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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

Company Telephone Number

Month

Day

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FORM TYPE

0	1
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Month

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Annual Meeting

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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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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File Number

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Document I.D.

Cashier

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STAMPS

Remarks = pls. use black ink for scanning purposes.

SEC No. 200930125

File No. _____

MERRYMART CONSUMER CORP.

(Company's Full Name)

DD Meridian Park Bay Area corner Macapagal Avenue and EDSA Extension

Boulevard Brgy 76 Zone 10 San Rafael Pasay City 1302

(Company's Address)

(632) 8743-1111

(Telephone Number)

December 31

(Fiscal Year ending)

SEC Form 17-Q for the First Quarter of 2021

(Form Type)

N/A

Amendment Designation

N/A

Period Ended Date

N/A

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **March 31, 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

PART I--FINANCIAL INFORMATION Item 1. Financial Statements.

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

- a) Unaudited Condensed Consolidated Interim Statements of Comprehensive Income for the three months ended March 31, 2021 and March 31, 2020;
- b) Notes to the Unaudited Condensed Consolidated Interim Financial Statement
- c) Unaudited Condensed Consolidated Interim Statements of Financial Position as of March 31, 2021 (unaudited) and December 31, 2020 (audited);
- d) Unaudited Condensed Consolidated Interim Statements of Changes in Equity for the three months ended March 31, 2021 and March 31, 2020; and
- e) Unaudited Condensed Consolidated Interim Statements of Cash Flows for the three months ended March 31, 2021 and March 31, 2020.

MERRYMART CONSUMER CORP. AND SUBSIDIARY

(Formerly Injap Supermart Inc.)

(A Wholly-owned Subsidiary of Injap Investments, Inc.)

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As of March 31, 2021 and December 31, 2020 and

For the Three Months Ended March 31, 2020 and 2021

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

CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

	March 31, 2021 Unaudited PHP	December 31, 2020 Audited PHP
ASSETS		
Current Assets		
Cash and cash equivalents	P863,415,841	P940,641,989
Receivables	33,373,793	25,071,685
Inventories	942,274,687	737,572,923
Prepaid expenses and other current assets	223,647,151	199,090,553
Total Current Assets	2,062,711,472	1,902,377,150
Noncurrent Asset		
Property and equipment - net	1,005,897,816	908,849,180
Right-of-use asset	392,248,179	402,933,511
Intangible asset	46,076,713	42,910,253
Deferred tax asset	48,570,335	44,276,810
Other noncurrent assets	177,921,903	174,714,961
Total Noncurrent Asset	1,670,714,946	1,573,684,715
	P3,733,426,418	P3,476,061,865
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities	P382,249,601	P416,433,885
Short-term loans payable	750,000,000	450,000,000
Income tax payable	1,193,584	-
Due to related parties	40,145,647	62,482,842
Total Current Liabilities	1,173,588,832	928,916,727
Noncurrent Liability		
Retirement benefits liability	8,024,699	8,024,699
Other noncurrent liabilities	2,580,000	1,380,000
Loans payable	250,000,000	250,000,000
Lease Liability	378,355,597	376,322,986
Total Noncurrent Liabilities	638,960,296	635,727,685
Total Liabilities	1,812,549,128	1,564,644,412
Equity		
Capital stock	379,746,835	379,746,835
Additional paid-up capital	1,515,189,874	1,515,189,874
Retained earnings	27,396,973	17,937,135
Remeasurement gain on defined benefit	(1,456,392)	(1,456,391)
Total Equity	1,920,877,290	1,911,417,453
	P3,733,426,418	P3,476,061,865

MERRYMART CONSUMER CORP. AND SUBSIDIARY
(Formerly Injap Supermart Inc.)

(A Wholly-owned Subsidiary of Injap Investments, Inc.)

**CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE
INCOME**

	For the three months ended March 31, 2021 Unaudited	For the three months ended March 31, 2020 Unaudited
REVENUE		
Sale of goods	893,723,334	787,474,033
Display rental	6,171,778	5,002,227
Other operating income	15,571,237	2,431,517
	915,466,349	794,907,777
COST OF SALES	804,361,265	(733,074,086)
GROSS PROFIT	111,105,084	61,833,691
OPERATING EXPENSES	96,311,087	(46,478,531)
INCOME FROM OPERATIONS	14,793,997	15,355,160
INTEREST EXPENSE	(2,701,840)	(3,842,924)
INTEREST INCOME	390,720	292,386
INCOME BEFORE TAX	12,482,877	11,804,622
INCOME TAX (EXPENSE) BENEFIT		
Current	(7,316,564)	(3,486,851)
Deferred	4,293,525	33,180
	3,023,039	(3,453,671)
NET INCOME/TOTAL COMPREHENSIVE INCOME	9,459,838	8,350,951

