sends a pickup code via SMS/App notification to alert the receiver.



MBOX Smart Locker is now available in MerryMart Grocery Branch in DD Meridian Park

CORPORATE STRUCTURE

The following chart sets forth an overview of the corporate structure of the MM Group as of December 31, 2021.



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, owner and operator 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 branded retail stores.

MM Consumer Technologies Corp.

MM wholly owns MTech, it was incorporated on February 23, 2019 to engage in the business to acquire hold, own, operate, or manage of various consumer technology ventures. MTech serves as the arm for consumer technology related ventures.

MBox Smart Lockers Corp.

Incorporated on February 29, 2019, MM holds 70% MBox thru MTech, which operates and acts as the arm for investment, development, management of operations related but not limited to storage and distribution, including smart lockers, storage and other logistic tools.

EMPLOYEES

As of December 31, 2021, the MM Group has 318 direct employees.

	Direct Employees
MerryMart Consumer Corp.	117
MerryMart Grocery Centers, Inc.	240
Total	357

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, 2021:

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

MERRYMART 3-in-1		MerryMart Grocery Centers Inc.	05 February 2021	05 February 2031
MERRYMART MM Smiley		MerryMart Grocery Centers Inc.	23 April 2021	23 April 2031

The above trademarks are 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.

CUSTOMERS

Customer Loyalty Programs – MerryMart Wholesale Club

The Group offers wholesale program, the MM Wholesale Club, wherein members can earn a point for every 200 pesos worth of purchase. Points earned may be used for bulk orders at MerryMart Wholesale Online Grocery. Members and Loyalty Card holders also gives access and convenience of picking up bulk order at MM Distribution Center in Tarlac Centralhub.

ITEM 2. PROPERTIES

As of December 31, 2021, the MM Group owns the following parcels of land:

LOCATION	AREA (in square meter)	LIENS
Jaro, Iloilo City	255	None
Mandurriao, Iloilo City	1,800	None
Tabuc Suba, Jaro, Iloilo City	2,246	None
Nabitasan, Lapaz, Iloilo City	1,702	None

As of December 31, 2021, MM owns the following store structures for the Group's retail operations:

FORMAT	STORE LOCATION	STRUCTURE
Grocery	Injap Supermart – Tate Roxas City	Company Owned
Grocery	Injap Supermart – Burgos Roxas City	Company Owned
Grocery	Merrymart Grocery – Doubledragon 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	Under Franchise
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
Store	Merrymart Store – Tsquare	Company Owned
Store	Merrymart Store - Roxas Ave	Company Owned
Store	Merrymart Store - J De Leon	Company Owned
Store	Merrymart Store - Quintin Salas Jaro	Company Owned
Store	Merrymart Store - Pavia Iloilo	Company Owned
Grocery	Merrymart Grocery – Tuguegarao	Company Owned
Store	Merrymart Store – Tuguegarao	Company Owned
Grocery	Merrymart Grocery – Aparri	Company Owned
Store	Merrymart Store – Aparri	Company Owned
Store	Merrymart Store – Mambusao	Under Franchise
Store	Merrymart Store - West End	Company Owned
Store	Merrymart Store - Bloc10	Company Owned
Store	Merrymart Store - Riala Cebu	Company Owned
Store	Merrymart Store - Tate Roxas	Company Owned
Store	Merrymart Store - Burgos Roxas	Company Owned
Grocery	Merrymart Grocery - Anabu	Company Owned
Store	Merrymart Store - Camp 7 Kennon Road Baguio	Under Franchise
Store	Merrymart Store - Diversion Road, Iloilo	Company Owned
Store	Merrymart Store - Antique	Company Owned
Store	Merrymart Store - High Street Bgc	Company Owned

Grocery	Merrymart Grocery - Bocaue Bulacan	Company Owned
Store	Merrymart Store - Bocaue Bulacan	Company Owned
Grocery	Merrymart Grocery - Arayat	Company Owned
Store	Merrymart Store – Arayat	Company Owned
Grocery	Merrymart Grocery - Umbria Laguna	Company Owned
Store	Merrymart Store - Northpoint Subic	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. The lease rates are generally based on a percentage ranging from 1% to 3% of gross sales or on an agreed minimum guaranteed rate generally ranging from P300.00/sqm to P650.00/sqm (whichever is higher), which are subject to annual escalation rates, in line with market standards.

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, 2021, the MM Group is not involved in any litigation regarding an event which occurred during the past five years that they consider material.

**PART II MANAGEMENT'S DISCUSSION AND ANALYSIS OF
RESULTS OF OPERATIONS AND FINANCIAL CONDITION FOR
THE YEAR ENDED DECEMBER 31, 2021, 2020 AND 2019**

Calendar Year Ended December 31, 2021 and 2020

RESULTS OF OPERATION

MERRYMART CONSUMER CORP. AND SUBSIDIARY
Audited Consolidated Statements of Comprehensive Income
For the year ended December 31, 2021 & 2020

	December 31, 2021	December 31, 2020	Horizontal Analysis		Vertical Analysis	
					2021	2020
REVENUES						
Sale of goods	₱855,509,887	₱612,571,381	₱242,938,506	39.7%	98.1%	98.1%
Display rental	21,011,255	38,838,080	(₱17,826,825)	(20.1%)	0.9%	0.8%
Other operating income	52,841,521	35,236,231	17,605,290	50.0%	6.3%	1.0%
	₱929,362,663	₱686,645,692	₱242,716,971	35.3%	100.0%	100.0%
COST OF SALES						
	₱627,221,704	₱514,722,650	₱112,499,054	21.9%	67.5%	67.5%
GROSS PROFIT	₱302,140,959	₱171,923,042	₱130,217,917	76.1%	32.5%	32.5%
OPERATING EXPENSES						
	₱213,761,154	₱194,656,886	₱19,104,268	9.8%	23.0%	28.1%
INCOME FROM OPERATIONS	₱88,379,805	₱77,266,156	₱11,113,649	14.4%	9.5%	14.4%
INTEREST EXPENSE	15,995,817	11,330,572	₱4,665,245	41.2%	1.8%	1.6%
INTEREST INCOME	1,750,000	5,768,981	(₱4,018,981)	(69.7%)	0.2%	8.4%
INCOME BEFORE TAX	₱74,133,988	₱71,644,565	₱2,489,423	3.5%	8.0%	10.6%
INCOME TAX EXPENSE (BENEFIT)	(21,158,368)	₱1,117,679	(₱22,276,047)	(1987.8%)	(28.8%)	1.6%
NET INCOME	₱52,975,620	₱70,526,886	(₱17,551,266)	(24.9%)	5.7%	10.2%
OTHER COMPREHENSIVE INCOME						
REMEASUREMENT GAIN ON DEFINED-BENEFIT LIABILITY	₱111,894	(₱138,192)	₱250,086	(145.5%)	0.2%	(0.2%)
NET COMPREHENSIVE INCOME (LOSS)	₱53,087,514	₱70,388,694	(₱17,301,180)	(24.6%)	5.9%	10.0%
NET INCOME TO PARENT						
	₱48,304,482	₱65,241,074	(₱16,936,592)	(26.0%)	5.0%	10.0%
NET NET INCOME (LOSS)	(₱4,782,868)	-	(₱4,782,868)	0.0%	(9.0%)	0.0%
NET INCOME	₱43,521,614	₱65,241,074	(₱21,719,460)	(33.3%)	4.1%	10.0%
NET INCOME TO PARENT						
	₱38,738,776	₱65,241,074	(₱26,502,298)	(40.6%)	3.0%	10.0%
NET NET INCOME (LOSS)	(₱4,782,868)	-	(₱4,782,868)	0.0%	(9.0%)	0.0%
NET COMPREHENSIVE INCOME	₱33,955,746	₱65,241,074	(₱31,285,328)	(48.1%)	2.9%	10.0%

For the year ended December 31, 2021, the MM Group earned a consolidated revenue of P3.9 billion an increase of 13.0% from P3.5 billion 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. In 2021, the Group opened additional 26 MerryMart branches.

For the year ended December 31, 2021, sale of goods contributes 98.1% of the total revenue.

The increase in display rental is due to more stores operating in 2021.

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, 2021, the MM Group's cost of sales is P3,277.3 million, an increase of 4.2% compared to P3,145.7 million for the year ended December 31, 2020, which is in line with the increase of revenues, primarily driven by the increase in sales.

For the year ended December 31, 2021, the MM Group realized an increase of 98.6% in consolidated gross profit from P328.4 million in 2020 at 9.5% margin to P652.1 million at 16.6% margin in the same period of 2021, driven by strong sales growth and increase in other operating income of the Group.

Operating expenses increased by P278.1 million or 91.3% from the P304.7 million in the year ended December 31, 2020 to P582.8 million in 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 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 P3.4 million or 27.2% from P12.6 million in the year ended December 31, 2020 to P16.0 million in 2021 is due to additional leases of MM Group qualified under PFRS 16.

Interest income decreased by 69.7% in 2021 due to decrease in deposit placement.

Pre-tax income increased by 225.9% year-on-year to P55.16 Million due to the increase in the revenue of the Group.

Income tax expense for the year ended December 31, 2021 amounted to P21.2 million due to taxable income driven by sales growth for the period and due to one-off tax adjustments as a result of the downward adjustment in the deferred tax assets due to the change in corporate income tax rate.

For the year ended December 31, 2021, the MM Group earned a consolidated net income of P34.0 million a decrease of 29.5% from P48.2 million in 2020. The decrease is mainly due to the higher income tax expense as a result of one-time adjustments recorded.

