COVER SHEET

CS200930125

S.E.C. Registration Number

MERRYMART CONSUMER CORP. AND SUBSIDIARY

(Formery Injap Supermart Inc.)

(Company's Full Name)

DD MERIDIAN PARK AREA COR. MACAPAGAL AVE. AND EDSA EXT. BLVD. SAN RAFAEL, PASAY CITY

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

Rizza Marie Joy Sia

Contact Person

(02) 8743-1111

Company Telephone Number

06 30

Month *Day*

17-Q

FORM TYPE

01 23

Month *Day*

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes.

SEC No. 200930125
File No. _________

MERRYMART CONSUMER CORP.
(Company's Full Name)

DD Meridian Park Bay Area corner Macapagal Avenue and EDSA Extension Boulevard Brgy 76 Zone 10 San Rafael Pasay City 1302
(Company's Address)

(632) 8743-1111
(Telephone Number)

December 31
(Fiscal Year ending)

SEC Form 17-Q for the Second 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 **June 30, 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 [x] 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 [x] No [ ] N/A

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

Yes [x] 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 June 30, 2021 and June 30, 2020; Unaudited Condensed Consolidated Interim Statements of Comprehensive Income for the six months ended June 30, 2021 and June 30, 2020;
b) Notes to the Unaudited Condensed Consolidated Interim Financial Statement
c) Unaudited Condensed Consolidated Interim Statements of Financial Position as of June 30, 2021 and December 31, 2020 (audited);
d) Unaudited Condensed Consolidated Interim Statements of Changes in Equity for the six months ended June 30, 2021 and June 30, 2020; and
e) Unaudited Condensed Consolidated Interim Statements of Cash Flows for the six months ended June 30, 2021 and June 30, 2020.

MERRYMART CONSUMER CORP. AND SUBSIDIARIES

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

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As of June 30, 2021 and December 31, 2020 and
For the Six Months Ended June 30, 2021 and 2020

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

CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

	June 30, 2021 Unaudited PHP	December 31, 2020 Audited PHP
ASSETS		
Current Assets		
Cash and cash equivalents	**P632,180,957**	P940,641,989
Receivables	**36,068,996**	25,071,685
Inventories	**944,595,417**	737,572,923
Prepaid expenses and other current assets	**235,136,358**	199,090,553
Total Current Assets	**1,847,981,728**	1,902,377,150
Noncurrent Asset		
Property and equipment - net	**1,095,228,843**	908,849,180
Right-of-use asset	**374,427,918**	402,933,511
Intangible asset	**49,286,151**	42,910,253
Deferred tax asset	**56,664,405**	44,276,810
Other noncurrent assets	**178,275,547**	174,714,961
Total Noncurrent Asset	**1,753,882,864**	1,573,684,715
	P3,601,864,592	P3,476,061,865
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities	**P312,511,303**	P416,433,885
Short-term loans payable	**875,000,000**	450,000,000
Income tax payable	**10,429,361**	**-**
Due to related parties	-	62,482,842
Total Current Liabilities	**1,197,940,664**	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	**114,583,333**	250,000,000
Lease Liability	**351,705,077**	376,322,986
Total Noncurrent Liabilities	**476,893,109**	635,727,685
Total Liabilities	**1,674,833,773**	1,564,644,412
Equity		
Capital stock	**379,746,835**	379,746,835
Additional paid-up capital	**1,386,292,253**	1,386,292,253
Retained earnings	**162,448,122**	146,834,756
Remeasurement gain on defined benefit	**(1,456,391)**	(1,456,391)
Total Equity	**1,927,030,819**	1,911,417,453
	P3,601,864,592	P3,476,061,865

MERRYMART CONSUMER CORP. AND SUBSIDIARIES
(Formerly Injap Supermart Inc.)
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CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

	For the six months ended June 30, 2021 Unaudited	For the six months ended June 30, 2020 Unaudited
REVENUE		
Sale of goods	**1,803,199,684**	1,623,836,174
Display rental	**12,633,828**	11,972,455
Other operating income	**27,927,097**	5,381,959
	1,843,760,609	1,641,190,588
COST OF SALES	**1,597,333,562**	1,516,023,691
GROSS PROFIT	**246,427,047**	125,166,897
OPERATING EXPENSES	**219,308,116**	97,937,950
INCOME FROM OPERATIONS	**27,118,931**	27,228,947
INTEREST EXPENSE	**(6,476,982)**	(9,374,942)
INTEREST INCOME	**931,903**	1,170,134
INCOME BEFORE TAX	**21,573,852**	19,024,139
INCOME TAX EXPENSE (BENEFIT)		
Current	**17,548,081**	7,727,327
Deferred	**(12,387,595)**	(2,371,125)
	5,160,486	5,356,202
NET INCOME/TOTAL COMPREHENSIVE INCOME	**16,413,366**	13,667,937