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

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Capital	Additional	Remeasurement loss on defined benefit	Retained Earnings		Total	Total
				Unappropriated	Appropriated		
<i>Note</i>	Stock	paid-up capital					
Balance at December 31, 2019	P1,250,000	P-	P-	(P10,006,318)	P117,000,000	P106,993,682	P108,243,682
Issuance of capital stock	298,750,000	-	-	-	-	-	298,750,000
Dividends Declared	-	-	-	(8,400,000)	-	(8,400,000)	(8,400,000)
Unappropriation during the period	-	-	-	6,000,000	(6,000,000)	-	-
Net income/total comprehensive income for the period	-	-	-	8,350,951	-	8,350,951	8,350,951
Balance at March 31, 2020	P300,000,000	P-	P-	(P4,055,367)	P111,000,000	P106,944,633	P406,944,633
Balance at December 31, 2020	P379,746,835	P1,515,189,874	(P1,456,392)	P17,937,135	P-	P17,937,135	P1,911,417,453
Net income/total comprehensive income for the period	-	-	-	9,459,838	-	9,459,838	9,459,838
Balance at March 31, 2021	P379,746,835	P1,515,189,874	(P1,456,392)	P27,396,973	P-	P27,396,973	P1,920,877,290

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

	Three Months Ended March 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	P12,482,877	P8,350,951
Adjustments for:		
Depreciation and amortization	24,126,172	11,898,689
Interest expense	2,701,840	3,842,924
Retirement benefits expense	-	110,599
Interest income	(390,720)	(292,386)
Operating income before working capital changes	38,920,169	23,910,777
Decrease (increase) in:		
Receivables	(8,302,108)	1,227,288
Inventories	(204,701,764)	(144,501,050)
Other current assets	(16,046,450)	(24,252,531)
Increase (decrease) in:		
Accounts payable and other current liabilities	(34,184,284)	85,867,629
Due to a related party	(22,337,195)	302,032,352
Cash generated from (used in) operations	(246,651,632)	244,284,465
Income tax paid		(34,296,129)
Interest paid		(2,718,750)
Interest received	390,720	292,386
Net cash provided by operating activities	(246,260,912)	207,561,972
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for PPE acquisition	(119,661,398)	(125,917,286)
Payments for intangible assets acquisition	(4,679,870)	(2,508,000)
Increase in other noncurrent assets	(3,206,942)	(45,824,986)
Net cash used in investing activities	(127,548,210)	(174,250,272)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availment of loans	300,000,000	300,000,000
Increase in other noncurrent liabilities		-8,631,226
Lease payment	(3,417,026)	(6,263,945)
Net cash provided by financing activities	296,582,974	302,367,281
NET INCREASE IN CASH AND CASH EQUIVALENTS	(77,226,148)	335,678,981
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	940,641,989	270,308,599
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	863,415,841	605,987,580

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Corporate Information

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

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

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

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

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

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

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

On January 23, 2020, the Board of Directors (BOD) and shareholders of the Parent Company approved to offer, subject to compliance with existing laws, and the rules and regulations of the SEC, up to 1,594,936,709 primary common shares through an initial public offering (IPO) at the price up to P1.00 per share. On January 27, 2020, the Parent Company filed its Registration Statement with the SEC covering its IPO. On March 10, 2020, the SEC approved the Parent Company’s Registration Statement for 7,594,936,709 common shares to be listed

and traded on the Small, Medium and Emerging board of the Philippine Stock Exchange (“PSE”). The offering consists of 1,594,936,709 primary common shares with the maximum price set at P1.00 per share.

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

2. Basis of Preparation

The condensed consolidated interim financial statements have been prepared in accordance with Philippine Accounting Standards (PAS) 34, Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended December 31, 2019. The condensed consolidated interim financial statements do not include all the information required for a complete set of financial statements in accordance with Philippine Financial Reporting Standards (PFRS), and should be read in conjunction with the audited consolidated financial statements of MerryMart Consumer Corp and Subsidiary (collectively referred to as the “Group”) as at and for the year ended December 31, 2020.

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

The condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors (BOD) on May 14, 2021.

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

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

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

3. Summary of Significant Accounting Policies

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as of and for the year ended December 31, 2020.

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

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

- *Amendments to References to Conceptual Framework in PFRSs Standards* sets out amendments to PFRS Standards, their accompanying documents and PFRSs practice

statements to reflect the issuance of the revised Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework). The 2018 Conceptual Framework includes:

- a new chapter on measurement;
- guidance on reporting financial performance;
- improved definitions of an asset and a liability, and guidance supporting these definitions; and
- clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

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

- *PFRS 3, Business Combination - Definition of a Business (Amendments)*
The amendments narrowed and clarified the definition of a business. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The amendments:
 - confirmed that a business must include inputs and a process, and clarified that:
 - the process must be substantive; and
 - the inputs and process must together significantly contribute to creating outputs;
 - narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
 - added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.
- *Definition of Material (Amendments to PAS 1 Presentation of Financial Statements and PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors)*. The amendments refine the definition of material. The amended definition of material states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments clarify the definition of material and its application by:

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

The amendments are expected to help entities make better materiality judgements without

substantively changing existing requirements.

Effective June 1, 2020

▪ *PFRS 16, Leases - COVID-19-related Concessions (Amendments)*

The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

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

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

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

New and Amended Standards and Interpretation Not Yet Adopted

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

Effective January 1, 2021

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

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

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

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

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

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

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

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

Effective January 1, 2023

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

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

Basic and Diluted Earnings Per Common Share (EPS)

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

Operating Segments

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

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

Contingencies

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

Events After the Reporting Date

Post year-end events that provide evidence of conditions that existed at the end of the reporting date (adjusting events) are recognized in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. Use of Judgments and Estimates

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

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended December 31, 2020.