FINANCIAL POSITION

MERRYMART CONSUMER CORP. AND SUBSIDIARY

Audited Consolidated Statements of Financial Position

As at December 31, 2021 & 2020

	December 31, 2021	December 31, 2020	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2021	2020
ASSETS						
Current Assets						
Cash and cash equivalents	P2,030,327,961	P940,641,989	P1,089,685,972	115.8%	31.3%	27.1%
Receivables	86,062,063	25,071,685	60,990,378	243.3%	1.3%	0.7%
Inventories	1,372,727,670	737,572,923	635,154,747	86.1%	21.1%	21.2%
Prepaid expenses and other current assets	292,638,800	199,090,553	93,548,247	47.0%	4.5%	5.7%
Total Current Assets	3,781,756,494	1,902,377,150	1,879,379,344	98.8%	58.2%	54.7%
Noncurrent Assets						
Property and equipment - net	1,718,685,658	P908,849,180	809,836,478	89.1%	26.5%	26.1%
Right-of-use asset	449,025,449	402,933,511	46,091,938	11.4%	6.9%	11.6%
Intangible asset	54,962,301	42,910,253	12,052,048	28.1%	0.8%	1.2%
Deferred tax asset	37,919,270	44,276,810	(6,357,540)	(14.4%)	0.6%	1.3%
Other noncurrent assets	450,109,053	174,714,961	275,394,092	157.6%	6.9%	5.0%
Total Noncurrent Assets	2,710,701,731	1,573,684,715	1,137,017,016	72.3%	41.8%	45.3%
	P6,492,458,225	P3,476,061,865	P3,016,396,360	86.8%	100.0%	100.0%
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and other current liabilities	P822,473,155	P416,433,885	P406,039,270	97.5%	12.7%	12.0%
Loans payable	1,295,000,000	450,000,000	845,000,000	187.8%	19.9%	12.9%
Income tax payable	-	-	-	0.0%	0.0%	0.0%
Due to related parties	-	62,482,842	(62,482,842)	(100.0%)	0.0%	1.8%
Total Current Liabilities	2,117,473,155	928,916,727	1,188,556,428	128.0%	32.6%	26.7%
Noncurrent Liabilities						
Retirement liability	9,085,689	8,024,699	1,060,990	13.2%	0.1%	0.2%
Loans Payable - noncurrent	1,997,053,555	250,000,000	1,747,053,555	698.8%	30.8%	7.2%
Other noncurrent liabilities	2,580,000	1,380,000	1,200,000	87.0%	0.0%	0.0%
Lease liability	407,535,140	376,322,986	31,212,154	8.3%	6.3%	10.8%
Deposit for future subscription	-	-	-	0.0%	0.0%	0.0%
Total Noncurrent Liabilities	2,416,254,384	635,727,685	1,780,526,699	280.1%	37.2%	18.3%
Total Liabilities	4,533,727,539	1,564,644,412	2,969,083,127	189.8%	69.8%	45.0%
Equity						
Capital stock	379,746,835	379,746,835	-	0.0%	5.8%	10.9%
Additional Paid-up Capital	1,386,292,253	1,386,292,253	-	0.0%	21.4%	39.9%
Retained earnings	180,339,438	146,834,756	33,504,682	22.8%	2.8%	4.2%
Remeasurement gain on defined benefit liability	659,303	(1,456,391)	2,115,694	(145.3%)	0.0%	(0.0%)
	1,947,037,829	1,911,417,453	35,620,376	1.9%	30.0%	55.0%
Non-controlling interest	11,692,857	-	11,692,857	0.0%	0.2%	0.0%
Total Equity	1,958,730,686	1,911,417,453	47,313,233	2.5%	30.2%	55.0%
Total Liabilities and Equity	P6,492,458,225	P3,476,061,865	P3,016,396,360	86.8%	100.0%	100.0%

ASSETS

Total assets as at December 31, 2021 is **₱6,492.5** million compared to **₱3,476.1** million as at December 31, 2020, a **₱3,016.4** million or **86.8%** increase.

Current Assets

As at December 31, 2021 and 2020, total current assets amounted to **₱3,781.8** million or **58.2%** of total assets, and **₱1,902.4** million or **54.7%** of total assets, respectively, for an increase of **₱1,879.4** million or **98.8%**.

Cash and cash equivalents increased by **115.8%** from **₱940.6** million as at December 31, 2020 to **₱2,030.3** million as at December 31, 2021 primarily due from the proceeds of loan and cash from operations.

Receivables accounts for **1.3%** of the total assets as at December 31, 2021. It increased by **243.3%** from **₱25.1** million as at December 31, 2020 to **₱86.1** million as at December 31, 2021 due to receivables from credit card transactions that are settled within 1-3 days from transaction date and receivables from display rental.

Inventories increased by **86.1%** from **₱737.6** million as at December 31, 2020 to **₱1,372.7** million as at December 31, 2021. This increase is due from the increase in operations of the Group, with 26 additional stores in 2021 and the launching of MerryMart Wholesale.

Prepaid expenses and other current assets increased by **47.0%** from **₱199.1** million as at December 31, 2020 to **₱292.6** million as at December 31, 2021 primarily due to the increased in input VAT related to the construction of new stores, additional prepayments and advances to suppliers.

Noncurrent Assets

As at December 31, 2021 and 2020, total noncurrent assets amounted to **₱2,710.7** million or **41.8%** of total assets, and **₱1,573.7** million or **45.3%** of total assets, respectively, for an increase of **₱1,137.0** million or **72.3%**.

Property and equipment increased by **89.1%** from **₱908.8** million as at December 31, 2020 to **₱1,718.7** million as at December 31, 2021 due primarily to the increase in construction in progress and leasehold improvements for MerryMart's additional stores, as well as acquisition of land and store equipment.

Right-of-Use asset is in relation to the adoption of PFRS 16. Right-of-Use Assets amounted to **₱449.0** million and **₱402.9** million as at December 31, 2021 and December 31, 2020, respectively, which is **6.9%** 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 **28.1%** from **₱42.9** million as at December 31, 2020 to **₱55.0** million as at December 31, 2021 due to installation of additional POS systems for new operational stores during the period.

Deferred tax assets decreased by **14.4%** from **₱44.3** million as at December 31, 2020 to **₱37.9** million as at December 31, 2020 due to application of prior period's NOLCO in 2021.

Other noncurrent assets mainly pertain to the deposits made by the Group for new lease for its new and upcoming stores. Other noncurrent assets increased by P275.4 million or 157.6% from P174.7 million as at December 31, 2020 to P450.1 million in December 31, 2021, which is 6.9% of the total assets.

LIABILITIES

Total liabilities as at December 31, 2021 is P4,533.7 million compared to P1,564.6 million as at December 31, 2020, a P2,969.1 million or 189.8% increase.

Current Liabilities

As at December 31, 2021 and 2020, total current liabilities amounted to P2,117.5 million or 32.6% of total assets, and P928.9 million or 26.7% of total assets, respectively, for an increase of P1,188.6 million or 128.0%.

Accounts payable and other current liabilities increased by 97.5% to P 822.5 million as at December 31, 2021, or 12.7% of total assets, due to higher payables to suppliers, accrued expenses and current portion lease liabilities as at December 31, 2021.

Short-term loans payable amounted to P1,295.0 million as at December 31, 2021, an increase of P845.0 million or 187.8% from P450.0 million as at December 31, 2020. The increase is due to the short-term loans and current portion of the long-term loan availed by the Group in 2021 in preparation for its growth and expansion.

Income tax payable is nil for December 31, 2021, all income taxes due were paid by the Group before December 31, 2021.

Due to related parties amounted to nil as at December 31, 2021 from P 62.5 million, 1.8% of total assets, as at December 31, 2020. The decrease is due to payment of advances during the period.

Noncurrent Liabilities

As at December 31, 2021 and 2020, total noncurrent liabilities amounted to P2,416.3 million or 37.2% of total assets, and P635.7 million or 18.3% of total assets, respectively, for an increase of P1,780.5 million or 280.1%.

Retirement benefits liability increased by P1.1 million or 13.2% due to the additional accrual recognized by the MM Group for its retirement obligation to its employees.

Long-term loans payable amounted to P1,997.1 million on December 31, 2021, an increase of P1,747.1 million or 698.8% from P250.00 million as at December 31, 2020. The increase is due to availment of long-term loan from a local bank in preparation for investments in its company-owned store expansion and distribution centers nationwide.

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 P407.5 million as at December 31, 2021, an increase of P31.2 million or 8.3% from P376.3 million as at December 31, 2020. The increase in lease liability is due to additional spaces qualified under PFRS 16 leased by the Group for its newly opened stores.

EQUITY

As at December 31, 2021 and 2020, total equity amounted to P1,958.7 million or 30.2% of total assets, and P1,911.4 million or 55.0% of total assets, respectively, for an increase of P47.3 million or 2.5%. The increase in equity is due to the Group's non-controlling interest and net income for the period.

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 P3.5 billion an increase of 38.1% from P2.5 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 P3,145.7 million, an increase of 32.7% compared to P2,370.7 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 P144.6 million in 2019 at 5.7% margin to P328.4 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 P206.6 million or 210.7% from the P98.1 million in the year ended December 31, 2019 to P304.7 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 P5.9 million or 88.6% from P6.7 million in the year ended December 31, 2019 to P12.6 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 P31.3 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 P48.2 million an increase of 72.2% from PP28.0 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	P270,308,999	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%	129%	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%	18%	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%
Loans Payable - noncurrent	250,000,000	0	250,000,000	0.0%	7.2%	0.0%
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%	108%	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%	109%	0.1%
Additional Paid-up Capital	1,386,292,253	-	1,386,292,253	0.0%	399%	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 P914.6 million as at December 31, 2019, a P2,561.4 million or 280.0% increase.

Current Assets

As at December 31, 2020 and 2019, total current assets amounted to P1,902.4 million or 54.7% of total assets, and P509.9 million or 55.8% of total assets, respectively, for an increase of P1,392.4 million or 273.1%.

Cash and cash equivalents increased by 248.0% from P270.3 million as at December 31, 2019 to P940.6 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 P9.8 million as at December 31, 2019 to P25.1 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 P183.4 million as at December 31, 2019 to P737.6 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 P46.4 million as at December 31, 2019 to P199.1 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 P1,573.7 million or 45.3% of total assets, and P404.7 million or 44.2% of total assets, respectively, for an increase of P1,169.0 million or 288.9%.

Property and equipment increased by 309.8% from P221.8 million as at December 31, 2019 to P908.8 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 P402.9 million and P118.3 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 P14.6 million as at December 31, 2019 to P42.9 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 P8.4 million as at December 31, 2019 to P44.3 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 P174.7 million or 319.3% from P41.7 million as at December 31, 2019 to P174.7 million in December 31, 2020, which is 5.0% of the total assets.

LIABILITIES

Total liabilities as at December 31, 2020 is P1,564.6 million compared to P806.4 million as at December 31, 2019, a P758.3 million or 94.0% increase.

Current Liabilities

As at December 31, 2020 and 2019, total current liabilities amounted to P928.9 million or 26.7% of total assets, and P382.6 million or 41.8% of total assets, respectively, for an increase of P546.3 million or 142.8%.

Accounts payable and other current liabilities increased by 187.1% to P416.4 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 P450 million as at December 31, 2020, an increase of P300.0 million or 200.0% from P150.0 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 P12.7 million from P49.8 million as at December 31, 2019 to P62.5 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 P635.7 million or 18.3% of total assets, and P423.8 million or 46.3% of total assets, respectively, for an increase of P211.9 million or 50.0%.

Retirement benefits liability increased by P1.8 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 P376.3 million as at December 31, 2020, an increase of P258.8 million or 220.3% from P117.5 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 P298.8 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 P1,911.4 million or 55.0% of total assets, and P108.2 million or 11.8% of total assets, respectively, for an increase of P1,803.2 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 P2.5 billion an increase of 18.8% from P2.1 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 P2,370.7 million, an increase of 17.2% compared to P2,023.3 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 P93.7 million in 2018 at 4.4% margin to P144.6 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 P62.3 million or 174.0% from the P35.8 million in the year ended December 31, 2018 to P98.1 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 P6.7 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 P12.0 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 P28.0 million a decrease of 31.0% from P40.6 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	
	(As reclassified - Note 24)		Increase (Decrease)		2019	2018
AS SETS						
Current Assets						
Cash and cash equivalents	P270,308,599	P20,907,865	P249,400,734	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%
	P899,811,567	P333,738,935	P566,072,632	169.6%	100.0%	100.0%

LIABILITIES AND EQUITY**Current Liabilities**

Accounts payable and other current liabilities	P130,218,011	P95,187,688	P35,030,353	3.68%	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	134,896,988	(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%
Loans Payable - noncurrent	-	-	-	0.0%	0.0%	0.0%
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%
Additional Paid-up Capital	-	-	-	0.0%	0.0%	0.0%
Retained earnings	106,993,682	78,984,350	28,009,332	35.5%	11.9%	23.7%
Remeasurement gain on defined benefit liability	-	-	-	0.0%	0.0%	0.0%
Total Equity	108,243,682	80,234,350	28,009,332	34.9%	12.0%	24.0%
Total Liabilities and Equity	P899,811,567	P333,738,935	P566,072,632	169.6%	100.0%	100.0%

ASSETS

Total assets as at December 31, 2019 is P899.8 million compared to P333.7 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 P495.1 million or 55.0% of total assets, and P296.1 million or 88.7% of total assets, respectively, for an increase of P199.0 million or 67.2%.