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

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

					Retained Earnings			
	Note	Capital Stock	Additional paid-up capital	Remeasurement loss on defined benefit	Unappropriated	Appropriated	Total	Total
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		378,496,835	1,386,292,253	-	-	-	-	1,764,789,088
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		-	-	-	13,667,937	-	13,667,937	13,667,937
Balance at June 30, 2020		P379,746,835	P1,386,292,253	P-	P1,261,619	P111,000,000	P112,261,619	P1,878,300,707
Balance at December 31, 2020		**P379,746,835**	**P1,386,292,253**	**(P1,456,391)**	**P146,834,756**	**P-**	**P146,834,756**	**P1,911,417,453**
Stock issuance cost		**-**	**-**	**-**	**(800,000)**	**-**	**(800,000)**	**(800,000)**
Net income/total comprehensive income for the period		**-**	**-**	**-**	**16,413,366**	**-**	**16,413,366**	**16,413,366**
Balance at June 30, 2021		**P379,746,835**	**P1,386,292,253**	**(P1,456,391)**	**P162,448,122**	**P-**	**P162,448,122**	**P1,927,030,819**

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

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
UNAUDITED

	Six Months Ended June 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**P21,573,852**	19,024,139
Adjustments for:		
Depreciation and amortization	**50,689,337**	28,997,667
Interest expense	**6,476,982**	9,374,942
Retirement benefits expense	**-**	326,508
Interest income	**(931,903)**	(1,170,134)
Operating income before working capital changes	**77,808,268**	56,553,122
,Decrease (increase) in:		
Receivables	**(10,997,311)**	3,232,092
Inventories	**(207,022,494)**	(149,170,353)
Other current assets	**(36,045,805)**	(39,908,312)
Increase (decrease) in:		
Accounts payable and other current liabilities	**(103,922,582)**	133,284,871
Due to a related party	**(62,482,842)**	156,073,533
Cash generated from (used in) operations	**(342,662,766)**	160,064,953
Income tax paid	**-**	(37,857,970)
Interest paid	**(24,304,104)**	(9,828,125)
Interest received	**931,903**	1,170,134
Net cash provided by operating activities	**(366,034,967)**	113,548,992
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for PPE acquisition	**(201,673,077)**	(154,031,852)
Payments for intangible assets acquisition	**(9,630,747)**	(5,980,321)
Increase in other noncurrent assets	**(3,560,586)**	(42,813,273)
Net cash used in investing activities	**(214,864,410)**	(202,825,446)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from initial public offering, net of issuance costs		1,465,999,088
Proceeds from availment of loans	**300,000,000**	300,000,000
Payment of loans	**(10,416,667)**	
Increase in other noncurrent liabilities	**1,200,000**	7,903,251
Lease payment	**(17,544,988)**	(6,354,576)
Stock issuance cost payment	**(800,000)**	-
Dividends paid	**-**	(8,400,000)
Net cash provided by financing activities	**272,438,345**	1,759,147,763
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(308,461,032)**	1,669,871,309
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**940,641,989**	270,308,599
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**632,180,957**	P1,940,179,908

MERRYMART CONSUMER CORP. AND SUBSIDIARIES
(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, 2020. 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 a Subsidiary (collectively referred to as the "Group") as at and for the year ended December 31, 2020.

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

The consolidated financial statements include the accounts of the Parent Company and the Subsidiaries. The equity interests of the Parent Company in the Subsidiaries as at June 30, 2021 and December 31, 2020 are as follows:

	Percentage of Ownership	
Subsidiaries	June 30, 2021	December 31, 2020
MerryMart Grocery Centers, Inc. (MMGCI) [1]	100%	100%
MM Consumer Technologies Corp. (MMCTC) [2]	100%	-

(1) Incorporated September 28, 2018
(2) Incorporated May 27, 2021

MMCTC owns 70% of MBox Smart Lockers Corp (MBSLC). MBSLC was incorporated and registered with the SEC on June 4, 2021.

The Parent Company and its Subsidiaries are all 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 expenses. Actual results may differ from these estimates.

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

5. Cash and Cash Equivalents

This account consists of:

	June 30, 2021	December 31, 2020
Cash on hand	**P35,006,451**	P45,793,614
Cash in banks	**397,174,506**	492,198,125
Short-term placements	**200,000,000**	402,650,250
	P632,180,957	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 P931,903 and P1,170,134 for the six months ended June 30, 2021 and June 30, 2020, respectively.

6. Receivables

This account consists of:

	June 30, 2021	December 31, 2020
Trade	**P21,206,529**	P13,750,206
Advances to employees	**6,673,527**	5,173,248
Receivable from Franchisee	**6,569,376**	2,904,879
Accrued interest	**83,611**	3,154,442
Others	**1,535,953**	88,910
	P36,068,996	P25,071,685

Trade receivables pertain to receivables from credit card sales and in-house charge sales, and receivable from display rental. These receivables generally have 1-30 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.