5. Cash and Cash Equivalents

This account consists of:

	March 31, 2021	December 31, 2020
Cash on hand	P41,077,087	P45,793,614
Cash in banks	822,338,754	492,198,125
Short-term placements	-	402,650,250
	863,415,841	P940,641,989

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

Total interest income earned from cash and cash equivalents amounted to P390,720 and P292,386 for the three months ended March 31, 2021 and March 31, 2020, respectively.

6. Receivables

This account consists of:

	March 31, 2021	December 31, 2020
Trade	P19,282,652	P13,750,206
Advance to employees	6,759,502	5,173,248
Receivable from Franchisee	5,815,543	2,904,879
Accrued interest	-	3,154,442
Others	1,516,096	88,910
	P33,373,793	P25,071,685

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

7. Inventories

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

	March 31, 2021	December 31, 2020
Merchandise inventories	P934,227,366	P732,754,059
Packaging materials	8,047,321	4,818,864
	P942,274,687	P737,572,923

Inventories charged to cost of sales amounted to P804.36 million and P733.07 million for the three months ended March 31, 2021 and March 31, 2020, respectively.

8. Prepaid expenses and other current assets

This account consists of:

	Note	March 31, 2021	December 31, 2020
Input VAT - net	24	P113,716,042	P168,134,439
Deferred input VAT		78,743,169	
Advances to contractors and suppliers	24	13,288,134	8,447,789
Prepaid expenses		13,778,411	6,780,180
Creditable withholding tax		-	3,287,562
Prepaid taxes		4,121,395	1,437,611
Others		-	11,002,972

	P223,647,151	P199,090,553
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This account consists of prepaid expenses, input VAT and other miscellaneous current assets.

Input VAT represents accumulated input taxes from purchases of goods and services for business operations and purchases of materials and services for the store construction which can be applied against future output VAT.

Advances to contractors and suppliers represent amount paid as down payments to contractors and suppliers to facilitate the initial construction of the Group's stores.

Creditable withholding taxes pertain to taxes withheld by the Group's customers which can be applied against any future income tax liability.

9. Intangible Asset

	<i>Note</i>	March 31, 2021	December 31, 2020
Cost			
Beginning balance		P46,583,745	P14,762,710
Additions		4,679,870	30,215,828
Construction in progress		-	1,605,207
		51,263,615	46,583,745
Accumulated depreciation			
Beginning balance		3,673,492	149,937
Amortization for the year	16	1,513,410	3,523,555
		5,186,902	3,673,492
		P46,076,713	P42,910,253

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

10. Short-term and Long-term Loans Payable

Loans payable pertains to unsecured loans obtained from local banks.

Details of the account are as follows:

	March 31, 2021	December 31, 2020
Balance at beginning of the year	P700,000,000	P150,000,000
Additions	300,000,000	550,000,000
	1,000,000,000	700,000,000
Less short-term notes and current portion of long-term notes	750,000,000	450,000,000
Noncurrent portion	P250,000,000	P250,000,000

Long-term Loans Payable

On November 4, 2020, the Company obtained an unsecured loan amounting to P250 million for the construction of the Company's branches. This loan bears fixed interest of 6.00% per annum and is due on May 4, 2023. The loan agreements do not contain any financial or non-financial covenants.

Outstanding balance of this loan is P250 million as at March 31, 2021.

Total interest expense, exclusive of the capitalized borrowing costs, recognized in profit or loss amounted to nil and P650,000 in March 31, 2021 and 2020, respectively. Total capitalized borrowing costs charged under "Property and equipment - net" accounts amounted to P8.49 million and P2.72 million as at March 31, 2021 and 2020, respectively.

11. Revenues

Revenues from Contract with Customers

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

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Sale of goods	893,723,334	P787,474,033
Application fees*	3,300,000	2,200,000
	897,023,334	789,674,033

* Included under "Other Operating income" account

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

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

Display Rental

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

12. Cost of Sales

This account consists of:

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Beginning inventory	P737,572,923	P183,418,743
Add: Purchases	1,009,063,029	877,575,136
Total goods available for sale	1,746,635,952	1,060,993,879
Less: Ending inventory	942,274,687	327,919,793
	P804,361,265	P733,074,086

13. Related Party Transactions

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

Category	Year	Ref	Amount of Transaction	Outstanding Balances	Terms and Conditions
Stockholders					

Advances from stockholders	March 31, 2021	<i>a</i>	P	P40,145,647	Due and demandable; non-interest bearing; unsecured; payable in cash
	December 31, 2020	<i>a</i>	P12,720,271	P62,482,842	Due and demandable; non-interest bearing; unsecured; payable in cash
Land acquired	December 31, 2020	<i>b</i>	146,608,491	-	
	March 31, 2021			P40,145,647	
	December 31, 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 2020, the Parent Company acquired two parcels of land from III, which has been fully paid in 2020.

14. Lease Arrangements

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

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

- The Group leases its office space for a period of 10 years starting April 1, 2019 until January 30, 2029. The monthly rental rate for the first year amounted to P1,022,888, and thereafter, will increase by 5% every four years. The agreement is subject to renewal upon mutual agreement of the parties.
- The Group leases its warehouse space for a period of 3 years starting November 4, 2019 until November 3, 2022. The monthly rental rate for the first year amounted to P513,750, and thereafter, will increase by 5% every year. The agreement is subject to renewal upon mutual agreement of the parties.
- The Group leases store spaces. The terms of the leases are for periods ranging from 5 to 15 years, renewable upon mutual agreement of the parties. The rent shall escalate by an average of 5% each year.