Cash and cash equivalents increased by 1192.9% from P20.9 million as at December 31, 2018 to P270.3 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 P914.4 thousand as at December 31, 2018 to P9,018.7 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 P270.4 million as at December 31, 2018 to P183.4 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 P3.8 million as at December 31, 2018 to P32.4 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 P404.7 million or 45.0% of total assets, and P37.6 million or 11.3% of total assets, respectively, for an increase of P367.1 million or 975.5%.

Property and equipment increased by 664.5% from P29 million as at December 31, 2018 to P221.8 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 P118.3 million as at December 31, 2019, which is 13.1% of total assets.

Intangible Assets increased by 103.0% from P7.2 million as at December 31, 2018 to P14.6 million as at December 31, 2019 due primarily to the installation of MM's SAP system.

Deferred tax assets increased by 489.3% from P1.4 million as at December 31, 2018 to P8.4 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 P41.7 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 P367.8 million or 40.9% of total assets, and P249.3 million or 74.7% of total assets, respectively, for an increase of P118.5 million or 47.5%.

Accounts payable and other current liabilities increased by 36.8% to P130.2 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 P150 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 P37.8 million as at December 31, 2019 or 4.2% of total asset, 97.2% higher than P19.2 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 P423.8 million or 46.3% of total assets, and P4.3 million or 1.3% of total assets, respectively, for an increase of P419.5 million or 9,857.8%.

Retirement benefits liability increased by P1.9 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 P298.8 million as at December 31, 2019 as a result of MM's planned increase in authorized capital stock.

Lease liability amounting to P117.5 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 at December 31, 2019 and 2018, total equity amounted to P108.2 million or 11.8% of total assets, and P80.2 million or 24.0% of total assets, respectively, for an increase of P28.0 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, 2021, 2020 and 2019.

	December 31, 2021	December 31, 2020	December 31, 2019
Current Ratio	1.79	2.05	1.33
Asset to Equity	3.31	1.82	8.45
Debt to Equity Ratio	1.68	0.37	1.39
Acid Test Ratio	1.00	1.04	0.73
Return on Equity	1.76%	4.78%	29.72%
Net Income to Revenue	0.87%	1.39%	1.11%
Revenue Growth	13.11%	38.12%	18.81%
Income Growth	-29.53%	72.23%	-31.01%
EBITDA (PHP in thousands)	128,561.0	91,125.1	65,020.5
Solvency Ratio	0.03	0.07	0.06

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

$$\text{1. Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

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	$\frac{\text{Net Income} + \text{Depreciation and Amortization}}{\text{Total Liabilities}}$

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 P224.40 million for the year ended December 31, 2021, while net cash provided by operating activities amounted to P416.02 million for the year ended December 31, 2020.

Net cash used in investing activities

Net cash used in investing activities amounted to P1,158.99 million and P876.60 million for the year ended December 31, 2021 and 2020, 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 P2,493.08 million and P1,962.95 million for the year ended December 31, 2021 and 2020. 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 26 stores in 2021. 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.

**PART III MANAGEMENT'S DISCUSSION AND ANALYSIS OF
RESULTS OF OPERATIONS AND FINANCIAL CONDITION
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**

September 30, 2022 versus September 30, 2021 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, 2022 and September 30, 2021

	September 30, 2022	September 30, 2021	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2022	2021
REVENUES						
Sale of goods	P4,464,082,981	P2,753,066,867	1,711,016,114	62.1%	98.0%	98.0%
Display rental	16,821,850	18,346,083	(1,524,233)	(8.3%)	0.4%	0.7%
Other operating income	73,703,025	38,425,528	35,277,497	91.8%	1.6%	1.4%
	4,554,607,856	2,809,838,478	1,744,769,378	62.1%	100.0%	100.0%
COST OF SALES						
	3,783,187,596	2,395,502,992	1,387,684,604	57.9%	83.1%	85.3%
GROSS PROFIT	771,420,260	414,335,486	357,084,774	86.2%	16.9%	14.7%
OPERATING EXPENSES	699,311,251	376,527,915	322,783,336	85.7%	15.4%	13.4%
INCOME FROM OPERATIONS	72,109,009	37,807,571	34,301,438	90.7%	1.6%	1.3%
INTEREST EXPENSE	17,425,382	8,754,019	8,671,363	99.1%	0.4%	0.3%
INTEREST INCOME	1,476,734	1,215,234	261,500	21.5%	0.0%	0.0%
INCOME BEFORE TAX	56,160,361	30,268,786	25,891,575	85.5%	1.2%	1.1%
INCOME TAX EXPENSE	13,668,078	7,263,386	6,404,692	88.2%	0.3%	0.3%
NET INCOME/TOTAL COMPREHENSIVE INCOME	P42,492,283	P23,005,400	19,486,883	84.7%	0.9%	0.8%
NET INCOME TO PARENT	23,140,205	23,005,400	134,805	0.6%	1.4%	2.4%
NCI NET INCOME (LOSS)	19,352,078	-	19,352,078	0.0%	1.2%	0.0%
NET INCOME/TOTAL COMPREHENSIVE INCOME	P42,492,283	P23,005,400	P19,486,883	84.7%	2.5%	2.4%

MERRYMART CONSUMER CORP. AND SUBSIDIARIES

(Formerly Injap Supermart Inc.)

UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

For the quarter ended September 30, 2022 and September 30, 2021

	September 30, 2022	September 30, 2021	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2022	2021
REVENUES						
Sale of goods	P1,645,178,526	P949,867,183	695,311,343	73.2%	97.9%	98.3%
Display rental	4,440,907	5,712,255	(1,271,348)	(22.3%)	0.3%	0.6%
Other operating income	30,391,372	10,498,431	19,892,941	189.5%	1.8%	1.1%
	1,680,010,805	966,077,869	713,932,936	73.9%	100.0%	100.0%
COST OF SALES						
	1,413,086,063	798,169,430	614,916,633	77.0%	84.1%	82.6%
GROSS PROFIT	266,924,742	167,908,439	99,016,303	59.0%	15.9%	17.4%
OPERATING EXPENSES	247,956,859	157,219,799	90,737,060	57.7%	14.8%	16.3%
INCOME FROM OPERATIONS	18,967,883	10,688,640	8,279,243	77.5%	1.1%	1.1%
INTEREST EXPENSE	5,692,342	2,277,037	3,415,305	150.0%	0.3%	0.2%
INTEREST INCOME	287,185	283,331	3,854	1.4%	0.0%	0.0%
INCOME BEFORE TAX	13,562,726	8,694,934	4,867,792	56.0%	0.8%	0.9%
INCOME TAX EXPENSE	3,317,001	2,102,900	1,214,101	57.7%	0.2%	0.2%
NET INCOME/TOTAL COMPREHENSIVE INCOME	P10,245,725	P6,592,034	3,653,691	55.4%	0.6%	0.7%
NET INCOME TO PARENT	4,946,844	6,592,034	(1,645,190)	(25.0%)	0.3%	0.7%
NCI NET INCOME (LOSS)	5,298,881	-	5,298,881	0.0%	0.3%	0.0%
NET INCOME/TOTAL COMPREHENSIVE INCOME	P10,245,725	P6,592,034	P3,653,691	55.4%	0.6%	0.7%

For the Nine Months Ended September 30, 2022 compared to the Nine Months Ended September 30, 2021

For the nine months ended September 30, 2022, MM booked consolidated revenues of P4,554.61 million an increase of 62.1% from P2,809.84 million from the same period in 2021. 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 consolidation of the revenues contributed by the newly acquired pharmacy chains, Cecile's Pharmacy and Carlos SuperDrug.

For the nine months ended September 30, 2022, sale of goods contributes 98.0% of the total revenue.

The increase in other operating income is due to the increase in product listing fees, income from distribution center and other income.

For the nine months ended September 30, 2022, the Group's cost of sales is P3,783.19 million, an increase of 57.9% compared to P2,395.50 million for the nine months ended September 30, 2021, which is in line in the increase in revenues.

For the nine months ended September 30, 2022, the Group realized an increase of 86.2% in consolidated gross profit from P414.34 million in 2021 to P771.42 million 2022, driven by sales growth stores and additional revenue from stores of acquired subsidiaries.

Operating expenses increased by P322.78 million or 85.7% from the P376.53 million in the nine months ended September 30, 2021 to P699.31 million in the nine months ended September 30,

2022. The additional operating expenses are mainly attributable to the operating expenses of new operational and stores of acquired subsidiaries.

Interest expense pertains to the PFRS 16 accounting adjustment. The amount is the computed interest expense for the lease contract liability recognized. The increase in interest expense of ₱8.67 million or 99.1% from ₱8.75 million in the nine months of 2021 to ₱17.43 million in the nine months of 2022 is due to additional leases of MM Group qualified under PFRS 16 and interest from additional loans.

Interest income increased due to higher interest income from financial institutions.

Income tax expense for the nine months of 2022 amounted to ₱13.67 million, an increase of 88.2% from nine months 2021. The increase is due higher taxable income driven by sales growth for the period.

For the nine months ended September 30, 2022, the Group booked consolidated net income of ₱42.49 million, an increase of 84.7% from ₱23.01 million in nine months ended September 30, 2021. The increase in net income was driven by higher gross profit margin from stores and consolidation of the newly acquired pharmacy chains, Cecile's Pharmacy and Carlos Drugstore.

For the Quarter Ended September 30, 2022 compared to the Quarter Ended September 30, 2021

For the quarter ended September 30, 2022, MM booked consolidated revenues of ₱1,680.01 million an increase of 73.9% from ₱966.08 million from the same period in 2021. This was driven by the higher store revenues and the consolidation of the revenues contributed by the newly acquired pharmacy chains, Cecile's Pharmacy and Carlos Drugstore.

For the quarter ended September 30, 2022, the Group realized an increase of 59.0% in consolidated gross profit from ₱167.91 million for the quarter ended September 30, 2021 to ₱266.92 million for the quarter ended September 30, 2022, driven by the increase in revenues of the Group.

Operating expenses increased by ₱90.74 million or 57.7% from the ₱157.22 million in the quarter ended September 30, 2021 to ₱247.96 million in 2022. The additional operating expenses are mainly attributable to the operating expenses of new operational stores and stores from acquired subsidiaries.

For the quarter ended September 30, 2022, the Group booked consolidated net income of ₱10.25 million, an increase of 55.4% from ₱6.59 million for the quarter ended September 30, 2021. The increase in net income was mainly driven higher sales of goods and other operating income.