	June 30, 2021	December 31, 2020
Merchandise inventories	**P934,519,851**	P732,754,059
Packaging materials	**10,075,566**	4,818,864
	P944,595,417	P737,572,923

Inventories charged to cost of sales amounted to P1,597.33 million and P1,516.02 million for the six months ended June 30, 2021 and June 30, 2020, respectively.

8. Prepaid expenses and other current assets

This account consists of:

	June 30, 2021	December 31, 2020
Input VAT - net	**P201,887,042**	P168,134,439
Prepaid expenses	**20,203,330**	17,783,148
Advances to contractors and suppliers	**10,009,769**	8,447,793
Creditable withholding tax	**-**	3,287,562
Prepaid taxes	**3,036,217**	1,437,611
	P235,136,358	P199,090,553

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

	June 30, 2021	December 31, 2020
Cost		
Beginning balance	**P46,583,745**	P14,762,710
Additions	**9,630,747**	30,215,828
Construction in progress	**-**	1,605,207
	56,214,492	46,583,745
Accumulated amortization		
Beginning balance	**3,673,492**	149,937
Amortization for the year	**3,254,849**	3,523,555
	6,928,341	3,673,492
	P49,286,151	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. Other Noncurrent Assets

This account consists of:

	June 30, 2021	December 31, 2020
Security deposits	**P115,996,279**	P112,804,660
Prepaid rent	**60,071,758**	59,536,551
Construction bond	**2,207,510**	2,373,750
	P178,275,547	P174,714,961

11. Short-term and Long-term Loans Payable

Loans payable pertains to unsecured loans obtained from local banks.

Details of the account are as follows:

	June 30, 2021	December 31, 2020
Balance at beginning of the year	**P700,000,000**	P150,000,000
Additions	**300,000,000**	550,000,000
Principal payments	**(10,416,667)**	-
	989,583,333	700,000,000
Less short-term notes and current portion of long-term notes	**875,000,000**	450,000,000
Noncurrent portion	**P114,583,333**	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 P239.58 million as at June 30, 2021, with non-current portion amounting to P114.58 million.

Total interest expense, exclusive of the capitalized borrowing costs, recognized in profit or loss amounted to nil and P650,000 in June 30, 2021 and 2020, respectively. Total capitalized borrowing costs charged under "Property and equipment - net" accounts amounted to P24.30 million and P9.1 million as at June 30, 2021 and 2020, respectively.

12. Revenues

Revenues from Contract with Customers

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

	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Sale of goods	**P1,803,199,684**	P1,623,836,174
Application fees*	**3,300,000**	4,400,000
	P1,806,499,684	P1,628,236,174

** Included under "Other Operating income" account*

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

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

Display Rental

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

13. Cost of Sales

This account consists of:

	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Beginning inventory	**P737,572,923**	P183,418,743
Add: Purchases	**1,737,605,876**	1,665,194,044
Total goods available for sale	**2,475,178,799**	1,848,612,787
Less: Ending inventory	**877,845,237**	332,589,096
	P1,597,333,562	P1,516,023,691

14. Related Party Transactions

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

Category	Year	Ref	Amount of Transaction	Outstanding Balances	Terms and Conditions
Subsidiaries					
Advances to subsidiaries	**June 30, 2021**	*a*	**P-**	**P-**	**Due and demandable; non-interest bearing; unsecured; payable in cash**
Stockholders					
Advances from stockholders	**June 30, 2021**	*a*	**P**	**P**	**Due and demandable; non-interest bearing; unsecured; payable in cash**
	December 31, 2020	*a*	P12,720,271	P62,482,842	Due and demandable; non-interest bearing; unsecured; payable in cash
Land acquired	December 31, 2020	*b*	146,608,491	-	
	June 30, 2021		**P-**	**P-**	
	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.

15. Lease Arrangements

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

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

a. 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.

b. 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.

c. 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.

Interest expense recognized in profit or loss amounted to P6.48 million and P8.72 million for the six months ending June 30, 2021 and June 30, 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 P10.03 million for six months ending June 30, 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 P176.07 million and P172.34 million as at June 30, 2021 and December 31, 2020. These are included under "Other noncurrent assets" account in the consolidated interim statements of comprehensive position.

16. Income Taxes

Income tax expense (benefit) consists of:

	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Current	**P17,548,081**	P7,727,327
Deferred	**(12,387,595)**	(2,371,125)
	P5,160,486	P5,356,202

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 six months ended June 30, 2021	For the six months ended June 30, 2020
Income before income tax	**P21,573,852**	P19,024,139
Income tax at the statutory income tax rate of: 2020 – 30%, 2021 – 25%	**5,393,462**	P5,707,242
Income tax effects of interest income subjected to final tax	**(232,976)**	(351,040)
	P5,160,486	P5,356,202

On November 26, 2020, the Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Bill was approved by the Senate of the Philippines. Under the CREATE Bill, domestic corporations will be subjected to 25% or 20% income tax depending on the amount of total assets or total amount of taxable income. In addition, MCIT shall be computed at 1% of gross income for a period of three years. The changes in the income tax rates shall retrospectively become effective beginning July 1, 2020.

