

## COVER SHEET

C S 2 0 0 9 3 0 1 2 5

S.E.C. Registration Number

M e r r y M a r t C o n s u m e r C o r p .

(Company's Full Name)

9 t h F l r T o w e r D D M e r i d i a n P a r k

M a c a p a g a l A v e . C C r - E D S A E x t .

B r g y . 7 6 P a s a y C i t y

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

Jacqueline O. Gomez

Contact Person

(02) 8743-1111

Company Telephone Number

Month

Day

1 7 - C

FORM TYPE

Month

Day

Annual Meeting

Secondary License Type, if Applicable

M S R D

Dept. Requiring this Doc.

Amended Articles Number Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes.

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

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

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

- ## Item 9. Other Events

The Board of Directors of the Company in a meeting held on November 13, 2025 called for the holding of the Annual Stockholders' Meeting for Shareholders as of November 27, 2025 (record date) on December 19, 2025 at 5:30pm through remote communication via zoom. The Agenda for the meeting is:

- 1) Call to Order;
- 2) Certification by the Corporate Secretary of the Presence of Quorum;
- 3) Reading and Approval of the Minutes of the Previous Stockholders' Meeting;
- 4) Company Updates and Report;
- 5) Approval of the 2024 Audited Financial Statements and the 2024 Annual Report;

- 6) Ratification of the Actions of the Board of Directors and Officers;
- 7) Election of Directors;
- 8) Appointment of External Auditors;
- 9) Other Matters; and
- 10) Adjournment

#### SIGNATURES

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

MERRYMART CONSUMER CORP.

Issuer

November 27, 2025

Date



Jacqueline Ann Marie O. Gomez  
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-DIS

INFORMATION STATEMENT PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

☐ Preliminary Information Statement

☒ Definitive Information Statement

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

3. Country of Incorporation: **PHILIPPINES**

4. SEC Identification Number: **CS200930125**

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

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

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

8. Date, time and place of the meeting of security holders: **December 19, 2025**  
**5:30 pm; by Remote Communication Via Zoom. The Link will be provided at least three (3) days prior to the meeting.**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **November 27, 2025**

10. In case of proxy solicitation:

i. Name of Person filing the statement/solicitor: **N/A**

ii. Address and telephone No.: **N/A**

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

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

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

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



## NOTICE OF ANNUAL STOCKHOLDERS' MEETING

**December 19, 2025; 5:30 PM**  
**MerryMart Headquarters, Pasay City**  
**By Remote Communication Via Zoom.**

To All Stockholders:

Kindly take notice that the Annual Stockholders' Meeting of **MerryMart Consumer Corp.** (the "**Company**") for the year 2025 will be held at Pasay City on December 19, 2025, 5:30 PM through remote communication via Zoom. The link will be provided at least three (3) days prior to the meeting. Registration for the said meeting will be from 9:00 AM November 28, 2025 to 6:00 PM of December 9, 2025.

The Chairman or, in his absence, the president chosen by the stockholders will preside the 2025 Annual Stockholders Meeting.

The agenda of the meeting is set forth below:

- 1) Call to Order;
- 2) Certification by the Corporate Secretary of the Presence of Quorum;
- 3) Reading and Approval of the Minutes of the Previous Stockholders' Meeting;
- 4) Company Updates and Report;
- 5) Approval of the 2024 Audited Financial Statements and the 2024 Annual Report;
- 6) Ratification of the Actions of the Board of Directors and Officers;
- 7) Election of Directors;
- 8) Appointment of External Auditors;
- 9) Other Matters; and
- 10) Adjournment

The Board of Directors fixed the end of trading hours of the Philippine Stock Exchange ("PSE") on **November 27, 2025** as the (the "**Record Date**") for the determination of the common stockholders who are entitled to notice and to vote at the meeting and any adjournment thereof.

To participate in the annual meeting, the stockholders must register 9:00 AM November 28, 2025 to 6:00 PM of December 9, 2025. The procedure for participation in the annual meeting via remote communication and voting in absentia are contained in the Annex "A" to the Information Statement and may be viewed in the Company's website [www.merrymart.com.ph/companydisclosures](http://www.merrymart.com.ph/companydisclosures) under ASM2025. The stockholders may be required to provide personal information which shall be used only for verification and validation purposes. The stockholder who has registered successfully shall receive an email confirmation and a ballot.

In the event that you cannot personally join the meeting, you are hereby requested to accomplish the proxy form, which need not be notarized, and email the same at [corporatesecretary@merrymart.com.ph](mailto:corporatesecretary@merrymart.com.ph) or return the same to the office of the Corporate Secretary at MerryMart Headquarters, 9<sup>th</sup> Floor, Tower 1, DoubleDragon Plaza, DD Meridian Park, Corner Macapagal Avenue and EDSA Extension, Bay Area, Pasay City, Metro Manila no later than 6:00 P.M. on December 9, 2025. The requirements and form can be downloaded at [www.merrymart.com.ph/companydisclosures](http://www.merrymart.com.ph/companydisclosures) under ASM2025.

Thank you very much.

Pasay City, November 13, 2025.

BY THE ORDER OF THE BOARD OF DIRECTORS

**(sgd) Ferdinand J. Sia**  
*President*

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

**AGENDA  
DECEMBER 19, 2025 ANNUAL STOCKHOLDERS' MEETING**

**1) Call to Order**

The Chairman or, in his absence, a president to be chosen by the stockholders will formally open the 2025 Annual Stockholders' Meeting (the "**Meeting**"). The directors and officers of the Company will be introduced.

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

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

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

The stockholders may examine the minutes of the previous meeting. Said minutes will also be available on the Company's website on or before November 27, 2025. The resolution for adoption will be the approval of the minutes of the previous stockholders' meeting.

**4) Company Updates and Report**

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

**5) Approval of the 2024 Audited Financial Statements and the 2024 Annual Report**

The 2024 Audited Financial Statements (the "AFS") of the Company audited by KPMG R.G. Manabat & Co., the Company's independent external auditor, along with the 2024 Annual Report (the "Report") will be presented. The AFS and the Report will be incorporated in the Definitive Information Statement which will be distributed to the stockholders. Copies of the Definitive Information Statement will also be made available on the Company's website. The resolution for adoption will be the approval of the AFS and the Report for the fiscal year ended December 31, 2024.

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

The Company's performance for the year 2024 as detailed in the Report, is attributed to the key policies and well-planned directions set by the members of the Board of Directors, and the management team's effective execution of and compliance with said policies and directions in conformity with excellent corporate governance and ethical best practices.



## **7) Election of Directors**

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

## **8) Appointment of External Auditor**

The Board of Directors concurred with the recommendation of the Audit Committee to re-appoint KPMG R.G. Manabat & Co. as the Company's external auditor for 2024. The resolution for adoption will be the approval of the appointment of KPMG R.G. Manabat & Co. as the Company's external auditor for 2025.

## **9) Other Matters**

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

## **10) Adjournment**

## **PROFILES OF THE BOARD OF DIRECTORS**

**Edgar J. Sia II**, age 48, is the Chairman and Chief Executive Officer of MM from 2019 to present and has been a director of MM since incorporation to present. He is the Founder of Mang Inasal and Co-Founder, Chairman and Chief Executive Officer of DD from 2012 to present and Chairman and Chief Executive Officer of III from 2007 to present. Mr. Sia took up Bachelors of Science in Architecture at the University of San Agustin and the same university in 2011 conferred him an Honorary Doctorate Degree – Major in Management.

**Ferdinand J. Sia**, age 46, is the President and Chief Operating Officer of MM from 2019 to present and has been a director of MM since incorporation to present. He is currently the President and Chief Operating Officer of DD since 2012 to present and III since 2007 to present. He previously served as Director and President of Mang Inasal from 2007 to 2012. He graduated from the Arellano University School of Law.

**Marriana H. Yulo-Luccini**, age 42, is the Chief Financial Officer and Chief Investment Officer of MM from 2020 to present and has been a director of MM from 2020 to present. She also serves as Chief Investment Officer of DD from 2015 to present. She was previously Chief Financial Officer of Alphaland Corporation and Group Chief Financial Officer of PhilWeb Corporation, ISM Communications Corporation, and Atok Big-Wedge Co. Inc. from 2011 to 2014. She graduated in Business Administration – Major in Management at Palawan State University and has a Masters in Business Administration Degree from the University of St. La Salle.

**Gary P. Cheng**, age 60, is an Independent Director of MM from 2020 to present. He is currently the Managing Director and Co-Founder of Fortman Cline Capital Markets Limited from 2007 to present. Dr. Cheng also serves as Independent Director of DD from 2013 to present. Dr. Cheng served as the former President/CEO of Amalgamated Investment Bancorporation from 2003 to 2018 and former Vice President of Investment Banking at J.P. Morgan from 1993 to 2002. Dr. Cheng obtained his doctorate in Philosophy from the University of Leeds, England.

**Atty. Victoria R. Tamayao**, age 66, is an Independent Director of MM from 2020 to present. She is the Senior and Managing Partner of Tamayao & Affiliates, Attorneys-at-Law from 2006 to present and is the Chairman and President of Glory Facilities and Development Inc. from 2019 to present. She obtained her Bachelor of Laws and Bachelors of Science in Business Economics degrees from the University of the Philippines, Diliman.

**Atty. Jacqueline Ann Marie O. Gomez**, age 42, is the Corporate Secretary and director of MM from 2020 to present. She joined III in 2014 to present and was previously an associate at Falgui Law Office from 2009 to 2013. She graduated cum laude from the University of the Philippines – Diliman with an Economics degree and obtained Juris Doctor Degree from the same university in 2008. Atty Gomez was admitted to the Philippine Bar in 2009.

**Jose Roelph E. Desales**, age 45, is the Assistant Corporate Secretary and director of MM from 2020 to present. He joined III in 2014 to present and was previously with VXI Global Holdings B.V. (Philippines) as Associate Director for Finance from 2010 to 2012. He graduated Bachelor

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

#### **ADVISER TO THE BOARD**

**Ret. Chief Justice Artemio V. Panganiban**, age 88, Filipino, is a retired Chief Justice of the Supreme Court of the Republic of the Philippines. He sits as an independent director of several listed companies including Meralco, Petron Corporation, First Philippine Holdings Corp., Philippine Long Distance Telephone Company (PLDT), Metro Pacific Investment Corp., and GMA Network, Inc., among others.

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

**A. GENERAL INFORMATION**

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

Date:	<b>December 19, 2025</b>
Time:	<b>5:30 PM</b>
Place	<b>MerryMart Headquarters, 9<sup>th</sup> Floor, Tower 1, DoubleDragon Plaza, DD Meridian Park, Corner Macapagal Avenue and EDSA Extension, Bay Area, Pasay City, Metro Manila 1302. Through remote communication via Zoom. The link will be provided at least three (3) days prior to the meeting.</b>
Mailing Address:	<b>MerryMart Headquarters, 9<sup>th</sup> Floor, Tower 1, DoubleDragon Plaza, DD Meridian Park, Corner Macapagal Avenue and EDSA Extension, Bay Area, Pasay City, Metro Manila 1302</b>

Copies of this Information Statement will be sent on or around November 28, 2025 to all stockholders of as of November 27, 2025. A copy of the Information Statement can be downloaded from the Company's website at <http://www.merrymart.com.ph/home>.