September 30, 2022 versus December 31, 2021 Statements of Financial Position

MERRYMART CONSUMER CORP. AND SUBSIDIARIES

(Formerly Injap Supermart Inc.)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2022 and DECEMBER 31, 2021

	September 30, 2022	December 31, 2021	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		September 30, 2022	December 31, 2021
ASSETS	Unaudited	Audited				
Current Assets						
Cash and cash equivalents	P1,740,630,810	P2,030,327,961	(P289,697,151)	(14.3%)	21.1%	31.3%
Receivables	138,550,880	86,062,063	52,488,817	61.0%	1.7%	1.3%
Due from related parties	0	-	-	0.0%	0.0%	0.0%
Inventories	2,282,488,462	1,372,727,670	909,760,792	66.3%	27.6%	21.1%
Prepaid expenses and other current assets	466,712,900	292,638,800	174,074,100	59.5%	5.6%	4.5%
Total Current Assets	P4,628,383,052	P3,781,756,494	846,626,558	22.4%	56.0%	58.2%
Noncurrent Assets						
Property and equipment - net	P2,390,869,154	P1,718,685,658	672,183,496	39.1%	28.9%	26.5%
Right-of-use asset	466,108,691	449,025,449	17,083,242	3.8%	5.6%	6.9%
Intangible asset	49,746,930	54,962,301	(5,215,371)	(9.5%)	0.6%	0.8%
Deferred tax asset	66,144,987	37,919,270	28,225,717	74.4%	0.8%	0.6%
Other noncurrent assets	659,445,460	450,109,053	209,336,407	46.5%	8.0%	6.9%
Total Noncurrent Assets	P3,632,315,222	P2,710,701,731	921,613,491	34.0%	44.0%	41.8%
	P8,260,698,274	P6,492,458,225	P1,768,240,049	27.2%	100.0%	100.0%
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and other current liabilities	P1,092,781,149	P822,473,155	P270,307,994	32.9%	13.2%	12.7%
Short-term loans payable	2,285,773,943	1,295,000,000	990,773,943	76.5%	27.7%	19.9%
Income tax payable	20,380,061	-	20,380,061	0.0%	0.2%	0.0%
Due to related parties	-	-	-	0.0%	0.0%	0.0%
Total Current Liabilities	P3,398,935,153	P2,117,473,155	1,281,461,998	60.5%	41.1%	32.6%
Noncurrent Liabilities						
Retirement liability	P32,727,271	P9,085,689	23,641,582	260.2%	0.4%	0.1%
Other noncurrent liabilities	43,220,681	2,580,000	40,640,681	1575.2%	0.5%	0.0%
Long-term loans payable	2,224,369,919	1,997,053,555	227,316,364	11.4%	26.9%	30.8%
Lease liability	435,679,437	407,535,140	28,144,297	6.9%	5.3%	6.3%
Total Noncurrent Liabilities	P2,735,997,308	P2,416,254,384	319,742,924	13.2%	33.1%	37.2%
Total Liabilities	P6,134,932,461	P4,533,727,539	1,601,204,922	35.3%	74.3%	69.8%
Equity						
Capital stock	P379,746,835	P379,746,835	-	0.0%	4.6%	5.8%
Additional paid-in capital	1,386,292,253	1,386,292,253	-	0.0%	16.8%	21.4%
Retained earnings	203,479,643	180,339,438	23,140,205	12.8%	2.5%	2.8%
Remeasurement loss on defined benefit	659,303	659,303	-	0.0%	0.0%	0.0%
	1,970,178,034	1,947,037,829	23,140,205	1.2%	23.9%	30.0%
Non Controlling Interest	155,587,779	11,692,857	143,894,922	1230.6%	1.9%	0.2%
Total Equity	P2,125,765,813	P1,958,730,686	P167,035,127	8.5%	25.7%	30.2%
Total Liabilities and Equity	P8,260,698,274	P6,492,458,225	P1,768,240,049	27.2%	100.0%	100.0%

As of September 30, 2022 vs December 31, 2021

Total assets as at September 30, 2022 was ₱8,260.70 million compared to ₱6,492.46 million as at December 31, 2021, or a 27.2% increase.

Current Assets

As at September 30, 2022 and December 31, 2021, total current assets amounted to ₱4,628.38 million or 56.0% of total assets, and ₱3,781.76 million or 58.2% of total assets, respectively, for an increase of ₱846.63 million or 22.4%.

Cash and cash equivalents decreased by 14.3% from ₱2,030.33 million as at December 31, 2021 to ₱1,740.63 million as at September 30, 2022 primarily due to cash used in the roll out of additional stores and acquisition of subsidiaries.

Receivables accounts for 1.7% of the total assets as at September 30, 2022. It increased by 61.0% from ₱86.06 million as at December 31, 2021 to ₱138.55 million as at September 30, 2022. The increase in receivables is due to increase in trade receivables.

Inventories increased by 66.3% from ₱1,372.73 million as at December 31, 2021 to ₱2,282.49 million as at September 30, 2022. Inventories accounts for 27.6% of the total assets as of September 30, 2022. Increase in inventories was due to the opening of additional stores and inventories from acquired subsidiaries.

Prepaid expenses and other current assets increased by 59.5% from ₱292.64 million as at December 31, 2021 to ₱466.71 million as at September 30, 2022 primarily due to the increased in input VAT related to the construction of new stores and additional prepayments and advances to suppliers.

Noncurrent Assets

As at September 30, 2022 and December 31, 2021, total noncurrent assets amounted to ₱3,632.32 million or 44.0% of total assets, and ₱2,710.70 million or 41.8% of total assets, respectively, for an increase of ₱921.61 million or 34.0%.

Property and equipment increased by 39.1% from ₱1,718.69 million as at December 31, 2021 to ₱2,390.87 million as at September 30, 2022 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 ₱466.11 million as at September 30, 2022, which is 5.6% of total assets and ₱449.03 million as at December 31, 2021. The increase is due to additional leases of the Group that qualified under PFRS 16.

Intangible Assets decreased by 9.5% from ₱54.96 million as at December 31, 2021 to ₱49.75 million as at September 30, 2022 primarily due to amortization of software and information system.

Deferred tax assets increased by 74.4% from ₱37.92 million as at December 31, 2021 to ₱66.14 million as at September 30, 2022 due to increase in the deferred tax component of NOLCO from the Company's subsidiaries.

Increase in other noncurrent assets mainly pertains to the recognized Goodwill from the acquisition of subsidiaries. Other noncurrent assets amounted to ₱659.45 million as at September 30, 2022 or 8.0% of total assets and ₱450.11 million as at December 31, 2021.

Current Liabilities

As at September 30, 2022 and December 31, 2021, total current liabilities amounted to P3,398.94 million or 41.1% of total assets, and P2,117.47 billion or 32.6% of total assets, respectively, for an increase of P1,281.46 million or 60.5%.

Accounts payable and other current liabilities increased by 32.9% to P270.31 million as at September 30, 2022, or 13.2% of total assets, due to higher payables to suppliers, accrued expenses and current portion lease liabilities.

Short-term loans payable amounted to P2,285.77 million as at September 30, 2022, the increase is due to the availment of short-term loans.

Income tax payable amounted to P20.38 million or 0.2% of total assets and nil or 0.0% of total assets as at September 30, 2022 and December 31, 2021, respectively. Income tax payable mainly pertains to income tax payable for the quarter.

Noncurrent Liabilities

As at September 30, 2022 and December 31, 2021, total noncurrent liabilities amounted to P2,736.00 million or 33.1% of total assets, and P2,416.25 million or 37.2% of total assets, respectively, for an increase of P335.04 million or 13.9%.

Retirement benefits liability increased by P23.64 million or 260.2% from P9.09 million as at December 31, 2021 to P32.73 million as at September 30, 2022 due to the additional accrual recognized by the MM Group for its retirement obligation to its employees.

Long-term loans payable amounted to P2,224.37 million on September 30, 2022, an increase of P227.32 million or 11.4% from P1,997.05 million as at December 31, 2021. The increase is due to additional long-term loan availed by the Group in 2022.

Lease liabilities 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 P435.68 million as at September 30, 2022, an increase of P28.14 million or 6.9% from P407.54 million as at December 31, 2021. The increase in lease liabilities is due to additional spaces qualified under PFRS 16 leased by the Group.

Other noncurrent liabilities increased to P43.22 million due to additional retention payable.

Equity

Retained earnings amounted to P203.48 million as at September 30, 2022, an increase of P23.14 million or 12.8%. The increase is due to net income attributable to Parent for the nine months of 2022.

Non-controlling interest amounted to P155.59 million as at September 30, 2022, an increase of P143.89 million due to acquisition of new subsidiaries during the period and net income attributable to NCI.

As at September 30, 2022 and December 31, 2021, total equity amounted to P2,125.77 million or 25.7% of total assets, and P1,958.73 million or 30.2% of total assets, respectively, for an increase of P167.04 million or 8.5%. The increase in equity is due to the net income for the period and increase in non-controlling interest.

Key Performance Indicators of the Company

	Unaudited September 30, 2022	Audited December 31, 2021
Current Ratio	1.36	1.79
Asset to Equity	3.89	3.31
Debt to Equity Ratio	2.12	1.68
Acid Test Ratio	0.55	1.00

	Unaudited For the nine months ending September 30, 2022	Unaudited For the nine months ending September 30, 2021
Return on Equity	1.18%	1.20%
Net Income to Revenue	0.51%	0.82%
Revenue Growth	62.10%	15.92%
Income Growth	0.59%	58.61%
EBITDA	PhP145.65 million	PhP92.72 million
Solvency Ratio	0.031	0.050

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. Acid Test Ratio	$\frac{\text{Cash} + \text{Accounts Receivable} + \text{Marketable Securities}}{\text{Current Liabilities}}$
5. Return on Equity	$\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Average Equity Attributable to the Owners of the Parent}}$
6. Net Income to Revenue	$\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Total Revenue}}$
7. Revenue Growth	$\frac{\text{Total Revenue (Current Period)} - \text{Total Revenue (Prior Period)}}{\text{Total Revenue (Prior Period)}}$
8. Income Growth	$\frac{\text{Net Income Attributable to Owners of the Parent (Current Period)} - \text{Net Income Attributable to Owners of the Parent (Prior Period)}}{\text{Net Income Attributable to Owners of the Parent (Prior Period)}}$
9. EBITDA	$\text{Income from Operations} + \text{Depreciation and Amortization} + \text{Interest Expense}$
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.

PART IV MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY

MARKET INFORMATION

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

2022 Prices (in PhP/share)

	High	Low	Close
First Quarter	P 2.58	P 1.69	P 1.86
Second Quarter	P 1.87	P 1.20	P 1.29
Third Quarter	P 1.60	P 1.13	P 1.19

2021 Prices (in PhP/share)

	High	Low	Close
First Quarter	P 8.56	P 4.39	P 5.44
Second Quarter	P 5.74	P 3.65	P 4.06
Third Quarter	P 4.29	P 3.02	P 3.86
Fourth Quarter	P 3.92	P 2.28	P 2.51

2020 Prices (in PhP/share)

	High	Low	Close
First Quarter	-	-	-
Second Quarter	P 4.50	P 1.00	P 3.50
Third Quarter	P 3.61	P 1.97	P 3.03
Fourth Quarter	P 6.70	P 2.95	P 6.18

As of December 31, 2021, the closing price of the Company's common shares was P2.51 per share with a total market capitalization of P19,063,291,139.59.

As of September 30, 2022, the closing price of the Company's common shares was P1.19 per share with a total market capitalization of P9,037,974,683.71.

The price information as of the close of the latest practicable trading date October 26, 2022 is 1.08 per share with a total market capitalization of ₱ 8,202,531,645.72.

PRINCIPAL SHAREHOLDERS

There are 21 registered holders of common shares as of September 30, 2022.

The following table sets forth the largest shareholders of the Company's Common Shares as of September 30, 2022.