President Rodrigo Duterte signed into law on March 26, 2021 the CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

Accordingly, the income tax rates used in preparing the financial statements as at and for the year ended December 31,2020 are 30% and 2% for RCIT and MCIT, respectively.

Applying the provisions of the CREATE Act, the Company would have been subjected to lower regular corporate income tax rate of 25% effective July 1,2020.

Based on the provisions of Revenue Regulations (RR) No.2-2021 dated April 8,2021 issued by the BIR, the prorated CIT rate of the Company for year ended December 31,2020 is 27.5%. The result is lower provision for current income tax for the year ended December 31,2020 and lower income tax payable as of December 31, 2020. The reduced amounts are reflected in the Company's 2020 annual income tax return.

17. Equity and Earnings per Share

Capital Stock

As at June 30, 2021 and December 31, 2020, the authorized and issued capital stock of the Parent Company consists of:

	June 30, 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.

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.

EPS

EPS is computed as follows:

	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Net income attributable to common shareholders of the Parent Company	**P16,413,366**	P13,667,937
Weighted average number of common shares for basic EPS	**7,594,936,709**	5,376,368,410
Basic/Diluted EPS	**0.0022**	P0.0025

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

18. 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:

	June 30, 2021	December 31, 2020
Cash and cash equivalents (excluding cash on hand)	**P597,174,506**	P894,848,375
Receivables (excluding advances to suppliers and employees)	**29,395,470**	25,071,685
Security deposits (included under other noncurrent assets)	**115,996,279**	112,804,660
	P742,566,255	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 June 30, 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:

June 30, 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*	**P257,391,357**	**P257,391,357**	**P257,391,357**	**P -**	**P -**
Loans payable	**989,583,333**	**989,583,333**	**875,000,000**	**114,583,333**	
Due to a related party	**-**	**-**	**-**	**-**	**-**
Lease liability**	**391,019,093**	**391,019,093**	**39,314,016**	**351,705,077**	**-**

** 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 June 30, 2021 and December 31, 2020. The Group is not subject to externally-imposed capital requirements.

MERRYMART CONSUMER CORP. AND SUBSIDIARY
(Formerly Injap Supermart Inc.)
As of June 30, 2021

			Past due but not impaired			
	Total	**Neither past due nor impaired**	**1 - 90 days**	**91 - 180 days**	**181 - 360 days**	**> 360 days**
Receivables	**36,068,996**	**29,709,624**	**6,359,372**	**-**	**-**	**-**

MERRYMART CONSUMER CORP. AND SUBSIDIARY
(Formerly Injap Supermart Inc.)
UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
For the periods ended June 30, 2021 and June 30, 2020

	For the quarter ended June 30, 2021	For the quarter ended June 30, 2020	**For the six months ended June 30, 2021**	For the six months ended June 30, 2020
REVENUES				
Sale of goods	**₱909,476,350**	₱836,362,141	**₱1,803,199,684**	₱1,623,836,174
Display rental	**6,462,050**	6,970,228	**12,633,828**	11,972,455
Other operating income	**12,355,860**	2,950,442	**27,927,097**	5,381,959
	928,294,260	846,282,811	**1,843,760,609**	1,641,190,588
COST OF SALES	**792,972,297**	782,949,605	**1,597,333,562**	1,516,023,691
GROSS PROFIT	**135,321,963**	63,333,206	**246,427,047**	125,166,897
OPERATING EXPENSES	**122,997,029**	51,459,419	**219,308,116**	97,937,950
INCOME FROM OPERATIONS	**12,324,934**	11,873,787	**27,118,931**	27,228,947
INTEREST EXPENSE	**3,775,142**	5,532,018	**6,476,982**	9,374,942
INTEREST INCOME	**541,183**	877,748	**931,903**	1,170,134
INCOME BEFORE TAX	**9,090,975**	7,219,517	**21,573,852**	19,024,139
INCOME TAX EXPENSE	**2,137,447**	1,902,531	**5,160,486**	5,356,202
NET INCOME/TOTAL COMPREHENSIVE INCOME	**₱6,953,528**	₱5,316,986	**₱16,413,366**	₱13,667,937

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

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

MERRYMART CONSUMER CORP. AND SUBSIDIARY
(Formerly Injap Supermart Inc.)
UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
For the six months ended June 30, 2021 and June 30, 2020