Stockholders who cannot join the Meeting may accomplish the attached Proxy Form and submit the same, through email at [corporatesecretary@merrymart.com.ph](mailto:corporatesecretary@merrymart.com.ph), on or before 6:00PM of December 9, 2025 Voting procedures are contained in Annex A to this Information Statement. Cumulative voting is allowed. In that regard, kindly refer to Item 4 for an explanation on cumulative voting.

**Item 2. Dissenters' Right of Appraisal**

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

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

- 1) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences

in any respect superior to those outstanding shares of any class, or of extending or shortening the term of the corporate existence;

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

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

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

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

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

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

### **Item 4. Voting Securities and Principal Holders Thereof**

<i>As of September 30, 2025</i>			
<i>Issued Shares</i>	<b>Shares Allowed To Foreigners (100% equity)</b>	<b>Shares Owned By Foreigners (.48%)</b>	<b>Shares Owned By Filipinos (99.52%)</b>
<b>7,594,936,709</b>	<b>7,594,936,709</b>	<b>36,432,582</b>	<b>7,558,504,127</b>

As of September 30, 2025, there were 7,594,936,709 outstanding common shares of stock of the Company which are entitled to vote. Each common share of stock of the Company is entitled to one (1) vote.

Only holders of the Company's common stock as of the close of business on November 27, 2025 are entitled to notice and to vote at the Meeting to be held on December 19, 2025.

## **RECORD DATE**

All common stockholders of record as of November 27, 2025 are entitled to notice of and to vote at the Meeting.

## **MANNER OF VOTING AND ELECTION OF DIRECTORS (Cumulative Voting)**

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

The shareholder holding a Voting Share may vote in absentia or by proxy. If he chooses to vote through proxy, the Company's By-Laws requires the submission of a Proxy Form to the Corporate Secretary no later than 6:00 P.M. on December 9, 2025 thorough email at [corporatesecretary@merrymart.com.ph](mailto:corporatesecretary@merrymart.com.ph)

Validation of proxies, chaired by the Corporate Secretary or by the Assistant Corporate Secretary, and attended by the Company's stock and transfer agent and the external auditors, shall be convened on December 12, 2025 at the MerryMart Headquarters, 9<sup>th</sup> Floor, Tower 1, DoubleDragon Plaza, DD Meridian Park, Corner Macapagal Avenue and EDSA Extension, Bay Area, Pasay City, Metro Manila. Any questions and issues relating to the validity and sufficiency, both as to form and substance, of proxies shall only be resolved by the Corporate Secretary or Assistant Corporate Secretary at that forum. The Corporate Secretary or Assistant Corporate Secretary's decision shall be final and binding on the stockholders, and those not settled at such forum shall be deemed waived and may no longer be raised during the Meeting.

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

## **SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

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

**Security Ownership of Certain Record and Beneficial Owners of more than 5% of the Company's voting securities as of September 30, 2025**

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

As of September 30, 2025, foreign shareholders owned 0.48% of the Common Shares of the Company.

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

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

**SECURITY OWNERSHIP OF MANAGEMENT  
(As of September 30, 2025)**

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

The following table sets forth security ownership of the Company's Directors, and Officers, as of September 30, 2025

				<b>Amount and Nature of Beneficial Ownership</b>	
--	--	--	--	--	--

Title of Class	Name of Record Owner	Position	Citizenship	Shares		Percentage of Ownership
				Direct	Indirect	
Common	Edgar J. Sia II	Director	Filipino	838,000	3,299,994,497 <sup>1</sup>	43.46%
Common	Ferdinand J. Sia	Director	Filipino	276,000	1,799,996,998 <sup>2</sup>	23.70%
Common	Marriana H. Yulo-Luccini	Director	Filipino	1	10,500,000	0.14%
Common	Atty. Jacqueline Ann Marie O. Gomez	Director & Corporate Secretary	Filipino	1	2,000,000	0.03%
Common	Jose Roelph E. Desales	Director & Asst. Corporate Secretary	Filipino	1	725,000	0.01%
Common	Atty. Victoria R. Tamayao	Independent Director	Filipino	1		0.00%
Common	Gary P. Cheng	Independent Director	Filipino	1	500,000	0.01%
Common	Shella A. Sia	Treasurer & EVP	Filipino	0	0	0.00%
Common	Rizza Marie Joy S. Javelona	Comptroller	Filipino	2,000	899,998,499 <sup>3</sup>	11.85%
Common	Ma. Mercedes L. Taleon	Chief Development Officer	Filipino	0	150,000	0.01%
Common	Maribel N. Sibayan	COO	Filipino	0	600,000	0.01%

The aggregate number of common shares for all directors and officers is 6,015,580,999.

## CHANGES IN CONTROL

<sup>1</sup> Through Injap Investments Inc.

<sup>2</sup> Through Injap Investments Inc.

<sup>3</sup> Through Injap Investments Inc



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

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

#### **Item 5. Directors and Executive Officers**

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

<b><u>Office</u></b>	<b><u>Name</u></b>	<b><u>Age</u></b>	<b><u>Citizenship</u></b>
Chairman	Edgar J. Sia II	48	Filipino
Director and President	Ferdinand J. Sia	46	Filipino
Director and CFO	Marriana H. Yulo-Luccini	42	Filipino
Independent Director	Gary P. Cheng	60	Filipino
Independent Director	Atty. Victoria R. Tamayao	66	Filipino
Director and Corp. Secretary	Atty. Jacqueline Ann Marie Gomez	42	Filipino
Director and Asst. Corp. Secretary	Jose Roelph E. Desales	46	Filipino
Adviser to the Board	Chief Justice Artemio V. Panganiban	88	Filipino

#### **BOARD OF DIRECTORS**

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

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

**Edgar J. Sia II**, age 48, Filipino, is the Chairman and Chief Executive Officer of Injap Investments Inc., MerryMart Consumer Corp. and MerryMart Grocery Centers Inc. Mr. Sia II is also the Founder of Mang Inasal Philippines, Inc. and various other companies. He has served as the Chairman of DoubleDragon Properties Corp. since 2009. He obtained his Doctorate Degree from the University of San Agustin Honoris Causa Major in Management in 2012.

**Ferdinand J. Sia**, age 46, Filipino, is the President and Chief Operating Officer of Injap Investments Inc. and MerryMart Consumer Corp. He also served as a Director of Mang Inasal Philippines, Inc. from 2006-2016. He has served as a Director and President of DoubleDragon Properties Corp. since 2009. He graduated from the University of the Philippines Visayas with a degree in Bachelor of Arts in Political Science and took up law in Arellano University School of Law.

**Marriana H. Yulo-Luccini**, age 42, is the Chief Financial Officer and Chief Investment Officer of MM from 2020 to present and has been a director of MM from 2020 to present. She also serves as Chief Investment Officer of DD from 2015 to present. She was previously Chief

Financial Officer of Alphaland Corporation and Group Chief Financial Officer of PhilWeb Corporation, ISM Communications Corporation, and Atok Big-Wedge Co. Inc. from 2011 to 2014. She graduated in Business Administration – Major in Management at Palawan State University and has a Masters in Business Administration Degree from the University of St. La Salle.

**Gary P. Cheng**, age 60, is an Independent Director of MM from 2020 to present. He is currently the Managing Director and Co-Founder of Fortman Cline Capital Markets Limited from 2007 to present. Dr. Cheng also serves as Independent Director of DD from 2013 to present. Dr. Cheng served as the former President/CEO of Amalgamated Investment Bancorporation from 2003 to 2018 and former Vice President of Investment Banking at J.P. Morgan from 1993 to 2002. Dr. Cheng obtained his doctorate in Philosophy from the University of Leeds, England.

**Atty. Victoria R. Tamayao**, age 66, is an Independent Director of MM from 2020 to present. She is the Senior and Managing Partner of Tamayao & Affiliates, Attorneys-at-Law from 2006 to present and is the Chairman and President of Glory Facilities and Development Inc. from 2019 to present. She obtained her Bachelor of Laws and Bachelors of Science in Business Economics degrees from the University of the Philippines, Diliman.

**Atty. Jacqueline Ann Marie O. Gomez**, age 42, is the Corporate Secretary and director of MM from 2020 to present. She joined III in 2014 to present and was previously an associate at Falgui Law Office from 2009 to 2013. She graduated cum laude from the University of the Philippines – Diliman with an Economics degree and obtained Juris Doctor Degree from the same university in 2008. Atty Gomez was admitted to the Philippine Bar in 2009.

**Jose Roelph E. Desales**, age 46 is the Assistant Corporate Secretary and director of MM from 2020 to present. He joined III in 2014 to present and was previously with VXI Global Holdings B.V. (Philippines) as Associate Director for Finance from 2010 to 2012. He graduated Bachelor of Science in Accountancy at the University of the Philippines in the Visayas and is a Certified Public Accountant.

## ADVISERS TO THE BOARD

**Chief Justice Artemio V. Panganiban**, age 88, Filipino, is a retired Chief Justice of the Supreme Court of the Republic of the Philippines. He sits as an independent director of several listed companies including Meralco, Petron Corporation, First Philippine Holdings Corp., Philippine Long Distance Telephone Company (PLDT), Metro Pacific Investment Corp., and GMA Network, Inc., among others.

Other directorships and affiliations are:

Listed Companies

Independent Director	Asian Terminals, Inc.
Independent Director	First Philippine Holdings Corp.
Independent Director	GMA Network, Inc.
Independent Director	GMA Holdings, Inc.
Independent Director	MERALCO
Independent Director	Metro Pacific Investment Corp.
Independent Director	Petron Corporation

Independent Director  
Independent Director  
Senior Adviser  
Member, Advisory Council

Philippine Long Distance Telephone Company  
Robinsons Land Corp.  
Metropolitan Bank and Trust Company  
Bank of the Philippine Islands

Non-listed Companies

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

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

Trustee

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

Adviser

Asian Institute of Management Corporate  
Governance Center, World Bank (Philippines)  
and  
Johann Strauss Society, DoubleDragon Properties  
Corp.

Consultant

Judicial and Bar Council

Member

Permanent Court of Arbitration, The Hague,  
Netherlands

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

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

## PERIOD OF DIRECTORSHIP

Name

**Edgar J. Sia II**

**Ferdinand J. Sia**

**Marriana H. Yulo**

**Atty. Victoria R. Tamayao**

Period Served

2009 to present

2009 to present

2020 to present

2020 to present

<i>Gary P. Cheng</i>	2020 to present
<i>Atty. Jacqueline O. Gomez</i>	2020 to present
<i>Jose Roelph E. Desales</i>	2020 to present

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

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

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

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

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

## **ATTENDANCE IN MEETINGS**

**There was complete attendance of all the directors in the Regular/Special meetings of the Board and the Annual Stockholders' Meetings.**

## **APPRAISAL AND PERFORMANCE REPORTS**

MerryMart Consumer Corp. advocates for compliance with the SEC Memorandum Circular No. 19 Series of 2016 (Code of Corporate Governance for Publicly-Listed Companies) and further uses and embodies the principles and of corporate governance in its Manual of Corporate Governance and any update.