	Name	Nationality	No. of Shares	Percentage
1	PCD – Filipino	Filipino	7,556,756,340	99.5%
2	PCD- Non Filipino	Non - Filipino	37,520,364	0.5%
3	Irish Hazel G. Manaois	Filipino	23,000	0.0%
4	Rameses Victorious G. Villagonzalo	Filipino	600,000	0.0%
5	Myra P. Villanueva	Filipino	9,000	0.0%
6	Daphne Dianne D. Mendoza	Filipino	5,000	0.0%
7	Joyce Anne M. Coralde	Filipino	5,000	0.0%
8	Myrna P. Villanueva	Filipino	5,000	0.0%
9	Edgar J. Sia	Filipino	2,000	0.0%
10	Edgar J. Sia II	Filipino	2,000	0.0%
11	Ferdinand J. Sia	Filipino	2,000	0.0%
12	Pacita J. Sia	Filipino	2,000	0.0%
13	Rizza Marie Joy Sia Javelona	Filipino	2,000	0.0%
14	Milagros P. Villanueva	Filipino	1,000	0.0%
15	Marietta V. Cabreza	Filipino	1,000	0.0%
16	Juan Carlos V. Cabreza	Filipino	1,000	0.0%
17	Marriana H. Yulo-Luccini	Filipino	1	0.0%
18	Jacqueline Ann Marie O. Gomez	Filipino	1	0.0%
19	Jose Roelph E. Desales	Filipino	1	0.0%
20	Victoria R. Tamayao	Filipino	1	0.0%
21	Gary Emerson P. Cheng	Filipino	1	0.0%
	Total		7,594,936,709	100.0%

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. No dividends were declared and paid in 2021 and 2022.

PART V 2021 AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

Please see the attached audited consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules as of December 31, 2021.

PART VI SEPTEMBER 30, 2022 UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

Please see the attached unaudited interim consolidated financial statements as of September 30, 2022.

Annex C
2021 Annual Report and
2021 Audited Financial Statements

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

Rizza Marie Joy Sia

Contact Person

(02) 8743-1111

(02) 8743-1111

Company Telephone Number

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Month

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Day

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FORM TYPE

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Annual Meeting

Secondary License Type, If Applicable

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Dept. Requiring this Doc.

Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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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, 2021

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, 2021**
2. Commission identification number **CS200930125** 3. BIR Tax Identification No. **281-768-124-000**
4. Exact name of issuer as specified in its charter: **MerryMart Consumer Corp.**
5. Province, country or other jurisdiction of incorporation or organization: **Republic of the Philippines**
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office and Postal Code: **DD Meridian Park Bay Area corner Macapagal Avenue and EDSA Extension Boulevard Brgy 76 Zone 10 San Rafael Pasay City 1302**
8. Issuer's telephone number, including area code: **(632) 8743-1111**
9. Former name, former address and former fiscal year, if changed since last report: **N/A**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class

Number of shares of common
stock outstanding and amount
of debt outstanding

Common Shares

7,594,936,709

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

Yes ☒ No ☐

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

Stock Exchange: **Philippine Stock Exchange**

Securities Listed: **Common Shares**

12. Indicate by check mark whether the registrant:

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

Yes ☒ No ☐ N/A

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

Yes ☒ No ☐ N/A

13. Aggregate market value of the voting stock held by non-affiliates: **P3,964,172,789.59** as of December 31, 2021.

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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. (“II”), which is the investment holding company of the Sia family, primarily led by its major shareholder and Chairman, Edgar J. Sia II.

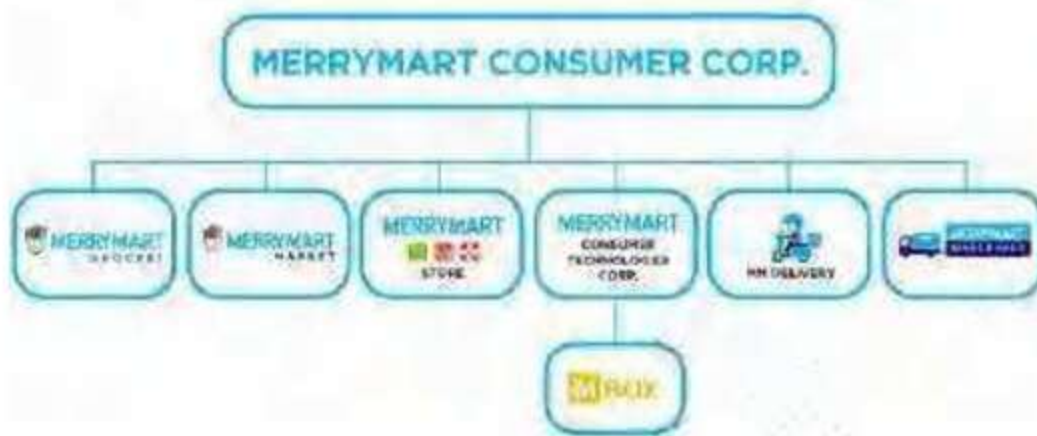
MM was incorporated in 2009. However, the Sia family has long been engaged in the supermarket business. MM opened its first two stores, Injap Supermart TATC and Injap Supermart Burgos Roxas City after its incorporation in 2009. Injap Supermarts like MerryMart Groceries are full size supermarkets offering 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.

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.

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 brick and mortar grocery retail formats and two online 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.



4. MerryMart Delivery

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.



5. MerryMart Wholesale

On October 10, 2021 MM Group soft launched its online Wholesale platform which is served from the MM Group's central distribution center in CentralHub-Tarlac. The online Wholesale platform features live inventory and next day delivery. The MerryMart Wholesale app on iOS and Android is expected to be ready by May 2022.



As of December 31, 2021, MM Group has 45 operational branches, opening 26 new stores in 2021 across the country. In addition to its operational branches, it has secured another 56 branches through its recent acquisitions, bringing its total network of branches to 101

nationwide.



Map shows the distribution of the MM Group's operational branches as of December 31, 2021

For the year ended December 31, 2021, the MM Group booked consolidated revenues of P3.9 billion, an increase of 13.1% from the prior year's consolidated revenues of P3.5 billion. For the year ended December 31, 2021, the MM Group booked consolidated net income of P34.0 million, a decrease of 29.5% from the prior year's consolidated net income of P48.2 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, 2021, the MM Group owns and operates 45 stores nationwide (excluding recent acquisitions).

The table below shows the historical sale of goods growth for MM Group, with CAGR of 21.82% for 2017 to 2021.

	2017	2018	2019	2020	2021
Sale of goods	1,750,689,674	2,095,408,067	2,482,302,804	3,412,521,282	3,855,509,832

Venturing to widen reach, on November 8, 2021 the Group finalized the acquisition of 75.08% equity stake in Carlos Drugs-Lucena Inc. (“Carlos SuperDrug”), the biggest pharmacy chain in Quezon Province. Carlos SuperDrug brand was founded in 1946 in Lucena City by the husband & wife team of Diomedes & Generosa Carlos.

On November 8, 2021, the Company signed an agreement for the acquisition of 75.08% equity stake in Carlos Drugs-Lucena Inc. (“Carlos SuperDrug”). The Company will acquire 287,856 secondary shares representing 71.96% in Carlos SuperDrug for P289.53 million as soon as all conditions precedents are completed by the Selling Shareholders which include among others the approval of the SEC of the amendment of the Articles of Incorporation and By-Laws of the Corporation. The Company will also purchase an additional 50,000 primary shares for P50.29 million.

On January 6, 2022, the Securities and Exchange Commission (SEC) approved the amended provisions of articles of incorporation of Carlos Drugs-Lucena, Inc. allowing the Company to complete its acquisition of shares.

The acquisition gave the Company a 71.96% ownership and control on January 6, 2022. For the convenience purposes, the Company used December 31, 2021 as the cut-off date in determining the net assets of Carlos Drugs-Lucena. The purchase price allocation has been prepared on a preliminary basis as the fair values are being finalized. Preliminary net asset value of Carlos Drugs-Lucena is P108.17 million.

On March 09, 2022 MM signed the agreement with ZC Ramthel Corporation (Cecile’s Pharmacy) finalizing the acquisition of majority 53.125% stake in the Mindanao based pharmacy chain.

Cecile’s Pharmacy is the biggest pharmacy chain in the city of Zamboanga in Mindanao Region, and the brand has been in operation for 57 years since 1964 with 21 strategically located operating branches to date, with over 300 workforce.

Actual photos of MERRYMART opening



MERRYMAST Grocery – Arayat



MERRYMAST Grocery – Umbria



MERRYMART Grocery – Bacalso with Carlos SuperDrug Pharmacy

On October 10, 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.



MERRYMART WHOLESALE – MM Logistics Distribution Center in CentralHub-Tarlac

The MM wholesale operations commenced 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).

On October 9, 2021, MERRYMART opened its first Drive Thru store along Diversion Road, Iloilo City.



MERRYMART's first Drive Thru store located on Diversion Road, Iloilo City

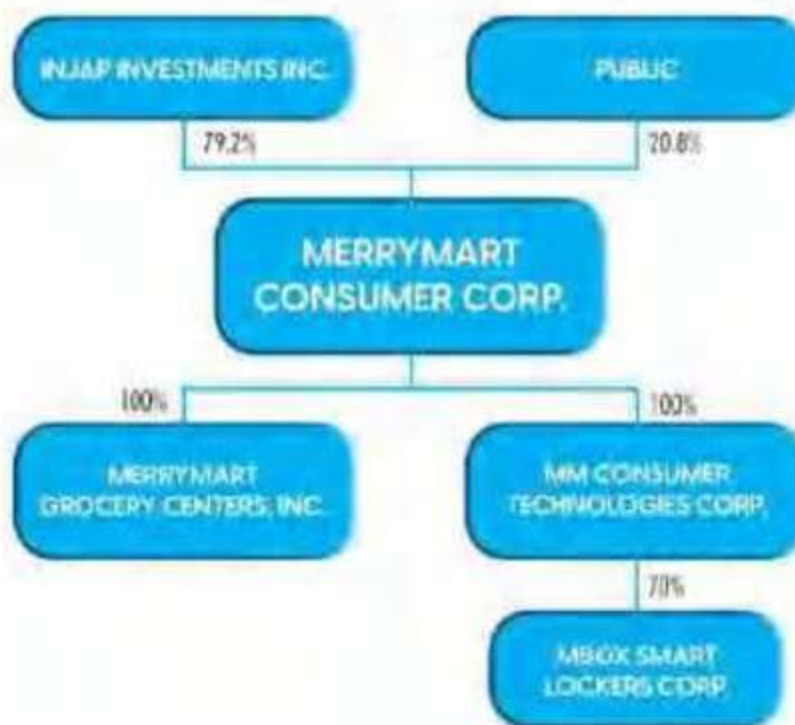
On October 7, 2021, MM Group's consumer technology arm started rolling out MBOX Smart Lockers, which are revolutionary system of self-service lockers similar to post office boxes that are accessible 24/7, where customers can collect and drop off packages at their convenience at minimal or no additional cost. As soon as a package arrives, the locker sends a pickup code via SMS/App notification to alert the receiver.



MBOX Smart Locker is now available in MerryMart Grocery Branch in DD Meridian Park

CORPORATE STRUCTURE

The following chart sets forth an overview of the corporate structure of the MM Group as of December 31, 2021.



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, owner and operator 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 branded retail stores.

MM Consumer Technologies Corp.

MM wholly owns MTech, it was incorporated on February 23, 2019 to engage in the business to acquire hold, own, operate, or manage of various consumer technology ventures. MTech serves as the arm for consumer technology related ventures.