			Horizontal Analysis		Vertical Analysis	
	June 30, 2021	June 30, 2020	Increase (Decrease)		2021	2020
REVENUES						
Sale of goods	₱1,803,199,684	₱1,623,836,174	179,363,510	11.0%	97.8%	98.9%
Display rental	12,633,828	11,972,455	661,373	5.5%	0.7%	0.7%
Other operating income	27,927,097	5,381,959	22,545,138	418.9%	1.5%	0.3%
	1,843,760,609	**1,641,190,588**	**202,570,021**	**12.3%**	**100.0%**	**100.0%**
COST OF SALES	1,597,333,562	1,516,023,691	81,309,871	5.4%	86.6%	92.4%
GROSS PROFIT	**246,427,047**	**125,166,897**	**121,260,150**	**96.9%**	**13.4%**	**7.6%**
OPERATING EXPENSES	219,308,116	97,937,950	121,370,166	123.9%	11.9%	6.0%
INCOME FROM OPERATIONS	**27,118,931**	**27,228,947**	**(110,016)**	**(0.4%)**	**1.5%**	**1.7%**
INTEREST EXPENSE	6,476,982	9,374,942	(2,897,960)	(30.9%)	0.4%	0.6%
INTEREST INCOME	931,903	1,170,134	(238,231)	(20.4%)	0.1%	0.1%
INCOME BEFORE TAX	**21,573,852**	**19,024,139**	**2,549,713**	**13.4%**	**1.2%**	**1.2%**
INCOME TAX EXPENSE	**5,160,486**	**5,356,202**	**(195,716)**	**(3.7%)**	**0.3%**	**0.3%**
NET INCOME/TOTAL COMPREHENSIVE INCOME	**₱16,413,366**	**₱13,667,937**	**2,745,429**	**20.1%**	**0.9%**	**0.8%**

MERRYMART CONSUMER CORP. AND SUBSIDIARY
(Formerly Injap Supermart Inc.)
UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
For the quarters ended June 30, 2021 and June 30, 2020

			Horizontal Analysis		**Vertical Analysis**	
	June 30, 2021	**June 30, 2020**	**Increase (Decrease)**		**2021**	**2020**
REVENUES						
Sale of goods	₱909,476,350	₱836,362,141	73,114,209	8.7%	98.0%	98.8%
Display rental	6,462,050	6,970,228	(508,178)	(7.3%)	0.7%	0.8%
Other operating income	12,355,860	2,950,442	9,405,418	318.8%	1.3%	0.3%
	928,294,260	**846,282,811**	**82,011,449**	**9.7%**	**100.0%**	**100.0%**
COST OF SALES	792,972,297	782,949,605	10,022,692	1.3%	85.4%	92.5%
GROSS PROFIT	**135,321,963**	**63,333,206**	**71,988,757**	**113.7%**	**14.6%**	**7.5%**
OPERATING EXPENSES	122,997,029	51,459,419	71,537,610	139.0%	13.2%	6.1%
INCOME FROM OPERATIONS	**12,324,934**	**11,873,787**	**451,147**	**3.8%**	**1.3%**	**1.4%**
INTEREST EXPENSE	3,775,142	5,532,018	(1,756,876)	(31.8%)	0.4%	0.7%
INTEREST INCOME	541,183	877,748	(336,565)	(38.3%)	0.1%	0.1%
INCOME BEFORE TAX	**9,090,975**	**7,219,517**	**1,871,458**	**25.9%**	**1.0%**	**0.9%**
INCOME TAX EXPENSE	**2,137,447**	**1,902,531**	**234,916**	**12.3%**	**0.2%**	**0.2%**
NET INCOME/TOTAL COMPREHENSIVE INCOME	**₱6,953,528**	**₱5,316,986**	**1,636,542**	**30.8%**	**0.7%**	**0.6%**

For the Six Months Ended June 30, 2021 compared to the Six Months Ended June 30, 2020

For the first half ended June 30, 2021, the Group booked consolidated revenues of ₱1,843.76 million an increase of 12.3% from ₱1,641.19 million from the same period in 2020. This was driven by the expansion of the Group's grocery retail store with the opening of additional MerryMart-branded groceries and stores and the continuous growth of the existing stores. As at June 30, 2021, MM Group has 35 stores compared to 7 stores as at June 30, 2020.

For the first half ended June 30, 2021, sale of goods contributes 97.8% of the total revenue.

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

For the first half ended June 30, 2021, the Group's cost of sales is ₱1,597.33 million, an increase of 5.4% compared to ₱1,516.02 million for the first half ended June 30, 2020, due to the increase in sale of goods .

For the first half ended June 30, 2021, the Group realized an increase of 96.9% in consolidated gross profit from ₱125.17 million in 1H 2020 to ₱246.43 million in 1H 2021, driven by strong sales growth stores and other increase in other operating income of the Group.

Operating expenses increased by ₱121.37 million or 123.9% from the ₱97.94 million in the first half ended June 30, 2020 to ₱219.31 million in the first half ended June 30, 2021. The additional operating expenses are mainly attributable to the operating expenses of new operational stores and the ramp up of head office expenses to support the anticipated growth of MerryMart based on its expansion plans.