Movements in the ROU assets as at March 31, 2021 and December 31, 2020 as follows:

	March 31, 2021	December 31, 2020
Cost		
Balance, beginning of the period	P445,593,322	P127,475,614
Additions during the period	-	318,117,708
	445,593,322	445,593,322
Accumulated Amortization		
Balance, beginning of the period	42,659,811	9,210,986
Amortization during the period	10,685,332	33,448,825
	53,345,143	42,659,811
	P392,248,179	P402,933,511

Interest expense recognized in profit or loss amounted to P2.03 million and P3.19 million for the three months ending March 31, 2021 and March 31, 2020, respectively.

The Group also entered into lease agreements for its store spaces that do not qualify under PFRS 16. These lease agreements are based on variable consideration. Rent expense recognized from these agreements amounted to P2.59 million for three months ending March 31, 2021, included under “Operating expenses” account in the consolidated interim statements of financial income.

Total security deposits and advance rental payments from these lease arrangements amounted to P172.34 million as at March 31, 2021 and December 31, 2020. These are included under “Other noncurrent assets” account in the consolidated interim statements of comprehensive position.

18. Income Taxes

Income tax expense (benefit) consists of:

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Current	P7,316,564	P3,486,851
Deferred	(4,293,525)	(33,180)
	P3,023,039	P3,453,671

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

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Income before income tax	12,482,877	P11,804,622
Income tax at the statutory income tax rate of: 2020 – 30%, 2021 – 25%	3,120,719	P3,541,387
Income tax effects of interest income subjected to final tax	(97,680)	(87,716)
	P3,023,039	P3,453,671

19. Equity and Earnings per Share

Capital Stock

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

	March 31, 2021	December 31, 2020
Authorized Capital Stock		
Common – P0.05 par value	1,200,000,000	1,200,000,000
Number of Shares Authorized		
Common	24,000,000,000	24,000,000,000
Issued Capital Stock		
Common – P0.05 par value	379,746,835	379,746,835
Number of Shares Issued		
Common	7,594,936,709	7,594,936,709

On November 15, 2019, the Stockholders representing at least 2/3 of the outstanding capital stock and the BOD approved the increase in the Parent Company's authorized capital stock from P5,000,000 divided into 50,000 shares, with P100 par value to P1,200,000,000 divided into 24,000,000,000 shares, with P0.05 par value. Of the total increase in the authorized capital stock, 5,975,000,000 shares, equivalent to P298,750,000, was subscribed by the Injap Investments Inc (III). The payment for the subscription was received in December 2019 and was recorded under "Deposit for future stock subscription" account in the consolidated statements of financial position as at December 31, 2019.

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

On June 15, 2020, the Company issued 1,594,936,709 additional shares of capital stock.

Retained Earnings

On December 21, 2020, the BOD approved the reversal of P111 million appropriated retained earnings made in 2016 and 2018.

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

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

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

EPS

EPS is computed as follows:

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
Net income attributable to common shareholders of the Parent Company	9,459,838	8,350,951
Weighted average number of common shares for basic EPS	7,594,936,709	4,489,835,165
Basic/Diluted EPS	0.0012	0.0019

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

20. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies

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

- Credit Risk
- Liquidity Risk

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

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

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

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

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

Credit Risk

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

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

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

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

	March 31, 2021	December 31, 2020
Cash and cash equivalents (excluding cash on hand)	P822,338,754	P894,848,375
Receivables (excluding advances to suppliers and employees)	33,373,793	25,071,685
Security deposits (included under other noncurrent assets)	115,469,819	112,804,660
	P971,182,366	P1,032,724,720

These financial assets are subjected to 12-month ECL.

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

These financial assets are neither past due nor impaired and has credit quality of high grade financial assets as at March 31, 2021 and December 31, 2020.

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

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

Liquidity Risk

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

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

March 31, 2021	Carrying Amount	Contractual Cash Flow	1 Year or Less	1 Year - 5 Years	More than 5 Years
Financial Liabilities					
Accounts payable and other current liabilities*	P216,824,722	P216,824,722	P216,824,722	P -	P -
Loans payable	1,000,000,000	1,000,000,000	750,000,000	250,000,000	-
Due to a related party	40,145,647	40,145,647	40,145,647	-	-
Lease liability**	428,722,601	428,722,601	50,367,004	378,355,597	-

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

**including current portion of lease liability

December 31, 2020	Carrying Amount	Contractual Cash Flow	1 Year or Less	1 Year - 5 Years	More than 5 Years
Financial Liabilities					
Accounts payable and other current liabilities*	P374,359,043	P374,359,043	P374,359,043	P -	P -
Loans payable	700,000,000	700,000,000	450,000,000	250,000,000	-
Due to a related party	62,482,842	62,482,842	62,482,842	-	-
Lease liability**	415,844,486	415,844,486	39,521,500	376,322,986	-

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

**including current portion of lease liability

Fair Values

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

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

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

Security Deposits/Lease Liability

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

Capital Management

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

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

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

21. Subsequent events

On April 15, 2021, the Board of Directors approved the creation of a wholly owned subsidiary, MM Consumer Technologies Corp., which will serve as MM's arm for consumer technology related ventures.