The Company has submitted its yearly Integrated Annual Corporat Governance Report (I-ACGR) for the years ended December 31, 2024 on May 30, 2024.

The I-ACGR evaluates and discusses the compliance and future recommended steps of the company yearly, towards good corporate governance. The Board of Directors, Board Committees, Officers and individual members conduct assessments and recommendatory processes identifying factors for improvements.

Following the recommendation in the I-ACGR, the assessments include:

1. Collective Board Assessment
  - a. Composition
  - b. Attendance and Participation
2. Individual Self-Assessment
  - a. Individual Performance
  - b. Attendance of Board and Committee Meetings
3. Board Committees Rating
  - a. Executive Committee
  - b. Corporate Governance Committee
  - c. Audit Committee
  - d. Compensation Committee
  - e. Nomination Committee

## **SIGNIFICANT EMPLOYEES**

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

## **FAMILY RELATIONSHIPS**

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

## **INVOLVEMENT IN LEGAL PROCEEDINGS OUT OF THE ORDINARY COURSE OF BUSINESS**

Neither the Company nor any of its subsidiaries are involved in, or the subject of, any legal proceedings which, if determined adversely to the Company or the relevant subsidiary's interests, would have a material effect on the business or financial position of the Company or any of its subsidiaries.

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

As of December 31, 2024, there is no existing serious question relating to the ability or integrity of any of the Company's Directors and Corporate Officers to serve as such for the past five years.

## **LEGAL PROCEEDINGS**

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

## **CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

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

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

### **Item 6. Compensation of Directors and Executive Officers**

For each of the years ended December 31, 2024, 2023 and 2022 the total salaries and allowances and bonuses paid to top five (5) officers and all other officers of the Company as a group:

<b>Name &amp; Position</b>	<b>Year</b>	<b>Salary, Bonus and Other Benefits</b>
Edgar J. Sia II Ferdinand J. Sia Rizza Marie Joy S. Javelona	FY 2024	₱3,600,000
	FY 2023	₱3,600,000
	FY 2022	₱3,475,000

Shella A. Sia Marriana H. Yulo-Luccini		
Other Officers	FY 2024	₱2,445,000
Aggregate compensation paid to all officers as a group	FY 2023	₱2,208,687
	FY 2022	₱2,093,687

### ***Compensation of Directors***

Directors of the Board receives a standard per diem for attendance in Board meetings. For the years ended December 31, 2024, 2023 and 2022, total directors fee amounts to ₱1,080,000, ₱1,080,000 and ₱1,080,000, respectively. There are no other existing arrangements/agreements under which directors are to be compensated during the last completed fiscal year and the ensuing year.

### ***Standard Arrangements***

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

### ***Other Arrangements***

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

### **Item 7. Independent Public Accountant**

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

The following are the External Audit Fees paid to KPMG for its services, particularly for the audit of the financial statements for the year 2024 and 2023, to the Company as well as to its subsidiaries.

**2023**

**2024**

		(P)
Audit and Audit-Related Fees	5,570,000	6,280,250
All Other Fees	793,500	942,038
Tax Fees	-	-
Total	<u>6,363,500</u>	<u>7,222,288</u>

#### **All Other Fees**

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

#### **Tax Fees**

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

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

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

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

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

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

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

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

#### **Item 8. Employee Compensation Plans**

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



## **C. ISSUANCE AND EXCHANGE OF SECURITIES**

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

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

### **Item 10. Modification or Exchange of Securities**

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

### **Item 11. Financial and Other Information**

The Company's audited consolidated financial statements for the year ended December 31, 2024, the audited separate financial statements and market information are attached herein as **Annexes D - D3** and are incorporated by reference.

The resolution for adoption will be the approval of the audited consolidated financial statements for the year ended December 31, 2024.

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

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

- 1) The merger or consolidation of the Company into or with any other person, or of any other person into or with the Company.
- 2) Acquisition by the Company or of its shareholders of the securities of another person.
- 3) Acquisition by the Company of any other going business or of the assets thereof.
- 4) Sale or transfer of all or substantially all of the Company's assets.
- 5) Liquidation or the dissolution of the Company.

### **Item 13. Acquisition or Disposition of Property**

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

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

### **Item 14. Restatement of Account**

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

## **D. OTHER MATTERS**

### **Item 15. Action with Respect to Reports**

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

#### **1) Reading and Approval of the Previous Minutes.**

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

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

#### **2) Management Reports**

The Company's Management Report will be submitted for approval by the stockholders. A copy of the Management Report is attached to this Information Statement as **Annex D-1**.

The resolution for adoption will be the approval of the Management Report for the year ended December 31, 2024.

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

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

1. Application for Permits, Licenses, Clearances, Accreditations, and Registrations for Properties;
2. Opening, Updating and Maintenance of Bank Accounts and other Bank Transactions;
3. Property Acquisitions, Leases and Joint Ventures;
4. Appointment of Representatives in Various Proceedings;
5. Approval of authority to enter into any contract necessary for the operation of the Company and the designation of signatories; and
6. Entry into multi-year lease contract with Lessors

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

### **Item 16. Matters not Required to be Submitted**

There is no action to be taken with respect to any matter which is required to be submitted to a vote of the stockholders. Ratification of the acts of the Board, corporate officers and management as of September 30, 2025 refers only to acts done in the ordinary course of business and operations of the Company. Ratification is being sought for the purpose of transparency. Below is a summary of board meetings and board resolutions approved by the Board of Directors as of September 30, 2025:

1. Application for Permits, Licenses, Clearances, Accreditations, and Registrations for Properties;
2. Opening, Updating and Maintenance of Bank Accounts and other Bank Transactions;
3. Property Acquisitions, Leases and Joint Ventures;
4. Appointment of Representatives in Various Proceedings;
5. Approval of authority to enter into any contract necessary for the operation of the Company and the designation of signatories; and
6. Entry into multi-year lease contract with Lessors

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

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

#### **Item 18. Other Proposed Action**

Other than those presented in the Items above, there are no other proposed actions to be presented at the Meeting for the stockholders' approval.

#### **Item 19. Voting Procedures**

Stockholders as of the November 27, 2025 may participate and vote in absentia. Registration of the stockholders and proxies attending the Meeting will be from 9:00 am December 2, 2025 to 6:00PM December 9, 2025. See **Annex A** of this Information Statement for the Procedures and Requirements for Voting and Participation in the 2025 Annual Stockholder's Meeting.

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

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

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

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

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

**MerryMart Consumer Corp.**

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

Attention: Atty. Jacqueline Ann Marie Gomez

**PART II**

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

**PROXY FORM**

**STOCKHOLDER'S NAME:** \_\_\_\_\_ **NO. OF SHARES:** \_\_\_\_\_

The undersigned stockholder of **MerryMart Consumer Corp.** (the "**Company**") hereby appoints **Mr. Ferdinand J. Sia**, or in his absence, the Chairman of the Meeting, as attorney and proxy, with full powers of substitution, to represent and vote all shares registered in the name of the undersigned stockholder at the Annual Stockholders' Meeting of the Company to be held by remote communication via Zoom on December 19, 2025 at 5:30 PM, and at any of the adjournments thereof for the purpose of acting on the following matters:

<b>(a) Approval of the minutes of the previous meeting:</b>  <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> ABSTAIN	
<b>(b) Approval of the 2024 Audited Financial Statements and the 2024 Annual Report</b>  <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> ABSTAIN	<b>(c) Ratification of the actions of the Board of Directors and Officers</b>  <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> ABSTAIN
<b>(d) Election of Directors</b>  <input type="checkbox"/> VOTE FOR ALL NOMINEES LISTED BELOW  Edgar J. Sia II Ferdinand J. Sia Marriana H. Yulo-Luccini Atty. Victoria R. Tamayao Gary P. Cheng Atty. Jacqueline Ann Marie O. Gomez Jose Roelph E. Desales	

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

THIS PROXY FORM SHOULD BE SENT BY EMAIL TO [corporatesecretary@merrymart.com.ph](mailto:corporatesecretary@merrymart.com.ph) ON OR BEFORE 6:00 PM OF December 9, 2025.

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

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

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER ATTENDS THE MEETING IN PERSON AND EXPRESSES HIS INTENTION TO VOTE IN PERSON. THE PROXY SHALL BE VALID FOR

FIVE (5) YEARS FROM THE DATE HEREOF UNLESS OTHERWISE INDICATED IN THE BOX HEREIN PROVIDED.

--

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


**WE ARE NOT SOLICITING THIS PROXY. NO SHAREHOLDER IS REQUIRED TO SUBMIT THIS PROXY.**

**PART III**  
**SIGNATURE PAGE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasay on November 27, 2025.

*Registrant*  
**MERRYMART CONSUMER CORP.**

By:

  
\_\_\_\_\_  
**Jacqueline Ann Marie Gomez**  
*Corporate Secretary*

## **ANNEX A**

# **PROCEDURES AND REQUIREMENTS FOR PARTICIPATION AND VOTING IN THE 2025 ANNUAL STOCKHOLDERS' MEETING**





## **PROCEDURES AND REQUIREMENTS FOR PARTICIPATION AND VOTING IN THE 2025 ANNUAL STOCKHOLDER'S MEETING**

To ensure the safety of our stockholders during these times of pandemic crisis and in compliance with the guidelines of the government on social distancing and prohibition on mass gatherings, MERRYMART CONSUMER CORP. (the "Corporation") will conduct the 2025 Annual Shareholders' Meeting ("ASM") scheduled on December 19, 2025, 5:30 PM by remote communication and will conduct voting in absentia or by proxy.

Only stockholders of record as of November 27, 2025 are entitled to participate and vote in the 2025 ASM.

The Corporation has adopted the following procedures and requirements to enable its stockholders to register, participate and vote in the 2025 ASM.

### **I. ONLINE REGISTRATION STEPS AND REQUIREMENTS**

- A. Stockholders may register from 9:00 AM December 2, 2025 to 6:00 PM of December 9, 2025 to signify his/her/its intention to participate in the 2025 ASM by remote communication. The registration steps and requirements are available under company disclosures in the Company's website <http://www.merrymart.com.ph/ASM2025>
- B. To register, stockholder shall submit the following requirements to the Office of the Corporate Secretary via email at [corporatesecretary@merrymart.com.ph](mailto:corporatesecretary@merrymart.com.ph).

#### **B.1 For Individual Stockholders -**

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

#### **B.2 For Stockholders with Joint Accounts -**

- (i) Authorization letter signed by all stockholders indicating the name of the person authorized to cast the votes;
- (ii) Scanned copy of the stock certificate issued in the name of the joint stockholders;
- (iii) Valid email address and active contact number of the authorized stockholder; and
- (iv) Scanned copy of valid government-issued identification card of the authorized stockholder.