Interest expense amounted to ₱6.48 million for the first half 2021. The amount mainly pertains to the interest expense on the lease liabilities of the Group in accordance with accounting standards (PFRS 16).

Income tax expense for the first half of 2021 amounted to ₱5.16 million, a decrease of -3.7% from first half 2020. The decrease is due to the lower income tax rate for 2021.

For the first half ended June 30, 2021, the Group booked consolidated net income of ₱16.41 million, an increase of 20.1% from ₱13.67 million in first half ended June 30, 2020. The increase in net income was driven by higher revenue from stores and increase in other operating income.

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

For the quarter ended June 30, 2021, MM Group booked consolidated revenues of ₱928.3 million an increase of 9.7% from ₱846.3 million from the same period in 2020. This was driven by the expansion of the Group's grocerieswith the opening of additional MerryMart-branded groceries and higher other operating income for the period.

For the quarter ended June 30, 2021, the Group realized an increase of 113.7% in consolidated gross profit from ₱63.33 million for the quarter ended June 30, 2020 to ₱135.32 million for the quarter ended June 30, 2021, driven by the increase in revenues of the Group.

Operating expenses increased by ₱71.54 million or 139.0% from the ₱51.46 million in the quarter ended June 30, June 30, 2020 to ₱123.0 million in 2021. The increase in operating expenses is mainly from increase in the number of operating stores and higher head office expenses of the Group.

For the quarter ended June 30, 2021, the Group booked consolidated net income of ₱6.95 million, an increase of 30.8% from ₱5.32 million for the quarter ended June 30, 2020. The increase in net income was driven by higher revenue from stores and increase in other operating income, offset by increase in operating expenses.

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

MERRYMART CONSUMER CORP. AND SUBSIDIARY
(Formerly Injap Supermart Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2021 and DECEMBER 31, 2020

			Horizontal Analysis		Vertical Analysis	
	June 30, 2021	December 31, 2020	Increase (Decrease)		June 30, 2021	December 31, 2020
ASSETS	Unaudited	Audited				
Current Assets						
Cash and cash equivalents	₱632,180,957	₱940,641,989	(₱308,461,032)	(32.8%)	17.6%	27.1%
Receivables	36,068,996	25,071,685	10,997,311	43.9%	1.0%	0.7%
Inventories	944,595,417	737,572,923	207,022,494	28.1%	26.2%	21.2%
Prepaid expenses and other current assets	235,136,358	199,090,553	36,045,805	18.1%	6.5%	5.7%
Total Current Assets	**₱1,847,981,728**	**₱1,902,377,150**	**(54,395,422)**	**(2.9%)**	**51.3%**	**54.7%**
Noncurrent Assets						
Property and equipment - net	₱1,095,228,843	₱908,849,180	186,379,663	20.5%	30.4%	26.1%
Right-of-use asset	374,427,918	402,933,511	(28,505,593)	(7.1%)	10.4%	11.6%
Intangible asset	49,286,151	42,910,253	6,375,898	14.9%	1.4%	1.2%
Deferred tax asset	56,664,405	44,276,810	12,387,595	28.0%	1.6%	1.3%
Other noncurrent assets	178,275,547	174,714,961	3,560,586	2.0%	4.9%	5.0%
Total Noncurrent Assets	**₱1,753,882,864**	**₱1,573,684,715**	**180,198,149**	**11.5%**	**48.7%**	**45.3%**
	₱3,601,864,592	**₱3,476,061,865**	**₱125,802,727**	**3.6%**	**100.0%**	**100.0%**
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and other current liabilities	₱312,511,303	₱416,433,885	(₱103,922,582)	(25.0%)	8.7%	12.0%
Short-term loans payable	875,000,000	450,000,000	425,000,000	94.4%	24.3%	12.9%
Income tax payable	10,429,361	-	10,429,361	0.0%	0.3%	0.0%
Due to related parties	-	62,482,842	(62,482,842)	(100.0%)	0.0%	1.8%
Total Current Liabilities	**₱1,197,940,664**	**₱928,916,727**	**269,023,937**	**29.0%**	**33.3%**	**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	114,583,333	250,000,000	(135,416,667)	(54.2%)	3.2%	7.2%
Lease liability	351,705,077	376,322,986	(24,617,909)	(6.5%)	9.8%	10.8%
Total Noncurrent Liabilities	**₱476,893,109**	**₱635,727,685**	**(158,834,576)**	**(25.0%)**	**13.2%**	**18.3%**
Total Liabilities	**₱1,674,833,773**	**₱1,564,644,412**	**110,189,361**	**7.0%**	**46.5%**	**45.0%**
Equity						
Capital stock	₱379,746,835	₱379,746,835	-	0.0%	10.5%	10.9%
Additional paid-in capital	1,386,292,253	1,386,292,253	-	0.0%	38.5%	39.9%
Retained earnings	162,448,122	146,834,756	15,613,366	10.6%	4.5%	4.2%
Remeasurement loss on defined benefit	(1,456,391)	(1,456,391)	-	0.0%	(0.0%)	(0.0%)
Total Equity	**₱1,927,030,819**	**₱1,911,417,453**	**15,613,366**	**0.8%**	**53.5%**	**55.0%**
Total Liabilities and Equity	**₱3,601,864,592**	**₱3,476,061,865**	**₱125,802,727**	**3.6%**	**100.0%**	**100.0%**