C O V E R S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	9	3	0	1	2	5	
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COMPANY NAME

M	E	R	R	Y	M	A	R	T		C	O	N	S	U	M	E	R		C	O	R	P	.		A	N	D		A
S	U	B	S	I	D	I	A	R	Y																				
(F	O	R	M	E	R	L	Y																					
I	N	J	A	P		S	U	P	E	R	M	A	R	K	E	T	,		I	N	C	.)						

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

I	n	j	a	p		B	l	d	g	.	,		T	A	T	C												
P	l	a	r	i	d	e	l		S	t	.	,		R	o	x	a	s		C	i	t	y					

Form Type

A A F S

Department requiring the report

--

Secondary License Type, If Applicable

--

COMPANY INFORMATION

Company's email Address

--

Company's Telephone Number/s

8856-7111

Mobile Number

0917-560-7273

No. of Stockholders

6

Annual Meeting (Month / Day)

November 11

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person

RIZZA MARIE JOY J. SIA

Email Address

--

Telephone Number/s

8856-7111

Mobile Number

--

CONTACT PERSON'S ADDRESS

Injap Bldg., TATC, Plaridel St., Roxas City

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

Approved for Printing by:

MERRYMART CONSUMER CORP. AND SUBSIDIARY
(Formerly Injap Supermart Inc.)
As at March 31, 2021

	Total	Neither past due nor impaired	Past due but not impaired			
			1 - 90 days	91 - 180 days	181 - 360 days	> 360 days
Receivables	33,373,793	33,373,793	-	-	-	-

MERRYMART CONSUMER CORP. AND SUBSIDIARY

(Formerly Injap Supermart Inc.)

UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended March 31, 2021 and March 31, 2020

	March 31, 2021	March 31, 2020	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2021	2020
REVENUES						
Sale of goods	893,723,334	787,474,033	106,249,301	13.5%	97.6%	99.1%
Display rental	6,171,778	5,002,227	1,169,551	23.4%	0.7%	0.6%
Other operating income	15,571,237	2,431,517	13,139,720	540.4%	1.7%	0.3%
	915,466,349	794,907,777	120,558,572	15.2%	100.0%	100.0%
COST OF SALES	804,361,265	733,074,086	71,287,179	9.7%	87.9%	92.2%
GROSS PROFIT	111,105,084	61,833,691	49,271,393	79.7%	12.1%	7.8%
OPERATING EXPENSES	96,311,087	46,478,531	49,832,556	107.2%	10.5%	5.8%
INCOME FROM OPERATIONS	14,793,997	15,355,160	(561,163)	(3.7%)	1.6%	1.9%
INTEREST EXPENSE	2,701,840	3,842,924	(1,141,084)	(29.7%)	0.3%	0.5%
INTEREST INCOME	390,720	292,386	98,334	33.6%	0.0%	0.0%
INCOME BEFORE TAX	12,482,877	11,804,622	678,255	5.7%	1.4%	1.5%
INCOME TAX EXPENSE	3,023,039	3,453,671	(430,632)	(12.5%)	0.3%	0.4%
NET INCOME/TOTAL COMPREHENSIVE INCOME	9,459,838	8,350,951	1,108,887	13.3%	1.0%	1.1%

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

March 31, 2021 versus March 31, 2020 Results of Operations

MERRYMART CONSUMER CORP. AND SUBSIDIARY

(Formerly Injap Supermart Inc.)

UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended March 31, 2021 and March 31, 2020

	March 31, 2021	March 31, 2020	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2021	2020
REVENUES						
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Other operating income	15,571,237	2,431,517	13,139,720	540.4%	1.7%	0.3%
	915,466,349	794,907,777	120,558,572	15.2%	100.0%	100.0%
COST OF SALES	804,361,265	733,074,086	71,287,179	9.7%	87.9%	92.2%
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OPERATING EXPENSES	96,311,087	46,478,531	49,832,556	107.2%	10.5%	5.8%
INCOME FROM OPERATIONS	14,793,997	15,355,160	(561,163)	(3.7%)	1.6%	1.9%
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INTEREST INCOME	390,720	292,386	98,334	33.6%	0.0%	0.0%
INCOME BEFORE TAX	12,482,877	11,804,622	678,255	5.7%	1.4%	1.5%
INCOME TAX EXPENSE	3,023,039	3,453,671	(430,632)	(12.5%)	0.3%	0.4%
NET INCOME/TOTAL COMPREHENSIVE INCOME	9,459,838	8,350,951	1,108,887	13.3%	1.0%	1.1%

Quarter Ended March 31, 2021 compared to quarter ended March 31, 2020

For the quarter ended March 31, 2021, the Group earned a consolidated revenue of ₱915.47 million an increase of 15.2% from ₱794.91 million in the same period in 2020. This was driven by the expansion of the Group's grocery retail store with the opening of additional MerryMart-branded groceries and store and the continuous growth of the existing stores.

For the quarter ended March 31, 2021, sale of goods contributes 97.6% of the total revenue.

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

For the quarter ended March 31, 2021, the Group's cost of sales is ₱804.4 million, an increase of 9.7% compared to ₱733.07 million for the quarter ended March 31, 2020, which is in line with the increase of revenues.

For the quarter ended March 31, 2021, the Group realized an increase of 79.7% in consolidated gross profit from ₱61.83 million in Q1 2020 at 7.8% margin to ₱111.11 million at 12.1% margin in Q1 2021, driven by strong sales growth from old and new stores and continuous suppliers' support through additional trade discounts and promos.