MBox Smart Lockers Corp.

Incorporated on February 29, 2019, MM holds 70% MBox thru MTech, which operates and acts as the arm for investment, development, management of operations related but not limited to storage and distribution, including smart lockers, storage and other logistic tools.

EMPLOYEES

As of December 31, 2021, the MM Group has 318 direct employees.

	Direct Employees
MerryMart Consumer Corp.	117
MerryMart Grocery Centers, Inc.	240
Total	357

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, 2021:

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

MERRYMART 3-in-1		MerryMart Grocery Centers Inc.	05 February 2021	05 February 2031
MERRYMART MM Smiley		MerryMart Grocery Centers Inc.	23 April 2021	23 April 2031

The above trademarks are 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.

CUSTOMERS

Customer Loyalty Programs – MerryMart Wholesale Club

The Group offers wholesale program, the MM Wholesale Club, wherein members can earn a point for every 200 pesos worth of purchase. Points earned may be used for bulk orders at MerryMart Wholesale Online Grocery. Members and Loyalty Card holders also gives access and convenience of picking up bulk order at MM Distribution Center in Tarlac Centralhub.

ITEM 2. PROPERTIES

As of December 31, 2021, the MM Group owns the following parcels of land:

LOCATION	AREA (in square meter)	LIENS
Jaro, Iloilo City	255	None
Mandurriao, Iloilo City	1,800	None
Tabuc Suba, Jaro, Iloilo City	2,246	None
Nabitasan, Lapaz, Iloilo City	1,702	None

As of December 31, 2021, MM owns the following store structures for the Group's retail operations:

FORMAT	STORE LOCATION	STRUCTURE
Grocery	Injap Supermart - Talc Roxas City	Company Owned
Grocery	Injap Supermart - Burgos Roxas City	Company Owned
Grocery	Merrymart Grocery - Double dragon 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	Under Franchise
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
Store	Merrymart Store - Tsquare	Company Owned
Store	Merrymart Store - Roxas Ave	Company Owned
Store	Merrymart Store - J De Leon	Company Owned
Store	Merrymart Store - Quintin Salas Jaro	Company Owned
Store	Merrymart Store - Favia Iloilo	Company Owned
Grocery	Merrymart Grocery - Tuguegarao	Company Owned
Store	Merrymart Store - Tuguegarao	Company Owned
Grocery	Merrymart Grocery - Aparri	Company Owned
Store	Merrymart Store - Aparri	Company Owned
Store	Merrymart Store - Mambusao	Under Franchise
Store	Merrymart Store - West End	Company Owned
Store	Merrymart Store - Bloc10	Company Owned
Store	Merrymart Store - Riala Cebu	Company Owned
Store	Merrymart Store - Talc Roxas	Company Owned
Store	Merrymart Store - Burgos Roxas	Company Owned

Grocery	Merrymart Grocery - Anabu	Company Owned
Store	Merrymart Store - Camp 7 Kennon Road Baguio	Under Franchise
Store	Merrymart Store - Diversion Road, Iloilo	Company Owned
Store	Merrymart Store - Antique	Company Owned
Store	Merrymart Store - High Street Bgc	Company Owned
Grocery	Merrymart Grocery - Bocaue Bulacan	Company Owned
Store	Merrymart Store - Bocaue Bulacan	Company Owned
Grocery	Merrymart Grocery - Arayat	Company Owned
Store	Merrymart Store - Arayat	Company Owned
Grocery	Merrymart Grocery - Umali Laguna	Company Owned
Store	Merrymart Store - Northpoint Subic	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. The lease rates are generally based on a percentage ranging from 1% to 3% of gross sales or on an agreed minimum guaranteed rate generally ranging from P300.00/sqm to P650.00/sqm (whichever is higher), which are subject to annual escalation rates, in line with market standards.

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, 2021, 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 2021 Audited Financial Statements and 2021 Annual Report**
Date of Approval by Board of Directors : May 13, 2022
- 2. Ratification of the Actions of the Board of Directors and Officers**
Date of Approval by Stockholders : December 17, 2021
- 3. Election of Directors**
Date of Approval by Stockholders : December 17, 2021
- 4. Appointment of External Auditors**
Date of Approval by Stockholders : December 17, 2021

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.

2021 Prices (in PhP/share)

	High	Low	Close
First Quarter	P 8.56	P 4.39	P 5.44
Second Quarter	P 5.74	P 3.65	P 4.06
Third Quarter	P 4.29	P 3.02	P 3.86
Fourth Quarter	P 3.92	P 2.28	P 2.51

2020 Prices (in PhP/share)

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

As of December 31, 2021, the closing price of the Company's common shares was **P2.51** per share with a total market capitalization of **P19,063,291,140**.

The price information as of the close of the latest practicable trading date May 13, 2022 is **1.50** per share with a total market capitalization of **P 11,164,556,96**.

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 P8.4 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 P28.0 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, 2021.

	Name	Nationality	No. of Shares	Percentage
1	PCD – Filipino	Filipino	7,567,143,525	99.6%
2	PCD- Non Filipino	Non - Filipino	27,733,179	0.4%
3	Irish Hazel G. Manaois	Filipino	23,000	0.0%
4	Myra P. Villanueva	Filipino	9,000	0.0%
5	Daphne Dianne D. Mendoza	Filipino	5,000	0.0%
6	Joyce Anne M. Coralde	Filipino	5,000	0.0%
7	Myrna P. Villanueva	Filipino	5,000	0.0%
8	Edgar J. Sia	Filipino	2,000	0.0%
9	Edgar J. Sia II	Filipino	2,000	0.0%
10	Ferdinand J. Sia	Filipino	2,000	0.0%
11	Pacita J. Sia	Filipino	2,000	0.0%
12	Rizza Marie Joy J. Sia	Filipino	2,000	0.0%
13	Milagros P. Villanueva	Filipino	1,000	0.0%
14	Marietta V. Cabreza	Filipino	1,000	0.0%
15	Juan Carlos V. Cabreza	Filipino	1,000	0.0%
16	Marriana H. Yulo-Luccini	Filipino	1	0.0%
17	Jacqueline Ann Marie O. Gomez	Filipino	1	0.0%
18	Jose Roelph E. Desales	Filipino	1	0.0%
19	Victoria R. Tamayao	Filipino	1	0.0%
20	Gary Emerson P. Cheng	Filipino	1	0.0%
	Total		7,594,936,709	100.0%

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

Calendar Year Ended December 31, 2021 and 2020

RESULTS OF OPERATION

MERRYMART CONSUMER CORP. AND SUBSIDIARY
Audited Consolidated Statements of Comprehensive Income
For the year ended December 31, 2021 & 2020

	December 31, 2021	December 31, 2020	Horizontal Analysis		Vertical Analysis	
				Increase (Decrease)	2021	2020
REVENUES						
Sale of goods	3,833,509,832	3,412,321,181	421,188,650	13.0%	98.1%	98.2%
Display rental	21,034,235	20,536,260	(5,292,025)	(20.1%)	0.3%	0.3%
Other operating income	52,842,525	15,736,231	17,506,292	10.0%	1.3%	1.2%
	3,929,386,612	3,448,593,778	480,792,837	13.1%	100.0%	100.0%
COST OF SALES						
	3,277,257,704	3,145,722,630	131,535,074	4.2%	83.4%	90.5%
GROSS PROFIT	652,128,908	302,871,148	349,257,760	98.6%	16.6%	9.5%
OPERATING EXPENSES						
	569,365,582	504,855,886	238,106,490	91.3%	14.8%	8.5%
INCOME FROM OPERATIONS	69,365,582	21,704,279	47,661,273	192.6%	1.8%	0.7%
INTEREST EXPENSE	15,950,612	12,553,871	3,409,741	27.2%	0.4%	0.4%
INTEREST INCOME	1,736,903	5,769,888	(4,032,985)	(69.7%)	0.0%	0.2%
INCOME BEFORE TAX	55,151,873	16,920,396	38,231,477	225.9%	1.4%	0.5%
INCOME TAX EXPENSE (BENEFIT)	(21,158,303)	(31,317,679)	(52,475,982)	(167.6%)	(0.5%)	0.9%
NET INCOME	33,993,570	48,241,074	(14,243,535)	(29.5%)	0.9%	1.4%
OTHER COMPREHENSIVE INCOME						
REMEASUREMENT GAIN ON DEFERRED BENEFIT LIABILITY	2,115,694	(1,436,391)	3,572,085	(23.5%)	0.1%	(0.0%)
NET COMPREHENSIVE INCOME (LOSS)	36,109,264	46,784,683	(10,671,460)	(22.8%)	0.9%	1.3%
NET INCOME TO PARENT						
	14,934,682	18,241,874	(13,307,192)	(73.0%)	0.9%	1.4%
NON-CONTROLLING INTERESTS	(307,113)	-	(307,113)	0.0%	(0.8%)	0.0%
NET INCOME	14,627,569	18,241,874	(14,243,535)	(28.5%)	0.9%	1.4%
NET INCOME TO PARENT						
	14,627,569	-	14,627,569	0.0%	0.9%	0.0%
NON-CONTROLLING INTERESTS	(307,113)	-	(307,113)	0.0%	(0.8%)	0.0%
NET COMPREHENSIVE INCOME	14,320,456	18,241,874	(10,671,450)	(23.5%)	0.9%	1.3%

For the year ended December 31, 2021, the MM Group earned a consolidated revenue of P3.9 billion an increase of 13.0% from P3.5 billion 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. In 2021, the Group opened additional 26 MerryMart branches.

For the year ended December 31, 2021, sale of goods contributes 98.1% of the total revenue.

The increase in display rental is due to more stores operating in 2021.

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, 2021, the MM Group's cost of sales is P3,277.3 million, an increase of 4.2% compared to P3,145.7 million for the year ended December 31, 2020, which is in line with the increase of revenues, primarily driven by the increase in sales.

For the year ended December 31, 2021, the MM Group realized an increase of 98.6% in consolidated gross profit from P328.4 million in 2020 at 9.5% margin to P652.1 million at 16.6% margin in the same period of 2021, driven by strong sales growth and increase in other operating income of the Group.

Operating expenses increased by P278.1 million or 91.3% from the P304.7 million in the year ended December 31, 2020 to P582.8 million in 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 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 P3.4 million or 27.2% from P12.6 million in the year ended December 31, 2020 to P16.0 million in 2021 is due to additional leases of MM Group qualified under PFRS 16.

Interest income decreased by 69.7% in 2021 due to decrease in deposit placement.

Pre-tax income increased by 225.9% year-on-year to P55.16 Million due to the increase in the revenue of the Group.

Income tax expense for the year ended December 31, 2021 amounted to P21.2 million due to taxable income driven by sales growth for the period and due to one-off tax adjustments as a result of the downward adjustment in the deferred tax assets due to the change in corporate income tax rate.

For the year ended December 31, 2021, the MM Group earned a consolidated net income of P34.0 million a decrease of 29.5% from P48.2 million in 2020. The decrease is mainly due to the higher income tax expense as a result of one-time adjustments recorded.