As of June 30, 2021 vs December 31, 2020

Total assets as at June 30, 2021 was ₱3.60 billion compared to ₱3.48 billion as at December 31, 2020, or a 3.6% increase.

Current Assets

As at June 30, 2021 and December 31, 2020, total current assets amounted to ₱1.85 billion or 51.3% of total assets, and ₱1.90 billion or 54.7% of total assets, respectively, for a decrease of ₱54.40 million or -2.9%.

Cash and cash equivalents decreased by 32.8% from ₱940.64 million as at December 31, 2020 to ₱632.18 million as at June 30, 2021 primarily due to cash used for construction of new stores.

Receivables only accounts for 1.0% of the total assets as at June 30, 2021. It increased by 43.9% from ₱25.07 million as at December 31, 2020 to ₱36.07 million as at June 30, 2021. Increase in receivables mainly due increase in receivables from credit card transactions that are settled within 1-7 days from transaction date and receivables from display rental.

Inventories increased by 28.1% from ₱737.57 million as at December 31, 2020 to ₱944.60 million as at June 30, 2021. Inventories accounts for 26.2% of the total assets as of June 30, 2021. Increase in inventories was due to the opening of a central distribution center in CentralHub – Tarlac and additional stores.

Prepaid expenses and other current assets increased by 18.1% from ₱199.09 million as at December 31, 2020 to ₱235.14 million as at June 30, 2021 primarily due to the increase in input VAT related to the construction of new stores and additional prepayments recognized subject to amortization.

Noncurrent Assets

As at June 30, 2021 and December 31, 2020, total noncurrent assets amounted to ₱1.75 billion or 48.7% of total assets, and ₱1.57 billion or 45.3% of total assets, respectively, for an increase of ₱180.20 million or 11.5%. The increase in noncurrent assets is mainly due to the increase in Property and equipment and deferred tax asset.

Property and equipment increased by 20.5% from ₱908.85 million as at December 31, 2020 to ₱1.10 billion as at June 30, 2021 due primarily to the increase in leasehold improvements of the new stores, as well as acquisitions of store equipment.

Right-of-Use is in relation to the adoption of PFRS 16 in 2019. Right-of-Use Assets amounted to ₱374.43 million as at June 30, 2021, which is 10.4% 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 14.9% from ₱42.91 million as at December 31, 2020 to ₱49.29 million as at June 30, 2021 due to additions to software and information system of the Group.

Deferred tax assets increased by 28.0% from ₱44.28 million as at December 31, 2020 to ₱56.67 million as at June 30, 2021. The increase in deferred tax assets is mainly from the additional NOLCO from subsidiaries.

Increase in other noncurrent assets mainly pertain to the deposits made by the Group for new lease for its new and upcoming stores. Other noncurrent assets amounted to ₱178.28 million as at June 30, 2021 or 4.9% of total assets and ₱174.71 million as at December 31, 2020.

Current Liabilities

As at June 30, 2021 and December 31, 2020, total current liabilities amounted to ₱1.20 billion or 33.3% of total assets, and ₱928.92 million or 26.7% of total assets, respectively, for an increase of ₱269.02 million or 29.0%. The increase in current liabilities is mainly due to the increase in the current portion of loans payable.

Accounts payable and other current liabilities decreased by 25.0% to ₱312.51 million as at June 30, 2021, or 8.7% of total assets, due to lower payables to suppliers.

Short-term loans payable amounted to ₱875 million as at June 30, 2021, the increase is due to the additional short-term loan availed offset by payments made in the first half of 2021 and reclassification of the current portion of long-term loans.

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

Income tax payable amounted to ₱10.43 million or 0.3% of total assets and nil or 0.0% of total assets as at June 30, 2021 and December 31, 2020, respectively. Increase is due to the current tax expense for the period.

Noncurrent Liabilities

As at June 30, 2021 and December 31, 2020, total noncurrent liabilities amounted to ₱476.89 million or 13.2% of total assets, and ₱635.73 million or 18.3% of total assets, respectively, for a decrease of ₱158.83 million or 25.0%.

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

Long-term loans payable amounted to ₱114.58 million on June 30, 2021, a decrease of ₱135.42 million or 54.2% from ₱250.00 million as at December 31, 2020. The decrease is due to the reclassification of current portion to short-term loans payable.