Operating expenses increased by ₱49.83 million or 107.2% from the ₱46.48 million in the quarter ended March 31, 2020 to ₱96.31 million in the quarter ended March 31, 2021. The additional operating expenses are mainly attributable to the operating expenses of new operational stores and the ramp up of head office expenses to support the anticipated growth of MerryMart based on its expansion plans.

Interest expense amounted to ₱2.70 million and ₱3.84 million for the first quarter 2021 and 2020, respectively. The amount is the computed interest expense related to liabilities.

Income tax expense for the first quarter of 2021 amounted to ₱3.02 million, a decrease of 12.5% from first quarter 2020. The decrease is due to impact of CREATE Law which lowers the applicable tax rate.

For the quarter ended March 31, 2021, the Group earned a consolidated net income of ₱9.46 million, an increase of 13.3% from ₱8.35 million in quarter ended March 31, 2020. The increase in revenues are driven by the higher gross profit margin for the quarter and sales from additional operating stores.

March 31, 2021 versus December 31, 2020 Statements of Financial Position

MERRYMART CONSUMER CORP. AND SUBSIDIARY (Formerly Injap Supermart Inc.) CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION UNAUDITED

			Horizontal Analysis		Vertical Analysis	
	March 31, 2021	December 31, 2020	Increase (Decrease)		2021	2020
ASSETS						
Current Assets						
Cash and cash equivalents	₱863,415,841	₱940,641,989	(₱77,226,148)	(8.2%)	23.1%	27.1%
Receivables	33,373,793	25,071,685	8,302,108	33.1%	0.9%	0.7%
Inventories	942,274,687	737,572,923	204,701,764	27.8%	25.2%	21.2%
Prepaid expenses and other current assets	223,647,151	199,090,553	24,556,598	12.3%	6.0%	5.7%
Total Current Assets	2,062,711,472	1,902,377,150	160,334,322	8.4%	55.2%	54.7%
Noncurrent Assets						
Property and equipment - net	1,005,897,816	908,849,180	97,048,636	10.7%	26.9%	26.1%
Right-of-use asset	392,248,179	402,933,511	(10,685,332)	(2.7%)	10.5%	11.6%
Intangible asset	46,076,713	42,910,253	3,166,460	7.4%	1.2%	1.2%
Deferred tax asset	48,570,335	44,276,810	4,293,525	9.7%	1.3%	1.3%
Other noncurrent assets	177,921,903	174,714,961	3,206,942	1.8%	4.8%	5.0%
Total Noncurrent Assets	1,670,714,946	1,573,684,715	97,030,231	6.2%	44.8%	45.3%
	₱3,733,426,418	₱3,476,061,865	₱257,364,553	7.4%	100.0%	100.0%
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and other current liabilities	₱382,249,601	₱416,433,885	(₱34,184,284)	(8.2%)	10.2%	12.0%
Short-term loans payable	750,000,000	450,000,000	300,000,000	66.7%	20.1%	12.9%
Income tax payable	1,193,584	-	1,193,584	0.0%	0.0%	0.0%
Due to related parties	40,145,647	62,482,842	(22,337,195)	(35.7%)	1.1%	1.8%
Total Current Liabilities	1,173,588,832	928,916,727	244,672,105	26.3%	31.4%	26.7%
Noncurrent Liabilities						
Retirement liability	8,024,699	8,024,699	-	0.0%	0.2%	0.2%
Other noncurrent liabilities	2,580,000	1,380,000	1,200,000	87.0%	0.1%	0.0%
Long-term loans payable	250,000,000	250,000,000	-	0.0%	6.7%	7.2%
Lease liability	378,355,597	376,322,986	2,032,611	0.5%	10.1%	10.8%
Total Noncurrent Liabilities	638,960,296	635,727,685	3,232,611	0.5%	17.1%	18.3%
Total Liabilities	1,812,549,128	1,564,644,412	247,904,716	15.8%	48.5%	45.0%
Equity						
Capital stock	379,746,835	379,746,835	-	0.0%	10.2%	10.9%
Additional paid-in capital	1,515,189,874	1,515,189,874	-	0.0%	40.6%	43.6%
Retained earnings	27,396,973	17,937,135	9,459,838	52.7%	0.7%	0.5%
Remeasurement loss on defined benefit	(1,456,392)	(1,456,391)	(1)	0.0%	(0.0%)	(0.0%)
Total Equity	1,920,877,290	1,911,417,453	9,459,837	0.5%	51.5%	55.0%
Total Liabilities and Equity	₱3,733,426,418	₱3,476,061,865	₱257,364,553	7.4%	100.0%	100.0%

As of March 31, 2021 vs December 31, 2020

Total assets as at March 31, 2021 is ₱3.73 billion compared to ₱3.48 billion as at December 31, 2020, or a 7.4% increase.

Current Assets

As at March 31, 2021 and December 31, 2020, total current assets amounted to ₱2.06 billion or 55.2% of total assets, and ₱1.90 billion or 54.7% of total assets, respectively, for an increase of ₱160.27 million or 8.4%.

Cash and cash equivalents decreased by 8.2% from ₱940.64 million as at December 31, 2020 to ₱863.42 million as at March 31, 2021 primarily due to net cash generated from operations and availments of loan.