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

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

B.4 For Corporate Stockholders -

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

**II. ELECTRONIC VOTING IN ABSENTIA**

- A. Duly registered stockholders have the option to vote for the matters contained in the agenda for the 2025 ASM through electronic voting in absentia. The deadline for registration is 6:00 PM of December 9, 2025. Beyond this date, stockholders may no longer avail of the option to vote in absentia.
- B. After verification, the Company shall send a ballot to the registered stockholder through his/her/its email address which shall contain all the agenda items for approval as indicated in the Notice of Meeting and the registered stockholder may vote as follows:
  - (1) For items other than Election of Directors, the registered stockholder has the option to vote: In Favor of, Against or Abstain. The vote is considered cast for all the registered stockholder's share.
  - (2) For the election of Directors, the registered stockholder may vote for all nominees, not for any of the nominees, or vote for some nominees only, in such number of shares as preferred by the stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected. The total number of votes the stockholder is allowed to cast shall be based on the number of shares he/she or it owns.
  - (3) Once voting on the agenda items is finished, the stockholder can proceed to submit the accomplished ballot via email to [corporatesecretary@merrymart.com.ph](mailto:corporatesecretary@merrymart.com.ph).
  - (4) After the ballot has been submitted, the stockholder may no longer change his/her vote. The stockholder will receive a confirmation email that his/her vote has been recorded.

- C. The Office of the Corporate Secretary shall tabulate all valid and confirmed votes cast through electronic voting; together with the votes through proxies, subject to validation by representatives of the Company's external auditors.
- D. Registered stockholders shall have until 6:00 PM of December 9, 2025 to cast their votes in absentia.
- E. Stockholders will not be allowed to cast votes during the proceedings of the 2025 ASM.

### **III. VOTING BY PROXY**

- A. For individual stockholders holding certificated shares of the Company – Download the proxy form that is available at <http://www.merrymart.com.ph/ASM2025>.
- B. For stockholders holding 'scripless' shares or shares held under PCD Participant/Broker – Download the proxy form that is available at <http://www.merrymart.com.ph/ASM2025>. Stockholders are advised to coordinate with their brokers first for the execution of this type of proxy.
- C. For corporate stockholders – Download the proxy form that is available at <http://www.merrymart.com.ph/ASM2025>. A copy of the duly signed and notarized Secretary's Certificate must be submitted together with the proxy form.

#### **D. GENERAL INSTRUCTION ON VOTING BY PROXY:**

- (1) Download and fill up the appropriate proxy form. Follow the instructions on how to cumulate or allocate votes in the election of directors.
- (2) Send the scanned copy of the duly executed proxy form via email to [corporatesecretary@merrymart.com.ph](mailto:corporatesecretary@merrymart.com.ph) or submit the original proxy form to the Office of the Corporate Secretary c/o Atty. Jacqueline Ann Marie Gomez. at MerryMart Headquarters 9<sup>th</sup> Floor Tower 1 DoubleDragon Plaza, Macapagal corner EDSA Ext Avenues Pasay City 1302.
- (3) Deadline for the submission of proxies is at 6:00 PM of December 9, 2025
- (4) Validation of proxies will be on December 12, 2025.
- (5) If a stockholder avails the option to cast his/her vote in absentia and also issues proxy votes with differing instructions, the duly accomplished ballots sent through email shall replace the proxy votes issued by the stockholder.

### **IV. PARTICIPATION BY REMOTE COMMUNICATION**

- A. Only duly registered stockholders will be included in determining the existence of a quorum.
- B. Duly registered stockholder may send their question and/or comments prior to the ASM through email at [asm2025@merrymart.com.ph](mailto:asm2025@merrymart.com.ph). The deadline for submitting questions shall be at 6:00 PM of December 9, 2025
- C. The proceedings during the 2025 ASM will be recorded.

For any clarifications, please contact the Office of the Corporate Secretary via email at [corporatesecretary@merrymart.com.ph](mailto:corporatesecretary@merrymart.com.ph).

## **ANNEX B**

### **MINUTES OF THE 2024 ANNUAL STOCKHOLDERS' MEETING**

**MINUTES OF THE VIRTUAL ANNUAL MEETING OF  
THE STOCKHOLDERS OF**

**MERRYMART CONSUMER CORP.  
("Corporation")**

**On December 16, 2024 3:30 PM**

<b>STOCKHOLDERS PRESENT:</b>	<b>No. of Outstanding and Voting Shares 6,002,011,998</b>	<b>Percentage 79.026%</b>
------------------------------	---	-------------------------------

**DIRECTORS PRESENT:**

EDGAR J. SIA II  
FERDINAND J. SIA  
MARRIANA H. YULO  
JOSE ROELPH E. DESALES  
GARY P. CHENG  
VICTORIA R. TAMAYAO  
JACQUELINE ANN MARIE O. GOMEZ

**I. CALL TO ORDER**

The Chairman, Mr. Edgar J. Sia II, called the meeting to order and presided over the same.

The Corporate Secretary, Atty. Jacqueline Gomez , recorded the minutes of the meeting. Marriana H. Yulo-Luccini, Chief Financial Officer, was designated the host of the virtual meeting.

The Chairman announced the precautionary measures in the event of an internet connectivity issue be encountered by him and/or other Directors in charge of this virtual meeting.

**II. CERTIFICATION ON NOTICE AND DETERMINATION OF QUORUM**

The Corporate Secretary reported that the notice of the meeting, together with copies of the Information Statement and the Audited and Interim Financial Statements of the Company, were posted on the Company's website and disclosed through PSE EDGE. The notice of meeting was published in the business sections of the Manila Bulletin and The

Manila Times, on 26 and 27 November 2024 both online and in print, in accordance with the requirements of SEC Notice dated February 16, 2022.

The Corporate Secretary, with the assistance of the PNB Trust Banking Group, the Stock and Transfer Agent of the Company, certified that there being present at the virtual meeting, in person or by proxy, stockholders representing Six Billion Two Million Eleven Thousand Nine Hundred Ninety Eight (6,002,011,998 )shares or 79.026% of the outstanding shares, which constitute more than majority of the total issued an outstanding common shares, a quorum was present for the transaction of business.

### **III. APPROVAL OF THE MINUTES OF THE PREVIOUS STOCKHOLDERS' MEETING**

The Corporate Secretary certified that an electronic copy of the minutes of the previous Stockholders meeting was made available on the Company's website.

The minutes of the Annual Stockholders' Meeting held on December 16, 2024 were approved by at least a majority of the stockholders or total voting shares in a meeting based on the following tabulation of votes:

	For	Against	Abstain
No of shares voted	6,002,011,998	-	-
Percentage based on shares present at the meeting	100%	-	-

“**RESOLVED**, that the minutes of the Annual Stockholders' Meeting held on December 16, 2024 was unanimously adopted and approved.”

### **IV. COMPANY UPDATES AND REPORT**

The Chairman called the Corporations' Chief Financial Officer to present the pre-recorded report on the highlights and achievements of MerryMart Consumer Corp for the year 2023-2024. Upon motion duly made and seconded, the Company's updates and report was duly noted.

### **V. APPROVAL OF THE 2023 AUDITED FINANCIAL STATEMENTS AND 2023 ANNUAL REPORT**

The Chairman sought the approval of the stockholders of the Audited Financial Statements for the year ended December 31, 2023 and the 2023 Annual Report. The 2023 Audited Financial Statements and the 2023 Annual Report were annexed to and made part of the Definitive Information Statement, which was posted in the Company's website

and disclosed through PSE EDGE.

The 2023 Audited Financial Statements and 2023 Annual Report were approved by at least a majority of the stockholders or total voting shares in the meeting based on the following tabulation of votes:

	For	Against	Abstain
No of shares voted	6,002,011,998	-	-
Percentage based on shares present at the meeting	100%	-	-

**“RESOLVED**, that the stockholders of MerryMart Consumer Corp.. hereby approve the Annual Report for the year 2023 and the Audited Financial Statements for the year ended December 31, 2023.”

#### **VI. RATIFICATION OF THE ACTIONS OF THE BOARD OF DIRECTORS AND MANAGEMENT**

The Chairman then sought the ratification by the stockholders of all the actions taken by the Board of Directors and Management of the Corporation for the period from its last shareholders’ meeting on December 15, 2023 up to this date.

A Summary of the actions to be ratified was included in the Definitive Information Statement.

The Actions of the Board of Directors and Management were approved by at least a majority of the stockholders or total voting shares in the meeting based on the following tabulation of votes:

	For	Against	Abstain
No of shares voted	6,002,011,998	-	-
Percentage based on shares present at the meeting	100%	-	-

**“RESOLVED**, that the stockholders of MerryMart Consumer Corp. confirm, ratify, and approve all acts done or caused to be done by the Board of Directors and Officers of the Corporation for the period from its last shareholders’ meeting on December 15, 2023 up to this date.”

#### **VII. ELECTION OF MEMBERS OF BOARD OF DIRECTORS**

The meeting proceeded to the election of members of the Board of Directors for the ensuing year 2024-2025. The Chairman informed the body that pursuant to the pertinent



provisions of the By-Laws of the Corporation as well as the guidelines adopted by the Nomination Committee, the following seven (7) members of the Board of Directors were duly nominated for re-election:

EDGAR J. SIA II  
 FERDINAND J. SIA  
 MARRIANA H. YULO  
 JOSE ROELPH E. DESALES  
 JACQUELINE ANN MARIE O. GOMEZ

Gary P. Cheng and Victoria R. Tamayao were duly nominated as independent directors.

There being no other nominations, it was declared that the seven (7) stockholders who were nominated as directors for the ensuing year be declared elected for seven (7) board seats of the Corporation.

Name	For (No. of shares voted and percentage based on shares present at the meeting)	Against (No. of shares voted and percentage based on shares present at the meeting)	Abstain (No. of shares voted and percentage based on shares present at the meeting)
Edgar J. Sia II	6,002,011,998	-	-
Ferdinand J. Sia	6,002,011,998	-	-
Marriana H. Yulo-Luccini	6,002,011,998	-	-
Atty. Victoria R. Tamayao	6,002,011,998	-	-
Gary P. Cheng	6,002,011,998	-	-
Atty Jacqueline Ann Marie O. Gomez	6,002,011,998	-	-
Jose Roelph E. Desales	6,002,011,998	-	-

The following directors were thus elected to serve for the year 2024-2025` and until their successors have been duly elected and qualified:

A. DIRECTORS:  
 EDGAR J. SIA II  
 FERDINAND J. SIA  
 MARRIANA H. YULO

JOSE ROELPH E. DESALES  
JACQUELINE ANN MARIE O. GOMEZ

B. INDEPENDENT DIRECTORS:

GARY P. CHENG  
VICTORIA R. TAMAYAO

The organizational meeting of the newly elected directors shall be held immediately after this meeting.

**VIII. APPOINTMENT OF EXTERNAL AUDITORS**

The next item on the agenda was the appointment of the external auditor of the Corporation. R.G. Manabat & Co., the Philippine member firm of KPMG International, was endorsed by the Audit Committee as the independent external auditor of DoubleDragon Properties Corp., to examine the books of the Corporation for the year ended December 31, 2024.

The appointment of R.G. Manabat and Co., the Philippine member firm of KPMG International was approved by at least a majority of the stockholders or total voting shares in the meeting based on the following tabulation of votes:

	For	Against	Abstain
No of shares voted	6,002,011,998	-	-
Percentage based on shares present	100%	-	-

**“RESOLVED**, that the stockholders of MerryMart Consumer Corp. approve the appointment of the firm of KPMG R.G. Manabat & Co. as independent external auditors of the Corporation, to examine the books of the Corporation for the year ended December 31, 2024.”