FINANCIAL POSITION

MERRYMART CONSUMER CORP. AND SUBSIDIARY

Audited Consolidated Statements of Financial Position

As at December 31, 2021 & 2020

	December 31, 2021	December 31, 2020	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2021	2020
ASSETS						
Current Assets						
Cash and cash equivalents	P2,030,327,961	P940,641,989	P1,089,685,972	115.8%	31.3%	27.1%
Receivables	86,062,063	25,071,685	60,990,378	243.3%	1.3%	0.7%
Inventories	1,372,727,670	737,572,923	635,154,747	86.1%	21.1%	21.2%
Prepaid expenses and other current assets	292,638,800	199,090,553	93,548,247	47.0%	4.5%	5.7%
Total Current Assets	3,781,756,494	1,902,377,150	1,879,379,344	98.8%	58.2%	54.7%
Noncurrent Assets						
Property and equipment - net	1,718,685,658	P908,849,180	809,836,478	89.1%	26.5%	26.1%
Right-of-use asset	449,025,449	402,933,511	46,091,938	11.4%	6.9%	11.6%
Intangible asset	54,962,301	42,910,253	12,052,048	28.1%	0.8%	1.2%
Deferred tax asset	37,919,270	44,276,810	(6,357,540)	(14.4%)	0.6%	1.3%
Other noncurrent assets	450,109,053	174,714,961	275,394,092	157.6%	6.9%	5.0%
Total Noncurrent Assets	2,710,701,731	1,573,684,715	1,137,017,016	72.3%	41.8%	45.3%
	P6,492,458,225	P3,476,061,865	P3,016,396,360	86.8%	100.0%	100.0%
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and other current liabilities	P822,473,155	P416,433,885	P406,039,270	97.5%	12.7%	12.0%
Loans payable	1,295,000,000	450,000,000	845,000,000	187.8%	19.9%	12.9%
Income tax payable	-	-	-	0.0%	0.0%	0.0%
Due to related parties	-	62,482,842	(62,482,842)	(100.0%)	0.0%	1.8%
Total Current Liabilities	2,117,473,155	928,916,727	1,188,556,428	128.0%	32.6%	26.7%
Noncurrent Liabilities						
Retirement liability	9,085,689	8,024,699	1,060,990	13.2%	0.1%	0.2%
Loans Payable - noncurrent	1,997,053,555	250,000,000	1,747,053,555	698.8%	30.8%	7.2%
Other noncurrent liabilities	2,580,000	1,380,000	1,200,000	87.0%	0.0%	0.0%
Lease liability	407,535,140	376,322,986	31,212,154	8.3%	6.3%	10.8%
Deposit for future subscription	-	-	-	0.0%	0.0%	0.0%
Total Noncurrent Liabilities	2,416,254,384	635,727,685	1,780,526,699	280.1%	37.2%	18.3%
Total Liabilities	4,533,727,539	1,564,644,412	2,969,083,127	189.8%	69.8%	45.0%
Equity						
Capital stock	379,746,835	379,746,835	-	0.0%	5.8%	10.9%
Additional Paid-up Capital	1,386,292,253	1,386,292,253	-	0.0%	21.4%	39.9%
Retained earnings	180,339,438	146,834,756	33,504,682	22.8%	2.8%	4.2%
Remeasurement gain on defined benefit liability	699,303	(1,456,391)	2,115,694	(145.3%)	0.0%	(0.0%)
	1,947,037,829	1,911,417,453	35,620,376	1.9%	30.0%	55.0%
Non-controlling interest	11,692,857	-	11,692,857	0.0%	0.2%	0.0%
Total Equity	1,958,730,686	1,911,417,453	47,313,233	2.5%	30.2%	55.0%
Total Liabilities and Equity	P6,492,458,225	P3,476,061,865	P3,016,396,360	86.8%	100.0%	100.0%

ASSETS

Total assets as at December 31, 2021 is **₱6,492.5** million compared to **₱3,476.1** million as at December 31, 2020, a **₱3,016.4** million or **86.8%** increase.

Current Assets

As at December 31, 2021 and 2020, total current assets amounted to **₱3,781.8** million or **58.2%** of total assets, and **₱1,902.4** million or **54.7%** of total assets, respectively, for an increase of **₱1,879.4** million or **98.8%**.

Cash and cash equivalents increased by **115.8%** from **₱940.6** million as at December 31, 2020 to **₱2,030.3** million as at December 31, 2021 primarily due from the proceeds of loan and cash from operations.

Receivables accounts for **1.3%** of the total assets as at December 31, 2021. It increased by **243.3%** from **₱25.1** million as at December 31, 2020 to **₱86.1** million as at December 31, 2021 due to receivables from credit card transactions that are settled within 1-3 days from transaction date and receivables from display rental.

Inventories increased by **86.1%** from **₱737.6** million as at December 31, 2020 to **₱1,372.7** million as at December 31, 2021. This increase is due from the increase in operations of the Group, with 26 additional stores in 2021 and the launching of MerryMart Wholesale.

Prepaid expenses and other current assets increased by **47.0%** from **₱199.1** million as at December 31, 2020 to **₱292.6** million as at December 31, 2021 primarily due to the increased in input VAT related to the construction of new stores, additional prepayments and advances to suppliers.

Noncurrent Assets

As at December 31, 2021 and 2020, total noncurrent assets amounted to **₱2,710.7** million or **41.8%** of total assets, and **₱1,573.7** million or **45.3%** of total assets, respectively, for an increase of **₱1,137.0** million or **72.3%**.

Property and equipment increased by **89.1%** from **₱908.8** million as at December 31, 2020 to **₱1,718.7** million as at December 31, 2021 due primarily to the increase in construction in progress and leasehold improvements for MerryMart's additional stores, as well as acquisition of land and store equipment.

Right-of-Use asset is in relation to the adoption of PFRS 16. Right-of-Use Assets amounted to **₱449.0** million and **₱402.9** million as at December 31, 2021 and December 31, 2020, respectively, which is **6.9%** 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 **28.1%** from **₱42.9** million as at December 31, 2020 to **₱55.0** million as at December 31, 2021 due to installation of additional POS systems for new operational stores during the period.

Deferred tax assets decreased by **14.4%** from **₱44.3** million as at December 31, 2020 to **₱37.9** million as at December 31, 2020 due to application of prior period's NOLCO in 2021.

Other noncurrent assets mainly pertain to the deposits made by the Group for new lease for its new and upcoming stores. Other noncurrent assets increased by P275.4 million or 157.6% from P174.7 million as at December 31, 2020 to P450.1 million in December 31, 2021, which is 6.9% of the total assets.

LIABILITIES

Total liabilities as at December 31, 2021 is P4,533.7 million compared to P1,564.6 million as at December 31, 2020, a P2,969.1 million or 189.8% increase.

Current Liabilities

As at December 31, 2021 and 2020, total current liabilities amounted to P2,117.5 million or 32.6% of total assets, and P928.9 million or 26.7% of total assets, respectively, for an increase of P1,188.6 million or 128.0%.

Accounts payable and other current liabilities increased by 97.5% to P 822.5 million as at December 31, 2021, or 12.7% of total assets, due to higher payables to suppliers, accrued expenses and current portion lease liabilities as at December 31, 2021.

Short-term loans payable amounted to P1,295.0 million as at December 31, 2021, an increase of P845.0 million or 187.8% from P450.0 million as at December 31, 2020. The increase is due to the short-term loans and current portion of the long-term loan availed by the Group in 2021 in preparation for its growth and expansion.

Income tax payable is nil for December 31, 2021, all income taxes due were paid by the Group before December 31, 2021.

Due to related parties amounted to nil as at December 31, 2021 from P 62.5 million, 1.8% of total assets, as at December 31, 2020. The decrease is due to payment of advances during the period.

Noncurrent Liabilities

As at December 31, 2021 and 2020, total noncurrent liabilities amounted to P2,416.3 million or 37.2% of total assets, and P635.7 million or 18.3% of total assets, respectively, for an increase of P1,780.5 million or 280.1%.

Retirement benefits liability increased by P1.1 million or 13.2% due to the additional accrual recognized by the MM Group for its retirement obligation to its employees.

Long-term loans payable amounted to P1,997.1 million on December 31, 2021, an increase of P1,747.1 million or 698.8% from P250.00 million as at December 31, 2020. The increase is due to availment of long-term loan from a local bank in preparation for investments in its company-owned store expansion and distribution centers nationwide.

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 P407.5 million as at December 31, 2021, an increase of P31.2 million or 8.3% from P376.3 million as at December 31, 2020. The increase in lease liability is due to additional spaces qualified under PFRS 16 leased by the Group for its newly opened stores.

EQUITY

As at December 31, 2021 and 2020, total equity amounted to P1,958.7 million or 30.2% of total assets, and P1,911.4 million or 55.0% of total assets, respectively, for an increase of P47.3 million or 2.5%. The increase in equity is due to the Group's non-controlling interest and net income for the period.

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	12,062,989	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 P3.5 billion an increase of 38.1% from P2.5 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 P3,145.7 million, an increase of 32.7% compared to P2,370.7 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 P144.6 million in 2019 at 5.7% margin to P328.4 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 P206.6 million or 210.7% from the P98.1 million in the year ended December 31, 2019 to P304.7 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 P5.9 million or 88.6% from P6.7 million in the year ended December 31, 2019 to P12.6 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 P31.3 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 P48.2 million an increase of 72.2% from PP28.0 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	P270,308,999	P670,333,390	248.0%	27.1%	30.0%
Receivables	25,071,685	9,018,707	16,052,938	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%	120%	14.5%
Loans payable	450,000,000	150,000,000	300,000,000	200.0%	129%	16.7%
Income tax payable	-	37,382,980	(37,382,980)	(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	6,896,332	1,828,367	29.5%	0.2%	0.7%
Loans Payable - noncurrent	250,000,000	0	250,000,000	0.0%	7.2%	0.0%
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%	109%	0.1%
Additional Paid-up Capital	1,386,292,253	-	1,386,292,253	0.0%	399%	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	1,082,436,822	1,803,173,771	166.5.8%	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 P914.6 million as at December 31, 2019, a P2,561.4 million or 280.0% increase.

Current Assets

As at December 31, 2020 and 2019, total current assets amounted to P1,902.4 million or 54.7% of total assets, and P509.9 million or 55.8% of total assets, respectively, for an increase of P1,392.4 million or 273.1%.

Cash and cash equivalents increased by 248.0% from P270.3 million as at December 31, 2019 to P940.6 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 P9.8 million as at December 31, 2019 to P25.1 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 P183.4 million as at December 31, 2019 to P737.6 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 P46.4 million as at December 31, 2019 to P199.1 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 P1,573.7 million or 45.3% of total assets, and P404.7 million or 44.2% of total assets, respectively, for an increase of P1,169.0 million or 288.9%.

Property and equipment increased by 309.8% from P221.8 million as at December 31, 2019 to P908.8 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 P402.9 million and P118.3 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 P14.6 million as at December 31, 2019 to P42.9 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 P8.4 million as at December 31, 2019 to P44.3 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 P174.7 million or 319.3% from P41.7 million as at December 31, 2019 to P174.7 million in December 31, 2020, which is 5.0% of the total assets.

LIABILITIES

Total liabilities as at December 31, 2020 is P1,564.6 million compared to P806.4 million as at December 31, 2019, a P758.3 million or 94.0% increase.

Current Liabilities

As at December 31, 2020 and 2019, total current liabilities amounted to P928.9 million or 26.7% of total assets, and P382.6 million or 41.8% of total assets, respectively, for an increase of P546.3 million or 142.8%.

Accounts payable and other current liabilities increased by 187.1% to P416.4 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 P450 million as at December 31, 2020, an increase of P300.0 million or 200.0% from P150.0 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 P12.7 million from P49.8 million as at December 31, 2019 to P62.5 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 P635.7 million or 18.3% of total assets, and P423.8 million or 46.3% of total assets, respectively, for an increase of P211.9 million or 50.0%.