Receivables only accounts for 0.9% of the total assets as at March 31, 2021. It increased by 33.1% from ₱25.07 million as at December 31, 2020 to ₱33.37 million as at March 31, 2021.

Inventories increased by 27.8% from ₱737.57 million as at December 31, 2020 to ₱942.27 million as at March 31, 2021. Inventories accounts for 27.8% of the total assets as of March 31, 2021. Increase in inventories was due to the opening of another distribution center and additional stores.

Prepaid expenses and other current assets increased by 12.3% from ₱199.09 million as at December 31, 2020 to ₱223.65 million as at March 31, 2021 primarily due to the increased in input VAT related to the construction of new stores and additional prepayments recognized subject to amortization.

Noncurrent Assets

As at March 31, 2021 and December 31, 2020, total noncurrent assets amounted to ₱1.67 billion or 44.8% of total assets, and ₱1.57 billion or 45.3% of total assets, respectively, for an increase of ₱97.05 million or 6.2%.

Property and equipment increased by 10.7% from ₱908.85 million as at December 31, 2020 to ₱1.01 billion as at March 31, 2021 due primarily to the increase in leasehold improvements of the new stores, as well as acquisitions of store equipment.

Right-of-Use is in relation to the adoption of PFRS 16 in 2019. Right-of-Use Assets amounted to ₱392.25 million as at March 31, 2021, which is 10.5% of total assets and ₱402.93 million as at December 31, 2020. The decrease is due to the amortization of Right of Use asset during the period.

Intangible Assets increased by 7.4% from ₱42.91 million as at December 31, 2020 to ₱46.08 million as at March 31, 2021 due to additions to software and information system of the Group.

Deferred tax assets increased by 9.7% from ₱44.28 million as at December 31, 2020 to ₱48.57 million as at March 31, 2021.

Increase in other noncurrent assets mainly pertain to the deposits made by the Group for new lease for its new and upcoming stores. Other noncurrent assets amounted to ₱177.92 million as at March 31, 2021 or 4.8% of total assets and ₱174.71 million as at December 31, 2020.

Current Liabilities

As at March 31, 2021 and December 31, 2020, total current liabilities amounted to ₱1.17 billion or 31.4% of total assets, and ₱928.92 million or 26.7% of total assets, respectively, for an increase of ₱244.67 million or 26.3%.

Accounts payable and other current liabilities decreased by 8.2% to ₱382.25 million as at March 31, 2021, or 10.2% of total assets, due to lower payables to suppliers as at March 31, 2021.

Short-term loans payable amounted to ₱750 million as at March 31, 2021, the increase is due to the additional short-term loan availed by the Group in the first quarter of 2021.

Due to related parties amounted to ₱40.15 million as at March 31, 2021 from ₱62.48 as at December 31, 2020, which accounts to 1.1% and 1.8% of total assets, respectively. The decrease was due to payment made during the period.

Income tax payable amounted to ₱1.19 million or 0.03% of total assets and nil or 0.0% of total assets as at March 31, 2021 and December 31, 2020, respectively.

Noncurrent Liabilities

As at March 31, 2021 and December 31, 2020, total noncurrent liabilities amounted to ₱638.96 million or 17.1% of total assets, and ₱635.73 million or 18.3% of total assets, respectively, for an increase of ₱3.23 million or 0.5%.

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

Long-term loans payable amounted to ₱250.00 million on March 31, 2021 and December 31, 2020. No additional long-term loan was availed by the Group for the first quarter of 2021.

Lease liability amounting to ₱378.36 million as at March 31, 2021 and ₱376.32 as at December 31, 2020 pertains to the contractual lease liability recognized by the Group for its stores and office space in relation to the PFRS 16. The increase in lease liability was due to the effect of interest and lease payments to the lease liabilities during the period.

Equity

As at March 31, 2021 and December 31, 2020, total equity amounted to ₱1.92 billion or 51.5% of total assets, and ₱1.91 billion or 55.0% of total assets, respectively, for an increase of ₱9.48 million or 0.05%. The increase is from the net income for the period.

Key Performance Indicators of the Company

	Unaudited March 31, 2021	Audited December 31, 2020
Current Ratio	1.76	2.05
Asset to Equity	1.94	1.82
Debt to Equity Ratio	0.52	0.37
Acid Test Ratio	0.76	1.04

	Unaudited period ending March 31, 2021	Unaudited period ending March 31, 2020
Return on Equity	0.8%	3.2%
Net Income to Revenue	1.0%	1.1%
Revenue Growth	15.2%	39.8%
Income Growth	13.3%	50.5%
EBITDA	PhP 39,310,889	PhP 27,546,235
Solvency Ratio	0.019	0.014

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

1. Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	
2. Asset to Equity Ratio	$\frac{\text{Total Assets}}{\text{Total Stockholders' Equity}}$	
3. Debt to Equity Ratio	$\frac{\text{Total Interest Bearing Short-Term and Long-Term Debt}}{\text{Total Equity}}$	
4. Return on Equity	$\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Average Equity Attributable to the Owners of the Parent}}$	
5. Net Income to Revenue	$\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Total Revenue}}$	
6. Revenue Growth	$\frac{\text{Total Revenue (Current Period)} - \text{Total Revenue (Prior Period)}}{\text{Total Revenue (Prior Period)}}$	
7. Income Growth	$\frac{\text{Net Income Attributable to Owners of the Parent (Current Period)}}{\text{Net Income Attributable to Owners of the Parent (Prior Period)}}$	-1
8. EBITDA	Income from Operations + Depreciation and Amortization + Interest Expense	
9. Acid Test Ratio	$\frac{\text{Cash} + \text{Accounts Receivable} + \text{Marketable Securities}}{\text{Current Liabilities}}$	

10. Solvency Ratio	$\frac{\text{Net Income} + \text{Depreciation and Amortization}}{\text{Total Liabilities}}$
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PART II--OTHER INFORMATION

N/A

MERRYMART CONSUMER CORP.