**IX. ADJOURNMENT**

As provided for in the Procedures for Participating in the 2024 Stockholders Meeting annexed to the Information Statement and posted on the Company's website, Stockholders were given the opportunity to ask questions by sending their questions through email at [asm2024@merrymart.com.ph](mailto:asm2024@merrymart.com.ph) on or before 6:00 PM of December 9, 2024.

The Company did not receive any questions from the stockholders.

There being no further business to transact, the meeting was thereupon adjourned.

BY:

**(sgd) JACQUELINE ANN MARIE O. GOMEZ**  
Corporate Secretary

## **ANNEX C**

### **CERTIFICATIONS OF THE INDEPENDENT DIRECTORS AND CORPORATE SECRETARY**

## CERTIFICATION OF INDEPENDENT DIRECTOR

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

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


Company/Organization	Position/Relationship	Period of Service
1. Fortman Cline Capital Markets Limited	Co-Founder and Managing Director	February 2007 - Present
2. Institute of Corporate Directors	Fellow	July 2004 - Present
3. British Alumni Association	Member	2004 - Present
4. Peregrine Eye and Laser Institute	Board Director	May 2012 - Present
5. DoubleDragon Corporation	Independent Director	2014 - Present
6. MerryMart Consumer Corporation	Independent Director	2020 - Present
7. Cheng Ban Yek & Co.	Board Director	May 2024 - Present
8. Hotel 101 Global	Independent Director	June 2025 - Present

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

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of **MerryMart Consumer Corp.** of any changes in the abovementioned information within five days from its occurrence.

*[Signature page follows]*


IN WITNESS WHEREOF, I have hereunto set my hand this NOV 11 2025 in  
PASAY CITY, Philippines.

  
Gary P. Cheng  
Independent Director

SUBSCRIBED AND SWORN to before me this day of NOV 11 2025, affiant  
exhibited to me his/her competent evidence of identity P7178698A issued at DFA  
Manila valid until May 15, 2028.

Doc No.: 65  
Page No.: 14  
Book No.: 6  
Series of 2025.



  
**KRISTINE JOY C. TADENA**  
Notary Public for Pasay City  
Until December 31, 2025  
Commission No. 24-20  
Roll No. 79846

PTR No. 8838066; 01-02-2025  
IBP No. 495517; 01-02-2025  
DoubleDragon Headquarters, 10th Floor, Tower 1,  
DoubleDragon Plaza, DD Meridian Park,  
Corner Macapagal Avenue & EDSA Extension,  
Bay Area, Pasay City



### CERTIFICATION OF INDEPENDENT DIRECTOR

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

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

NAME OF OFFICE	POSITION	PERIOD OF SERVICE
Tamayao & Affiliates, <i>Attorneys-at-Law</i>	Sr. Partner/Managing Partner	Partner, since 22 July 2006
Glory Facilities and Development, Inc.	Chairman and President, Director	Stockholder, since 2019
Glory Philippines, Inc.	Director/Corporate Secretary	Nominee Stockholder, since 1994
Cognizant Technology Solutions Philippines, Inc.	Director/Corporate Secretary	Nominee Stockholder, since 2007
Forest Lake Development, Inc.	Corporate Secretary	Since 2008
Forest Lake San Pedro, Inc.	Corporate Secretary	Since 2008
Forest Lake Manila South, Inc.	Corporate Secretary	Since 2008
Forest Lake Memorial Services Corporation	Corporate Secretary	Since 2019
Forest Lake MCF Corporation	Corporate Secretary	Since 2017
Leisure Farms Tagaytay, Inc.	Corporate Secretary	Since 2008
Vision Express Holdings, Inc.	Corporate Secretary	Since 2007
Alexey Corporation	Corporate Secretary	Since 2009
AB Holdings Corporation	Corporate Secretary	Since 2009
Hotel 101 Global	Independent Director	June 2025 - Present

\*Publicly-listed company

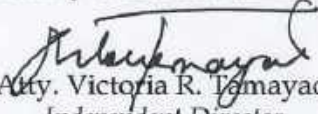
3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **MERRYMART CONSUMER CORP.** as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.



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

*[Signature page follows]*

IN WITNESS WHEREOF, I have hereunto set my hand this NOV 11 2025 in  
PASAY CITY, Philippines.

  
Atty. Victoria R. Tamayao  
Independent Director

SUBSCRIBED AND SWORN TO BEFORE ME this NOV 11 2025 at  
PASAY CITY, affiant exhibiting to me her Passport Identification Number P7676941A  
issued by DFA Manila; valid until 25 June 2028.

Doc No.: 66;  
Page No.: 15;  
Book No.: 6;  
Series of 2025.



  
KRISTINE JOY C. TADENA  
Notary Public - Pasay City  
Until December 31, 2025  
Commission No. 24-20  
Roll No. 79846  
PTR No. 8838066; 01-02-2025  
IBP No. 495517; 01-02-2025  
DoubleDragon Headquarters, 10th Floor, Tower 1,  
DoubleDragon Plaza, DD Meridian Park,  
Corner Macapagal Avenue & EDSA Extension  
Bay Area, Pasay City

REPUBLIC OF THE PHILIPPINES)  
City of PASAY CITY) S.S.

SECRETARY'S CERTIFICATE

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

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

IN WITNESS WHEREOF, I have hereunto set my hand on the date of 13<sup>th</sup> of November 2025 at PASAY CITY City.

ATTY. JACQUELINE ANN MARIE O. GOMEZ  
CORPORATE SECRETARY

SUBSCRIBED AND SWORN TO before me this NOV 13 2025 at the place stated above, affiant exhibiting to me her Passport No.P6783876A issued by the DFA Manila, on April April 16, 2018.

Doc No. 80  
Page No. 17  
Book No. 6  
Series OF 2025



**KRISTINE JOY C. TADENA**  
Notary Public in Pasay City  
Until December 31, 2025  
Commission No. 24-20  
Roll No. 79846

PTR No. 8838066; 01-02-2025  
IBP No. 495517; 01-02-2025  
DoubleDragon Headquarters, 10th Floor, Tower 1,  
DoubleDragon Plaza, DD Meridian Park,  
Corner Macapagal Avenue & EDSA Extension,  
Bay Area, Pasay City

## **ANNEX D – D1**

### **Annex D – ANNUAL REPORT W/AUDITED FINANCIAL STATEMENTS 2024**

# COVER SHEET

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

S.E.C. Registration Number

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

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

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

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

(Company's Full Name)

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

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

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

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

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

Contact Person

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

(02) 8743-1111

Company Telephone Number

1	2
---	---

Month

3	1
---	---

Day

1	7	-	A
---	---	---	---

FORM TYPE

1	2
---	---

Month

1	6
---	---

Day

Annual Meeting

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

Secondary License Type, If Applicable

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

Dept. Requiring this Doc.

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

Amended Articles Number/Section

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

Total No. of Stockholders

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

Domestic

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

Foreign

Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

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

File Number

\_\_\_\_\_

LCU

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

Document I.D.

\_\_\_\_\_

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes.

SEC No. **200930125**

File No. \_\_\_\_\_

**MERRYMART CONSUMER CORP.**

(Company's Full Name)

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

(Company's Address)

**(632) 8743-1111**

(Telephone Number)

**December 31**

(Fiscal Year ending)

**SEC Form 17-A Annual Report**

(Form Type)

**N/A**

Amendment Designation

**December 31, 2024**

Period Ended Date

**N/A**

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

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

1. For the fiscal year ended **December 31, 2024**
2. Commission identification number **CS200930125** 3. BIR Tax Identification No. **281-768-124-000**
4. Exact name of issuer as specified in its charter: **MerryMart Consumer Corp.**
5. Province, country or other jurisdiction of incorporation or organization: **Republic of the Philippines**
6. Industry Classification Code:  (SEC Use Only)
7. Address of issuer's principal office and Postal Code: **DD Meridian Park Bay Area corner Macapagal Avenue and EDSA Extension Boulevard Brgy 76 Zone 10 San Rafael Pasay City 1302**
8. Issuer's telephone number, including area code: **(632) 8743-1111**
9. Former name, former address and former fiscal year, if changed since last report: **N/A**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class

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

**Common Shares**

**7,594,936,709**

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

Yes ☒ No ☐

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

Stock Exchange: **Philippine Stock Exchange**

Securities Listed: **Common Shares**

12. Indicate by check mark whether the registrant:

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

Yes ☒ No ☐ N/A

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

Yes ☒ No ☐ N/A

13. Aggregate market value of the voting stock held by non-affiliates: P947,611,025.40 as of December 31, 2024.

## Table of Contents

<b>PART I</b>	<b>BUSINESS AND GENERAL INFORMATION .....</b>	<b>1</b>
<b>ITEM 1.</b>	<b>BUSINESS .....</b>	<b>1</b>
<b>ITEM 2.</b>	<b>PROPERTIES .....</b>	<b>15</b>
<b>ITEM 3.</b>	<b>LEGAL PROCEEDINGS .....</b>	<b>15</b>
<b>ITEM 4.</b>	<b>SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS .....</b>	<b>16</b>
<b>PART II</b>	<b>OPERATIONAL AND FINANCIAL INFORMATION .....</b>	<b>17</b>
<b>ITEM 5.</b>	<b>MARKET FOR REGISTRANT’S COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS</b>	<b>17</b>
<b>ITEM 6.</b>	<b>MANAGEMENT’S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION .....</b>	<b>20</b>
<b>ITEM 7.</b>	<b>FINANCIAL STATEMENTS .....</b>	<b>40</b>
<b>ITEM 8.</b>	<b>CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS AND FINANCIAL DISCLOSURE .....</b>	<b>40</b>
<b>PART III</b>	<b>CONTROL AND COMPENSATION INFORMATION .....</b>	<b>40</b>
<b>ITEM 9.</b>	<b>DIRECTORS AND EXECUTIVE OFFICERS AND REGISTRANTS .....</b>	<b>40</b>
<b>ITEM 10.</b>	<b>EXECUTIVE COMPENSATION .....</b>	<b>45</b>
<b>ITEM 11.</b>	<b>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT ..</b>	<b>47</b>
<b>ITEM 12.</b>	<b>CERTAIN RELATIONSHIP AND RELATED TRANSACTIONS .....</b>	<b>48</b>
<b>PART IV</b>	<b>CORPORATE GOVERNANCE .....</b>	<b>48</b>
<b>ITEM 13.</b>	<b>CORPORATE GOVERNANCE .....</b>	<b>48</b>
<b>PART V</b>	<b>EXHIBITS AND SCHEDULES .....</b>	<b>49</b>
<b>ITEM 14.</b>	<b>EXHIBITS AND REPORTS ON SEC FORM 17-C .....</b>	<b>49</b>
<b>A</b>	<b>EXHIBITS .....</b>	<b>49</b>
<b>B</b>	<b>REPORTS ON SEC FORM 17-C (CURRENT REPORT) .....</b>	<b>49</b>
	<b>INDEX TO EXHIBITS .....</b>	<b>49</b>
	<b>INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES .....</b>	<b>49</b>
	<b>SIGNATURE .....</b>	<b>49</b>