Retirement benefits liability increased by P1.8 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 P376.3 million as at December 31, 2020, an increase of P258.8 million or 220.3% from P117.5 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 P298.8 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 P1,911.4 million or 55.0% of total assets, and P108.2 million or 11.8% of total assets, respectively, for an increase of P1,803.2 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 P2.5 billion an increase of 18.8% from P2.1 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 P2,370.7 million, an increase of 17.2% compared to P2,023.3 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 P93.7 million in 2018 at 4.4% margin to P144.6 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 P62.3 million or 174.0% from the P35.8 million in the year ended December 31, 2018 to P98.1 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 P6.7 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 P12.0 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 P28.0 million a decrease of 31.0% from P40.6 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	P270,308,599	P20,907,865	P249,400,734	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	3,838,806	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%
	P899,811,567	P333,738,935	P566,072,632	169.6%	100.0%	100.0%

LIABILITIES AND EQUITY**Current Liabilities**

Accounts payable and other current liabilities	P130,218,061	P95,887,658	P35,030,353	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	19,463,976	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%
Loans Payable - noncurrent	-	-	-	0.0%	0.0%	0.0%
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%
Additional Paid-up Capital	-	-	-	0.0%	0.0%	0.0%
Retained earnings	106,993,682	78,984,350	28,009,332	35.5%	11.9%	23.7%
Remeasurement gain on defined benefit liability	-	-	-	0.0%	0.0%	0.0%
Total Equity	108,243,682	80,234,350	28,009,332	34.9 %	12.0%	24.0%
Total Liabilities and Equity	P899,811,567	P333,738,935	P566,072,632	169.6 %	100.0 %	100.0%

ASSETS

Total assets as at December 31, 2019 is P899.8 million compared to P333.7 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 P495.1 million or 55.0% of total assets, and P296.1 million or 88.7% of total assets, respectively, for an increase of P199.0 million or 67.2%.

Cash and cash equivalents increased by 1192.9% from P20.9 million as at December 31, 2018 to P270.3 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 P914.4 thousand as at December 31, 2018 to P9,018.7 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 P270.4 million as at December 31, 2018 to P183.4 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 P3.8 million as at December 31, 2018 to P32.4 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 P404.7 million or 45.0% of total assets, and P37.6 million or 11.3% of total assets, respectively, for an increase of P367.1 million or 975.5%.

Property and equipment increased by 664.5% from P29 million as at December 31, 2018 to P221.8 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 P118.3 million as at December 31, 2019, which is 13.1% of total assets.

Intangible Assets increased by 103.0% from P7.2 million as at December 31, 2018 to P14.6 million as at December 31, 2019 due primarily to the installation of MM's SAP system.

Deferred tax assets increased by 489.3% from P1.4 million as at December 31, 2018 to P8.4 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 P41.7 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 P367.8 million or 40.9% of total assets, and P249.3 million or 74.7% of total assets, respectively, for an increase of P118.5 million or 47.5%.

Accounts payable and other current liabilities increased by 36.8% to P130.2 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 P150 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 P37.8 million as at December 31, 2019 or 4.2% of total asset, 97.2% higher than P19.2 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 P423.8 million or 46.3% of total assets, and P4.3 million or 1.3% of total assets, respectively, for an increase of P419.5 million or 9,857.8%.

Retirement benefits liability increased by P1.9 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 P298.8 million as at December 31, 2019 as a result of MM's planned increase in authorized capital stock.

Lease liability amounting to P117.5 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 at December 31, 2019 and 2018, total equity amounted to P108.2 million or 11.8% of total assets, and P80.2 million or 24.0% of total assets, respectively, for an increase of P28.0 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, 2021, 2020 and 2019.

	December 31, 2021	December 31, 2020	December 31, 2019
Current Ratio	1.79	2.05	1.33
Asset to Equity	3.31	1.82	8.45
Debt to Equity Ratio	1.68	0.37	1.39
Acid Test Ratio	1.00	1.04	0.73
Return on Equity	1.76%	4.78%	29.72%
Net Income to Revenue	0.87%	1.39%	1.11%
Revenue Growth	13.11%	38.12%	18.81%
Income Growth	-29.53%	72.23%	-31.01%
EBITDA (PHP in thousands)	128,561.0	91,125.1	65,020.5
Solvency Ratio	0.03	0.07	0.06

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

$$\text{1. Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

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	$\frac{\text{Net Income} + \text{Depreciation and Amortization}}{\text{Total Liabilities}}$

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 P224.40 million for the year ended December 31, 2021, while net cash provided by operating activities amounted to P416.02 million for the year ended December 31, 2020.

Net cash used in investing activities

Net cash used in investing activities amounted to P1,158.99 million and P876.60 million for the year ended December 31, 2021 and 2020, 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 P2,493.08 million and P1,962.95 million for the year ended December 31, 2021 and 2020. 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 26 stores in 2021. 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 December 17, 2021. 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 December 31, 2021, 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 December 31, 2021, 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 December 31, 2021, 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, 2019, 2020 and 2021 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 2021	P7,875,580
Marriana H. Yulo-Luccini Mercedes L. Taleon Maribel N. Sibayan Atty. Jacqueline Ann Marie O. Gomez	FY 2020	P7,368,210
<i>Aggregate compensation paid to all officers and directors as a group</i>	FY 2019	P-

For the year 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, 2021 and December 31, 2020, total directors fee amounts to P720,000 and P360,000, respectively. For the year ended December 31, 2019 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, 2021

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%
FCD - Filipino	-	Filipino	1,589,500,709	20.93%

As of December 31, 2021, 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, 2021:

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, 2021, 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, 2021, 2020 and 2019, 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, 2021, and 2020 and the related outstanding balances as of December 31, 2021 and 2020 are as follows:

Category	Year	Ref	Amount of Transaction	Outstanding Balances	Terms and Conditions
Stockholders					
Advances from stockholders	2021	<i>a</i>			Due and demandable; non-interest bearing; unsecured; payable in cash
	2020	<i>a</i>	P12,720,271	P62,482,842	Due and demandable; non-interest bearing; unsecured; payable in cash
Land acquired	2021	<i>b</i>			Due and demandable; non-interest bearing; unsecured; payable in cash
	2020	<i>b</i>	146,608,491	-	Due and demandable; non-interest bearing; unsecured; payable in cash
	2021				
	2020			P62,482,842	

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 2021, a subsidiary acquired two parcels of land from III, which has been fully settled in 2021. In December 2020, the Parent Company acquired two parcels of land from III, which has been settled in 2020.

c. *Key Management Personnel*

Short-term benefits of key management personnel amounted to P7.37 million, P7.37 million and nil in 2021, 2020 and 2019, respectively. Directors' fee paid amounted to P0.72 million, P0.36 million and nil in 2021, 2020 and 2019, 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 endeavors 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 (page 83).

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

2021 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

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

SIGNATURE

INDEX TO EXHIBITS
Form 17-A

No.	Page No.
(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	61
(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 SUBSIDIARIES
(Formerly Injap Land Corporation)
INDEX TO THE 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, 2021 and 2020
Consolidated Statements of Comprehensive Income
 For the years ended December 31, 2021, 2020 and 2019
Consolidated Statements of Changes in Stockholders' Equity
 For the years ended December 31, 2021, 2020 and 2019
Consolidated Statements of Cash Flows
 For the years ended December 31, 2021, 2020 and 2019
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 _____ on _____

By:

MERRYMART CONSUMER CORP.,

Edgar J. Sia II

EDGAR J. SIA II
Chairman and Chief Executive Officer

Ferdinand J. Sia

FERDINAND J. SIA
President

Marriana H. Yulo

MARRIANA H. YULO
Chief Financial Officer

Jacqueline Ann Marie O. Gomez

JACQUELINE ANN MARIE O. GOMEZ
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 13 MAY 2022 at
CITY OF PASAY affiliates exhibiting to me their competent evidence of identity,
to wit:

- 1) EDGAR J. SIA II with Passport No. P8371489B issued by DFA Manila expiring on December 2, 2031
- 2) FERDINAND J. SIA with Passport No. P7882199A issued by DFA Manila expiring on July 10, 2028
- 3) MARRIANA H. YULO with Passport No. P7891601A 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 13, 2028

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Series of 2022



MERRYMART

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **MERRYMART CONSUMER CORP. AND SUBSIDIARIES** (the "Group"), is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2021, 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 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.

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

The BOD reviews and approves the consolidated 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 consolidated financial statements of the Group 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
Edgar J. Sia II, CEO/Chairman

Signature _____

Ferdinand J. Sia
Ferdinand J. Sia, President

Signature _____

Marriana H. Yulo
Marriana H. Yulo, CFO

Signed this 31st day of May, 2022

DOC. NO. 297
PAGE NO. 31
BOOK NO. 43
SERIES 2022

ATTY. ELENA MELITA L. ENICA-LLEDO
NOTARY PUBLIC
UNIT 719 TOWER E YEAP RESIDENCE MCK, PASAY CITY
MY COMMISSION EXPIRES ON/DEC. 31, 2020
BIA 3793 2nd EXTENSION UNTIL JUNE 30, 2022
PTP NO. 1066465 1-1-22 TROLLING, 38380
IBPLI-TRAC NO. 0073 CAM 308 CHAPTER
B/T = NO. 11-0026740 MAY 07, 2019

MERRYMART CONSUMER CORP. AND SUBSIDIARIES

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

CONSOLIDATED FINANCIAL STATEMENTS **December 31, 2021, 2020 and 2019**

With Independent Auditors' Report



R.G. Manabat & Co.
The KPMG Center, 6/F!
6787 Ayala Avenue, Makati City!
Philippines 1209!
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 Subsidiaries
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 subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, 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, 2021, 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, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2021, in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the 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 Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were 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 these matters.

Revenue Recognition (P3,855.51 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.

Existence and Completeness of Inventories (P1,372.73 million)

Refer to Note 7 to the consolidated financial statements.

The risk

The Group's inventories represent 36% of the Group's total current assets. The Group has several warehouses and operates multiple stores across the country. Since the inventories are material to the consolidated financial statements, and various warehouses and stores are geographically dispersed across the country, we consider this as a key audit matter.



Our response

We performed the following audit procedures, among others, over the existence and completeness of inventories:

- We obtained an understanding of the Group's inventory management process and performed tests of operating effectiveness of internal controls.
- We visited selected stores and warehouses and observed the physical inventory counts.
- We performed test counts and compared the results to the Group's inventory compilation reports to determine if the compilation reports accurately reflect the results of the inventory count.
- We traced a sample of supporting documents for shipments, receipt and transfers, occurring immediately prior to the inventory count observation, to the accounting records of sales and purchases.
- We reviewed the reconciliations of the valued physical inventory compilation with the general ledger accounts and tested the reconciling items.
- We reviewed the roll-forward and roll-backward procedures performed by management and on sampling basis, and tested the transactions from the date of inventory count to the reporting date.
- We vouched, on a sample basis, purchase transactions for a selected period before and after year-end to supporting documentation to assess whether these transactions are recorded in the correct reporting period.
- We performed analytical procedures which involved identifying plausible and predictable relationships among relevant data on sales and gross profit for the last two years, and determined whether recorded amounts are reasonably within developed expectations.

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, 2021, 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, 2021 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.