**REPORT OF FACTUAL FINDINGS ON THE
APPLICATION OF PROCEEDS FROM THE INITIAL PUBLIC
OFFERING**



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REPORT OF FACTUAL FINDINGS

The Board of Directors and Stockholders
MERRYMART CONSUMER CORP.
9th Floor, Tower 1, DoubleDragon Plaza
DD Meridian Park, Corner Macapagal Avenue and EDSA Extension
Bay Area, Barangay 76, Pasay City, NCR, Philippines

We have performed the procedures agreed with you and enumerated below with respect to the Progress Report on the application of proceeds from the Initial Public Offering (“IPO”) of MerryMart Consumer Corp. (the “Company”) on June 15, 2020. The procedures were performed solely to comply with the requirement of the Philippine Stock Exchange (PSE) for the Company to submit an external auditors’ report of factual findings on the accuracy of the information being represented by the Company relating to the use of proceeds from the IPO whenever a report is submitted to the PSE. Our engagement was undertaken in accordance with Philippine Standard on Related Services (PSRS) 4400, *Engagements to Perform Agreed-upon Procedures Regarding Financial Information*.

The agreed-upon procedures are summarized as follows:

1. Obtain and check the mathematical accuracy of the Quarterly Progress Report from the Company.
2. Compare the list of all the disbursements in the Quarterly Progress Report with the schedule of planned use of proceeds from the IPO in the Offering Circular (“Prospectus”) and agree the amounts to the related supporting documents such as memorandum of agreements, invoices, deposit slips, passbook and letter of instructions.
3. Obtain written management representation as to any reallocation (or absences thereof) on the Company’s planned use of proceeds or any change in the work program as disclosed in the Prospectus.

The results of the procedures performed are summarized in Annex A, which is an integral part of this report.



The procedures that we performed did not constitute either an audit or review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standard on Review Engagements (PSRE), thus, we do not express any assurance on the use of proceeds from the IPO based on the said standards.

Had we performed additional procedures, or had we performed an audit or review of the financial statements in accordance with PSA and PSRE, other matters might have come to our attention that would have been reported to you.

We have no responsibility to update this report for events or circumstances occurring after the date of this report.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report relates only to the report on the Company's use of the proceeds from the IPO and items specified above and do not extend to any financial statements of the Company taken as a whole.

R.G. MANABAT & CO.

A handwritten signature in black ink, appearing to read 'Darwin F. Virocel', written over a horizontal line.

DARWIN F. VIROCEL

Partner

CPA License No. 0094495

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

April 15, 2021
Makati City, Metro Manila



Summary of Results of Agreed-Upon Procedures Performed Annex A

We report the results of our work as follows:

1. We have obtained and checked the mathematical accuracy of the Company's Quarterly Progress Report for the first quarter ended March 31, 2021. No exceptions noted.
2. We have compared the list of all the disbursements in the Quarterly Progress Report with the schedule of planned use of proceeds from the IPO in the Prospectus and agreed the amounts to the related supporting documents. No exceptions noted.

As presented by the Company and based on the above procedures, the table below lists the details of the disbursements made during the quarter ended March 31, 2021, from the P1,466.3 million net IPO proceeds.

	Allocation per Prospectus (in millions)	Allocation of Actual Net Proceeds (in millions)	Actual Disbursement		Balance as at end of 2020-Q1 (in millions)
			Actual Disbursement for 2021-Q1 (in millions)	Total Cumulative Disbursement (in millions)	
Capital expenditures and initial working capital for store network expansion	P1,030.80	P1,030.80	P88.64	P399.11	P631.69
Investment in distribution centers	220.90	220.90	5.71	123.03	97.87
General corporate purposes	220.10	214.63	2.24	105.33	109.30
Total	P1,471.80	P1,466.33	P96.59	P627.47	P838.86

Relative to the actual disbursements for the period, the following procedures were also performed:

- a. Compared and agreed the actual disbursements for the quarter ended March 31, 2021 submitted by the Company to the PSE to the related supporting documents which includes bank account passbooks, official receipts, collection receipts and bank deposit slips. No exceptions noted.
- b. Checked the details of the disbursements made as shown above to the related supporting documents and noted that the portion of the proceeds allocated for capital expenditures and initial working capital for store network expansion of various stores has been disbursed by the Company totaling P88.64 million, disbursement amounting to P5.71 million for investment in distribution centers related to one of the stores, and disbursement of P2.24 million for the Company's general corporate requirements. Such transactions and amounts thereof were agreed to the related vouchers and official receipts.
3. We have obtained written management representation and noted that there were no reallocations made on the Company's planned use of proceeds from the IPO or any changes in the work program as disclosed in the Prospectus.

SIGNATURES

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

Issuer MERRYMART CONSUMER CORP.



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

Date May 17, 2021

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



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

Date May 17, 2021