## **PART I BUSINESS AND GENERAL INFORMATION**

### **ITEM 1. BUSINESS**

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

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

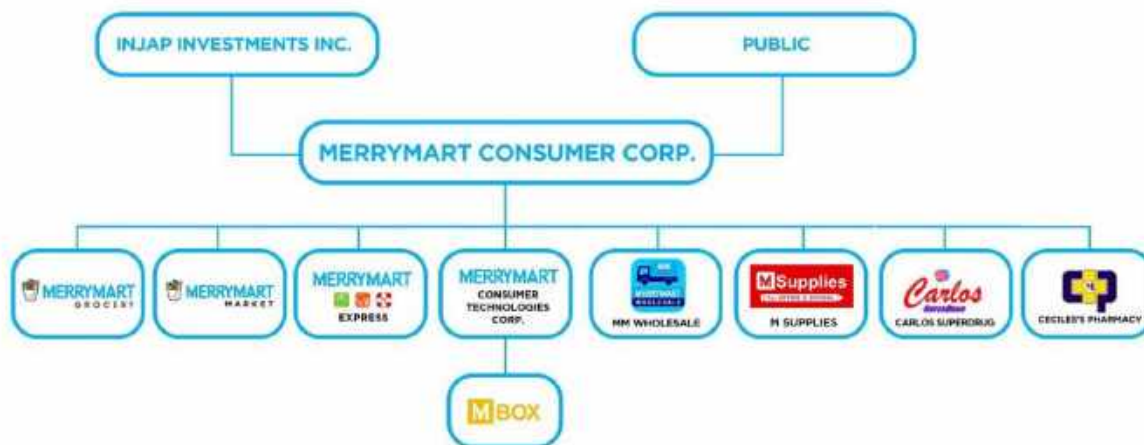
MM was incorporated in 2009. However, the Sia family has long been engaged in the supermarket business. MM opened its first two stores, Injap Supermart TATC and Injap Supermart Burgos Roxas City after its incorporation in 2009. Injap Supermarkets like MerryMart Groceries are full size supermarkets offering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

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

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

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

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



MMGC aims to cover all the grocery retail categories from small, medium, and large grocery retail formats and will have, in particular, three brick and mortar grocery retail formats and an online wholesale format:

#### 1. MerryMart Grocery

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

### Grocery Format



## 2. MerryMart Market

MerryMart Market is a medium format specialized grocery that offers a larger selection of premium and imported grocery items and will feature a large fresh selection of fruits and vegetables, as well as fresh seafood products. MerryMart Market will also offer personal care and pharmaceutical products but will cater to the middle to high-income consumers in central business districts and other urbanized communities. MerryMart Market expansion will only be for company-owned stores due to its specialized nature and distinct target market.



## 3. MerryMart Express

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

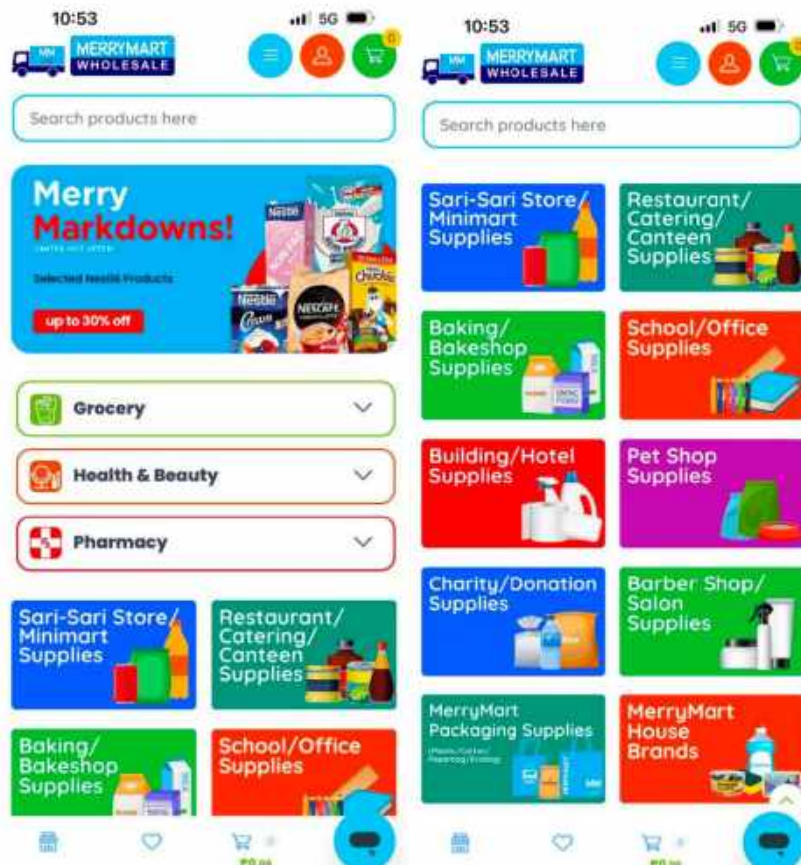


#### 4. MerryMart Wholesale

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



Now with over 150,000+ registered users.





In 2023, MerryMart Wholesale started a project which aids the transformation of Sari-Sari Stores to become a Mini-Mart while purchasing their grocery inventory from the MM Wholesale App.



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

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

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

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

On March 09, 2022 MM signed the agreement with ZC Ramthel Corporation (Cecile's Pharmacy) to acquire 25% stake in the Mindanao based pharmacy chain.

On December 12, 2023, SEC approved the increase in authorized capital stock of Ceciles Pharmacy. On the same date MM increased its ownership in Ceciles Pharmacy to 53.13%.

Cecile's Pharmacy is the biggest pharmacy chain in the city of Zamboanga in Mindanao Region, and the brand has been in operation for 59 years since 1964 with over 300 workforce.

*Map shows the distribution of the MM Group's operational branches as of December 31, 2024*



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

On October 10, 2021, MerryMart soft launched its MM Wholesale Club program. The MM Wholesale Club is open for business or individual memberships and the membership is currently free of charge. Business membership will be suited for sari-sari stores, restaurants, carinderias, minimarts, hotels, offices, canteens, LGUs, hospitals, catering services, etc. While individual membership will be suited for any individual who

opts to buy supplies in bulk or by the case for household consumption, or for any of their wholesale requirements from time to time for special events.



*MERRYMART WHOLESALE – MM Logistics Distribution Center in CentralHub-Tarlac*

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



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



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



## CORPORATE STRUCTURE

The following chart sets forth an overview of the corporate structure of the MM Group as of December 31, 2024.



MM is a wholly owned subsidiary of III. III is the holding company of the Sia family, led by its major shareholder and Chairman, Mr. Edgar J. Sia II, the Founder of Mang Inasal and Co-Founder of DD.

### ***MerryMart Grocery Centers Inc.***

MM wholly owns MMGC, which operates and acts as the master franchisor, owner and operator of MerryMart Grocery, MerryMart Market and MerryMart Express. It was incorporated on September 28, 2018 to engage in the business, acquire, hold, own, operate, or manage of wholesale or retail trade of foodstuffs, grocery items, household items, consumer goods, and merchandise on any lands, buildings, supermarkets, malls, stores, stalls, or structures owned, leased, held, operated, managed or occupied by MerryMart branded retail stores.

### ***MM Consumer Technologies Corp.***

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

### ***MBox Smart Lockers Corp.***

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

### ***M Supplies Corp.***

M Supplies is a wholly owned subsidiary of MM and was incorporated on March 29, 2022, with the primary purpose of engaging in the business, acquire, hold, own, operate, or manage wholesale or retail trade of foodstuffs, grocery items, household items, consumer goods, and merchandise, on any lands, buildings, supermarkets, malls, stores, stalls or structures owned, leased, held, operated, managed or occupied by the corporation.

### ***Carlos Drug-Lucena, Inc. (Carlos SuperDrug)***

Carlos SuperDrug was incorporated and registered with the SEC to conduct, undertake and carry the business of retailing, wholesaling, distributing, manufacturing, buying, selling or otherwise dealing in drugs, pharmaceuticals, as well as medicinal, veterinary or agricultural compounds and chemicals, hospital, medical and laboratory supplies and equipment, food preparations, cosmetics, toiletries and general merchandise of all kinds and description; and to import and export all lawful object of commerce; and to commercial broker, factor, agent upon consignment of indent orders or in any other representative capacity for natural and juridical persons and entities, whether domestic or foreign. It is the biggest pharmacy chain in Quezon Province.

### ***Z.C. Ramthel Corporation (Cecile's Pharmacy)***

Cecile's Pharmacy was primarily incorporated and registered with the SEC on December 21, 2009 to engage in, conduct and carry on the business of buying and sell of pharmaceutical products and all kinds of grocery and food items usually known as convenience stores in the Philippines whether it is domestic produced or imported products in retail and wholesale basis.

## **EMPLOYEES**

As of December 31, 2024, the MM Group has 1,127 direct employees.

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

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

## **INTELLECTUAL PROPERTY**

The operations of MM and its subsidiary, MMGC, are not dependent on any copyright, patent, trademark, license, franchise, concession or royalty agreement. The Company and its subsidiaries have the following trademark registered with the Intellectual Property Office as of December 31, 2023:

<b>Trademark</b>	<b>Mark</b>	<b>Registrant</b>	<b>Registration Date</b>
MERRYMART GROCERY		Merrymart Grocery Centers Inc.	13 September 2019

MERRYMART 3-in-1		MerryMart Grocery Centers Inc.	05 February 2021
MERRYMART MM Smiley		MerryMart Grocery Centers Inc.	23 April 2021
Carlos SuperDrug		Carlos SuperDrug [Ph]	13 April 2017
Carlos SuperDrug – Alagang Carlos		Carlos Drugs- Lucena Inc. [Ph]	15 June 2017
MBOX		MBox Smart Lockers Corp.	07 November 2021

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

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

## HEALTH, SAFETY AND ENVIRONMENT

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

## INVENTORY AND LOGISTICS MANAGEMENT

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

Inventories supplied by the MM Group's distribution center to its franchisees will contribute to its consolidated revenues. The intention is for the MM Group to earn a margin from the supply chain operations of its distribution centers in the near-term.

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

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

## **CASH MANAGEMENT AND INTERNAL CONTROL**

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

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

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

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

## **INSURANCE**

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

Machinery Breakdown, Plate Glass, Robbery and Burglary, Electron Equipment, Personal Accident, Money Securities & Payroll and Fidelity Guarantee.

## **SUPPLIERS**

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

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

## **FRANCHISE OPERATIONS**

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

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

## **SALES AND MARKETING**

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

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

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

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

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

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

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

## **PRODUCT SELECTION**

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

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

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

## **CUSTOMERS**

### **Customer Loyalty Programs – MerryMart Wholesale Club**

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

## **PROPERTIES**

As of December 31, 2024, the MM Group has these list of operational stores:

Stores	Number of Operating Stores
Injap Supermart	2
MerryMart Grocery	25
MerryMart Market	1
MerryMart Express	26
Carlos SuperDrug	43
Ceciles Pharmacy	35
MSupplies	3
MM Wholesale	1
Total	136

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

MMGC also leases its corporate office space located at 9F DoubleDragon Plaza Tower 1, DD Meridian Park in the Manila Bay area.