Lease liability amounting to ₱351.71 million as at June 30, 2021 and ₱376.32 as at December 31, 2020 pertains to the contractual lease liability recognized by the Group for its stores and office space in relation to the PFRS 16. The decrease in lease liability was due to the effect of interest and lease payments to the lease liabilities during the period.

Equity

As at June 30, 2021 and December 31, 2020, total equity amounted to ₱1.93 billion or 53.5% of total assets, and ₱1.91 million or 55.0% of total assets, respectively, for an increase of ₱15.61 million or 0.8%. The increase is from the net income for the period.

Key Performance Indicators of the Company

	Unaudited June 30, 2021	**Audited December 31, 2020**
Current Ratio	1.54	2.05
Asset to Equity	1.87	1.82
Debt to Equity Ratio	0.51	0.24
Acid Test Ratio	0.56	1.04

	Unaudited For the six months ending June 30, 2021	**Unaudited For the six months ending June 30, 2020**
Return on Equity	0.86%	1.38%
Net Income to Revenue	0.89%	0.83%
Revenue Growth	12.34%	35.18%
Income Growth	20.09%	23.91%
EBITDA	PhP61.19 million	PhP36.28 million
Solvency Ratio	0.040	0.031
Interest Coverage Ratio	1.15	2.77

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

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

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 II--OTHER INFORMATION

N/A

MERRYMART CONSUMER CORP.

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

KPMG

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Email ph-inquiry@kpmg.com

REPORT OF FACTUAL FINDINGS

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

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

The agreed-upon procedures are summarized as follows:

1. Obtain and check the mathematical accuracy of the Quarterly Progress Report from the Company.

2. Compare the list of all the disbursements in the Quarterly Progress Report with the schedule of planned use of proceeds from the IPO in the Offering Circular ("Prospectus") and agree the amounts to the related supporting documents such as memorandum of agreements, invoices, deposit slips, passbook and letter of instructions.

3. Obtain written management representation as to any reallocation (or absences thereof) on the Company's planned use of proceeds or any change in the work program as disclosed in the Prospectus.

KPMG

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

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

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

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

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

R.G. MANABAT & CO.

DARWIN P. VIROCEL
Partner
CPA License No. 0094495
SEC Accreditation No. 94495-SEC, Group A, effective for five (5) years covering the audit of 2019 to 2023 financial statements

July 15, 2021
Makati City, Metro Manila

REPUBLIC OF THE PHILIPPINES)
Makati City) S.S.

I, Darwin P. Virocel, a Partner of R.G. Manabat & Co., do solemnly swear that all matters set forth in the above report are true and correct to the best of my knowledge.

Darwin P. Virocel
Partner

SUBSCRIBED AND SWORN TO before me, this 15th day of July 2021 in Makati City, Metro Manila, affiant exhibiting to me his PRC Professional Identification Card as Certified Public Accountant with Registration No. 0094495, which expires on December 17, 2022.

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Book No. III
Series of 2021.

MARIA ELYANNA D. VALDEZ
NOTARY PUBLIC
ROLL NO. 69907
MAKATI CITY, PHILIPPINES

ATTY. MARIA ELYANNA D. VALDEZ
Notary Public for Makati City
Appointment No. M-205
Valid until 12/31/2021
Roll No. 69907
PTR No. MKT 8554493; Makati City
IBP Lifetime No. 016903; Quezon City
MCLE Compliance No. VI- 0009137 valid until 04/14/20??
The KPMG Center, 9/F, 6787 Ayala Ave. Makati City

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 second quarter ended June 30, 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 June 30, 2021, from the P1,466,335,088 net IPO proceeds.

In (PHP)	Allocation of Actual Net Proceeds	Actual Disbursements			Actual Remaining as at 30 JUN 2021
		As at 31 MAR 2021	Q2 2021	Total as at 30 JUN 2021	
Capital expenditures and initial working capital for store network expansion	P1,030,800,000	P399,113,033	P66,271,963	P465,384,996	P565,415,004
Investment in distribution centers	220,900,000	123,032,817	11,160,205	134,193,022	86,706,978
General corporate purposes	214,635,088	105,327,534	49,748,672	155,076,206	59,558,882
Total	**P1,466,335,088**	**P627,473,384**	**P127,180,840**	**P754,654,224**	**P711,680,864**

   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 June 30, 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 to P66,271,963, disbursement amounting to P11,160,205 for investment in distribution centers related to one of the distribution centers, and disbursement of P49,748,672 for the Company's general corporate requirements. Such transactions and amounts thereof were agreed to the related vouchers and official receipts.

      We have also observed disbursements pertaining to prior quarters which were included in the report amounting to P67,183,577. No exceptions noted.

3. We have obtained written management representation and noted that there were no reallocations made on the Company's planned use of proceeds from the IPO or any changes in the work program as disclosed in the Prospectus.

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 August 16, 2021

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

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

Date August 16, 2021