## **ITEM 2. LEGAL PROCEEDINGS**

As of December 31, 2024, the MM Group is not involved in any litigation regarding an event which occurred during the past five years that they consider material.

### **ITEM 3. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

**1. Approval of the 2024 Audited Financial Statements and 2024 Annual Report**

Date of Approval by Board of Directors : May 15, 2025

**2. Ratification of the Actions of the Board of Directors and Officers**

Date of Approval by Stockholders : December 16, 2024

**3. Election of Directors**

Date of Approval by Stockholders : December 16, 2024

**4. Appointment of External Auditors**

Date of Approval by Stockholders : December 16, 2024



## **PART II      OPERATIONAL AND FINANCIAL INFORMATION**

### **ITEM 4. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS**

#### **MARKET INFORMATION**

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

#### **2024 Prices (in PhP/share)**

	<b>High</b>	<b>Low</b>	<b>Close</b>
<b>First Quarter</b>	₱ 1.09	₱ 0.95	₱ 0.96
<b>Second Quarter</b>	₱ 0.96	₱ 0.80	₱ 0.81
<b>Third Quarter</b>	₱ 0.84	₱ 0.65	₱ 0.70
<b>Fourth Quarter</b>	₱ 0.80	₱ 0.56	₱ 0.60

#### **2023 Prices (in PhP/share)**

	<b>High</b>	<b>Low</b>	<b>Close</b>
<b>First Quarter</b>	₱ 1.68	₱ 1.17	₱ 1.18
<b>Second Quarter</b>	₱ 1.42	₱ 1.10	₱ 1.15
<b>Third Quarter</b>	₱ 1.19	₱ 1.01	₱ 1.12
<b>Fourth Quarter</b>	₱ 1.23	₱ 1.00	₱ 1.03

As of December 31, 2024, the closing price of the Company's common shares was ₱0.60 per share with a total market capitalization of ₱4,556,962,025.

The price information as of the close of the latest practicable trading date May 15, 2025 is ₱0.52 per share with a total market capitalization of ₱3,949,367,089.

#### **DIVIDENDS AND DIVIDENDS POLICY**

MM's current dividend policy provides that up to 30% of the preceding fiscal year's net income after tax can be declared as dividends, subject to (i) the availability of unrestricted retained earnings, (ii) implementation of business plans, (iii) contractual obligations, and (iv) working capital requirements. There

can be no guarantee that MM will pay any dividends in the future. The declaration and payment of dividends is subject to compliance annually or as often as the Board of Directors may deem appropriate, in cash or in kind and/or in additional shares from its surplus profits. The ability of MM to pay dividends will depend on its retained earnings level and financial condition. There is no assurance that MM will pay dividends in the future.

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

### ***Record Date and Payment Date***

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

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

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

### ***Dividend History***

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

## PRINCIPAL SHAREHOLDERS

The following table sets forth the largest shareholders of the Company's Common Shares as of December 31, 2023.

	<b>Name</b>	<b>Nationality</b>	<b>No. of Shares</b>	<b>Percentage</b>
1	PCD – Filipino	Filipino	7,558,719,792	99.5%
2	PCD- Non Filipino	Non - Filipino	34,409,302	0.5%
3	David Angelo Bornilla	Filipino	936,000	0.0%
4	Rameses Victorius G. Villagonzalo	Filipino	600,000	0.0%
5	Mark Louie Apao	Filipino	200,000	0.0%
6	Irish Hazel G. Manaois	Filipino	23,000	0.0%
7	Myra P. Villanueva	Filipino	9,000	0.0%
8	Joyce Anne M. Coralde	Filipino	5,000	0.0%
9	Daphne Dianne D. Mendoza	Filipino	5,000	0.0%
10	Myrna P. Villanueva	Filipino	5,000	0.0%
11	Clarisse C. Chan	Filipino	4,600	0.0%
12	Lilibeth S. Apao or Socrates Apao	Filipino	4,000	0.0%
13	Kennedy M. Olvid	Filipino	3,000	0.0%
14	Edgar J. Sia	Filipino	2,000	0.0%
15	Edgar J. Sia II	Filipino	2,000	0.0%
16	Ferdinand J. Sia	Filipino	2,000	0.0%
17	Pacita J. Sia	Filipino	2,000	0.0%
18	Rizza Marie Joy J. Sia	Filipino	2,000	0.0%
19	Milagros P. Villanueva	Filipino	1,000	0.0%
20	Marietta V. Cabreza	Filipino	1,000	0.0%
21	Juan Carlos V. Cabreza	Filipino	1,000	0.0%
22	Joselito Tanwangco Bautista	Filipino	10	0.0%
23	Marriana H. Yulo-Luccini	Filipino	1	0.0%
24	Jacqueline Ann Marie O. Gomez	Filipino	1	0.0%
25	Jose Roelph E. Desales	Filipino	1	0.0%
26	Victoria R. Tamayao	Filipino	1	0.0%
27	Gary Emerson P. Cheng	Filipino	1	0.0%
	<b>Total</b>		<b>7,594,936,709</b>	<b>100.0%</b>

## ITEM 5. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

**Calendar Year Ended December 31, 2024 and 2023**

### RESULTS OF OPERATION

#### MERRYMART CONSUMER CORP. AND SUBSIDIARIES

**Audited Consolidated Statements of Comprehensive Income**

**For the year ended December 31, 2024 & 2023**

			Horizontal Analysis		Vertical Analysis	
	December 31, 2024	December 31, 2023	Increase (Decrease)		2024	2023
<b>REVENUES</b>						
Sale of goods	₱7,687,269,980	₱6,196,860,686	₱1,490,409,294	24.1%	98.5%	98.3%
Display rental	24,868,275	23,833,989	1,034,286	4.3%	0.3%	0.4%
Other operating income	93,034,099	84,065,989	8,968,110	10.7%	1.2%	1.3%
	<b>7,805,172,354</b>	<b>6,304,760,664</b>	<b>1,500,411,690</b>	<b>23.8%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>COST OF SALES</b>						
	6,286,709,657	5,486,636,144	800,073,513	14.6%	80.5%	87.0%
<b>GROSS PROFIT</b>	<b>1,518,462,697</b>	<b>818,124,520</b>	<b>700,338,177</b>	<b>85.6%</b>	<b>19.5%</b>	<b>13.0%</b>
<b>OPERATING EXPENSES</b>						
	1,367,049,523	1,142,073,194	224,976,329	19.7%	17.5%	18.1%
<b>INCOME FROM OPERATIONS</b>	<b>151,413,174</b>	<b>(323,948,674)</b>	<b>475,361,848</b>	<b>(146.7%)</b>	<b>1.9%</b>	<b>(5.1%)</b>
INTEREST EXPENSE	(34,523,382)	(23,767,574)	(10,755,808)	45.3%	(0.4%)	(0.4%)
INTEREST INCOME	921,035	24,627,452	(23,706,417)	(96.3%)	0.0%	0.4%
SHARE IN INCOME OF ASSOCIATE	-	8,086,788	(8,086,788)	(100.0%)	0.0%	0.1%
GAIN FROM ACQUISITION	-	636,022,695	(636,022,695)	(100.0%)	0.0%	10.1%
<b>INCOME BEFORE TAX</b>	<b>117,810,827</b>	<b>321,020,687</b>	<b>(203,209,860)</b>	<b>(63.3%)</b>	<b>1.5%</b>	<b>5.1%</b>
<b>INCOME TAX EXPENSE (BENEFIT)</b>	<b>33,736,721</b>	<b>(87,176,782)</b>	<b>120,913,503</b>	<b>(138.7%)</b>	<b>0.4%</b>	<b>(1.4%)</b>
<b>NET INCOME</b>	<b>₱84,074,106</b>	<b>₱408,197,469</b>	<b>(₱324,123,363)</b>	<b>(79.4%)</b>	<b>1.1%</b>	<b>6.5%</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
REMEASUREMENT GAIN ON DEFINED BENEFIT LIABILITY	(278,983)	(2,716,605)	2,437,622	(89.7%)	(0.0%)	(0.0%)
<b>NET COMPREHENSIVE INCOME</b>	<b>₱83,795,123</b>	<b>₱405,480,864</b>	<b>(₱321,685,741)</b>	<b>(79.3%)</b>	<b>1.1%</b>	<b>6.4%</b>
<b>NET INCOME TO PARENT</b>						
	63,308,094	406,817,697	(343,509,603)	(84.4%)	0.8%	6.5%
<b>NCI NET INCOME</b>	<b>20,766,012</b>	<b>1,379,772</b>	<b>19,386,240</b>	<b>1405.0%</b>	<b>0.3%</b>	<b>0.0%</b>
<b>NET INCOME/ TOTAL COMPREHENSIVE INCOME</b>	<b>₱84,074,106</b>	<b>₱408,197,469</b>	<b>(₱324,123,363)</b>	<b>(79.4%)</b>	<b>1.1%</b>	<b>6.5%</b>
<b>NET INCOME TO PARENT</b>						
	61,850,688	404,101,092	(342,250,404)	(84.7%)	0.8%	6.4%
<b>NCI NET INCOME (LOSS)</b>	<b>21,944,435</b>	<b>1,379,772</b>	<b>20,564,663</b>	<b>1490.4%</b>	<b>0.3%</b>	<b>0.0%</b>
<b>NET COMPREHENSIVE INCOME</b>	<b>₱83,795,123</b>	<b>₱405,480,864</b>	<b>(₱321,685,741)</b>	<b>(79.3%)</b>	<b>1.1%</b>	<b>6.4%</b>

For the year ended December 31, 2024, the MM Group earned a consolidated revenue of ₱7,805.2 million, an increase of 23.8% from ₱6,304.8 million in 2023 mainly due from the increase of sales of goods.

For the year ended December 31, 2024, sale of goods increased by 24.1% or ₱1,490.4 million from ₱6,196.9 million in 2023 to ₱7,687.3 million in 2024 which contributes 98.5% of 2024 total revenue. This was driven by the additional revenue from new stores of the Group and the continuous growth of the existing stores also contributed to the increase.

The increase in other operating income is mainly from increase in listing fee from suppliers for new products.

For the year ended December 31, 2024, the MM Group's cost of sales is ₱6,286.7 million, an increase of 14.6% compared to ₱5,486.6 million for the year ended December 31, 2023, primarily due to increase in sales of goods offset by the grant received by the Group.

For the year ended December 31, 2024, the MM Group realized an increase of 85.6% in consolidated gross profit from ₱818.1 million in 2023 at 13.0% margin to ₱1,518.5 million at 19.5% margin in the same period of 2024, driven by strong sales growth.

Operating expenses increased by ₱225.0 million or 19.7% from the ₱1,142.1 million in the year ended December 31, 2023 to ₱1,367.0 million in 2024. The was primarily due to increase in employee costs, depreciation and utilities offset by the grant received by the Group.

Interest expense pertains to the accounting adjustment for the adoption of PFRS 16. The amount is the computed interest expense for the lease contract liability recognized.

Interest income decreased by 96.3% in 2024 due to decrease in short term placements during the year.

Share in income of associate pertains to the Parent Company's share in net income of Ceciles Pharmacy. In December 12, 2023, Ceciles Pharmacy has been reclassified to investment in subsidiary. In 2024, income from Ceciles Pharmacy has been included in the revenue of the group.

Gain from acquisition in 2023 pertains to the increase in net asset value of Ceciles Pharmacy including the increase in the Company's share.

Income tax expense for the year ended December 31, 2024 amounted to ₱33.7 million due to taxable income driven by sales growth for the period.

For the year ended December 31, 2024, the MM Group earned a consolidated net income of ₱84.1 million a decrease of 79.4% from ₱408.2 million in 2023. The decrease is mainly due to the one time recognition of gain from acquisition in 2023.

## FINANCIAL POSITION

### MERRYMART CONSUMER CORP. AND SUBSIDIARIES

#### Audited Consolidated Statements of Financial Position

As at December 31, 2024 & 2023

			Horizontal Analysis		Vertical Analysis	
	December 31, 2024	December 31, 2023	Increase (Decrease)		2024	2023
ASSETS						
Current Assets						
Cash and cash equivalents	₱2,436,030,006	₱745,575,628	₱1,690,454,378	226.7%	16.4%	6.1%
Receivables	152,319,905	152,392,461	(72,556)	(0.0%)	1.0%	1.2%
Inventories	2,860,665,532	2,744,017,089	116,648,443	4.3%	19.3%	22.3%
Prepaid expenses and other current assets	731,765,092	657,104,062	74,661,030	11.4%	4.9%	5.3%
Total Current Assets	₱6,180,780,535	₱4,299,089,240	1,881,691,295	43.8%	41.6%	34.9%
Noncurrent Assets						
Property and equipment - net	₱4,707,604,841	₱4,106,537,658	₱601,067,183	14.6%	31.7%	33.4%
Right-of-use asset	565,171,478	563,121,534	2,049,944	0.4%	3.8%	4.6%
Intangible asset	2,852,149,469	2,850,063,805	2,085,664	0.1%	19.2%	23.1%
Deferred tax asset	134,779,869	132,045,829	2,734,040	2.1%	0.9%	1.1%
Other noncurrent assets	399,426,484	361,768,302	37,658,182	10.4%	2.7%	2.9%
Total Noncurrent Assets	₱8,659,132,141	₱8,013,537,128	645,595,013	8.1%	58.4%	65.1%
	₱14,839,912,676	₱12,312,626,368	₱2,527,286,308	20.5%	100.0%	100.0%
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and other current liabilities	₱1,745,740,466	₱1,697,741,402	₱47,999,064	2.8%	11.8%	13.8%
Income tax payable	20,259,666	6,570,009	13,689,657	208.4%	0.1%	0.1%
Short-term loans payable	3,286,000,000	3,021,000,000	265,000,000	8.8%	22.1%	24.5%
Total Current Liabilities	₱5,052,000,132	₱4,725,311,411	326,688,721	6.9%	34.0%	38.4%
Noncurrent Liabilities						
Retirement liability	₱48,056,089	₱40,211,342	7,844,747	19.5%	0.3%	0.3%
Lease liability	512,992,555	519,388,039	(6,395,484)	(1.2%)	3.5%	4.2%
Long-term loans payable	4,816,034,937	2,679,617,342	2,136,417,595	79.7%	32.5%	21.8%
Other noncurrent liabilities	16,091,893	29,656,287	(13,564,394)	(45.7%)	0.1%	0.2%
Total Noncurrent Liabilities	₱5,393,175,474	₱3,268,873,010	2,124,302,464	65.0%	36.3%	26.5%
Total Liabilities	₱10,445,175,606	₱7,994,184,421	2,450,991,185	30.7%	70.4%	64.9%
Equity						
Capital stock	₱379,746,835	₱379,746,835	-	0.0%	2.6%	3.1%
Additional paid-in capital	1,386,292,253	1,386,292,253	-	0.0%	9.3%	11.3%
Retained earnings	1,220,197,161	1,156,889,067	63,308,094	5.5%	8.2%	9.4%
Reserve on defined benefit plan	(253,586)	25,397	(278,983.00)	(1098.5%)	(0.0%)	0.0%
Non Controlling Interest	1,408,754,407	1,395,488,395	13,266,012	1.0%	9.5%	11.3%
Total Equity	₱4,394,737,070	₱4,318,441,947	₱76,295,123	1.8%	29.6%	35.1%
Total Liabilities and Equity	₱14,839,912,676	₱12,312,626,368	₱2,527,286,308	20.5%	100.0%	100.0%

## ASSETS

Total assets as at December 31, 2024 is ₱14,839.9 million compared to ₱12,312.6 million as at December 31, 2023, a ₱2,527.3 million or 20.5% increase.

### *Current Assets*

As at December 31, 2024 and 2023, total current assets amounted to ₱6,180.8 million or 41.6% of total assets, and ₱4,299.1 million or 34.9% of total assets, respectively, for an increase of ₱1,881.7 million or 43.8%.

Cash and cash equivalents increase by 226.7% from ₱745.6 million as at December 31, 2023 to ₱2,436.0 million as at December 31, 2024 primarily due from cash from operations and proceeds from loan.

Receivables accounts for 1.0% of the total assets as at December 31, 2024. These receivables amounted to ₱152.3 million and ₱152.4 million as at December 31, 2024 and December 31, 2023, respectively, which are mainly from credit card transactions that are settled within 1-3 days from transaction date and receivables from wholesale and corporate customers.

Inventories increased by 4.3% from ₱2,744.0 million as at December 31, 2023 to ₱2,860.7 million as at December 31, 2024. Increase in inventories was mainly due to the opening of additional.

Prepaid expenses and other current assets increased by 11.4% from ₱657.1 million as at December 31, 2023 to ₱731.8 million as at December 31, 2024 primarily due to the increased in input VAT and prepaid expenses.

### *Noncurrent Assets*

As at December 31, 2024 and 2023, total noncurrent assets amounted to ₱8,659.1 million or 58.4% of total assets, and ₱8,013.5 million or 65.1% of total assets, respectively, for an increase of ₱645.6 million or 8.1%.

Property and equipment increased by 14.6% from ₱4,106.5 million as at December 31, 2023 to ₱4,707.6 million as at December 31, 2024 due primarily to the increase in construction in progress and leasehold improvements of new stores, as well as acquisition of store equipment.

Right-of-Use asset is in relation to the adoption of PFRS 16. Right-of-Use Assets amounted to ₱565.2 million and ₱563.1 million as at December 31, 2024 and December 31, 2023, respectively, which is 3.8% and 4.6% of total assets. The increase in right-of-use asset is due to the additional leases of the Group qualified under PFRS 16.

Intangible Assets increased by 0.1% from ₱2,850.1 million as at December 31, 2023 to ₱2,852.1 million as at December 31, 2024.

Deferred tax assets increased by 2.1% from ₱132.0 million as at December 31, 2023 to ₱134.8 million as at December 31, 2024 due to increase in the deferred tax component of NOLCO, MCIT and retirement benefits liability.

Other noncurrent assets mainly pertain to the deposits made by the Group for new lease for its new and upcoming stores. Other noncurrent assets increased by ₱37.7 million or 10.4% from ₱361.8 million as at December 31, 2023 to ₱399.4 million in December 31, 2024, which is 2.7% of the total assets.

## **LIABILITIES**

Total liabilities as at December 31, 2024 is ₱10,445.2 million compared to ₱7,994.2 million as at December 31, 2023, a ₱2,451.0 million or 30.7% increase.

### ***Current Liabilities***

As at December 31, 2024 and 2023, total current liabilities amounted to ₱5,052.0 million or 34.0% of total assets, and ₱4,725.3 million or 38.4% of total assets, respectively, for an increase of ₱326.7 million or 6.9%.

Accounts payable and other current liabilities increased by 2.8% to ₱1,745.7 million as at December 31, 2024, or 11.8% of total assets, due to higher payables to suppliers, accrued expenses and current portion lease liabilities as at December 31, 2024.

Income tax payable amounted to ₱20.3 million or 0.1% of total assets and ₱6.6 million or 0.1% of total assets as at December 31, 2024 and December 31, 2023, respectively. Income tax payable mainly pertains to income tax payable for the year.

Short-term loans payable amounted to ₱3,286.0 million as at December 31, 2024, an increase of ₱265.0 million or 8.8% from ₱3,021.0 million as at December 31, 2023. The increase is due to the increased in short-term loans and current portion of the long-term loan.

### ***Noncurrent Liabilities***

As at December 31, 2024 and 2023, total noncurrent liabilities amounted to ₱5,393.2 million or 36.3% of total assets, and ₱3,268.9 million or 26.5% of total assets, respectively, for an increase of ₱2,124.3 million or 65.0%.

Retirement benefits liability increased by ₱7.8 million or 19.5% due to the additional accrual recognized by the MM Group for its retirement obligation to its employees.

Lease liability pertains to the contractual lease liability recognized by the MM Group for its stores and office space in relation to the PFRS 16 adoption amounting to ₱513.0 million as at December 31, 2024, a decrease of ₱6.4 million or 1.2% from ₱519.4 million as at December 31, 2023. The decrease in lease liability is due to reclassification lease liabilities to current.

Long-term loans payable amounted to ₱4,816.0 million on December 31, 2024, an increase of ₱2,136.4 million or 79.7% from ₱2,679.6 million as at December 31, 2023. The increase is due to additional long-term loan availed by the Group in 2024.

Other noncurrent liabilities decreased to ₱16.1 million as at December 31, 2024 from ₱29.7 million as at December 31, 2023 due to partial payment of retention payable and reclassification of liabilities to current.



## **EQUITY**

Retained earnings amounted to ₱1,220.2 million as at December 31, 2024, an increase of ₱63.3 million or 5.5%. The increase is due to net income attributable to Parent for the year.

Non-controlling interest amounted to ₱1,408.8 million as at December 31, 2024, an increase of ₱13.3 million due net income attributable to NCI.

As at December 31, 2024 and 2023, total equity amounted to ₱4,394.7 million or 29.6% of total assets, and ₱4,318.4 million or 35.1% of total assets, respectively, for an increase of ₱76.3 million or 1.8%. The increase in equity is due to the Group's net income for the period.

## Calendar Year Ended December 31, 2023 and 2022

### RESULTS OF OPERATION

#### MERRYMART CONSUMER CORP. AND SUBSIDIARIES Audited Consolidated Statements of Comprehensive Income For the year ended December 31, 2023 & 2022\*

	December 31, 2023	December 31, 2022	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2023	2022
<b>REVENUES</b>						
Sale of goods	₱6,196,860,686	₱5,240,236,524	₱956,624,162	18.3%	98.3%	98.0%
Display rental	23,833,989	24,179,932	(345,943)	(1.4%)	0.4%	0.5%
Other operating income	84,065,989	82,622,125	1,443,864	1.7%	1.3%	1.5%
	<b>6,304,760,664</b>	<b>5,347,038,581</b>	<b>957,722,083</b>	<b>17.9%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>COST OF SALES</b>	5,486,636,144	4,334,681,123	1,151,955,021	26.6%	87.0%	81.1%
<b>GROSS PROFIT</b>	<b>818,124,520</b>	<b>1,012,357,458</b>	<b>(194,232,938)</b>	<b>(19.2%)</b>	<b>13.0%</b>	<b>18.9%</b>
<b>OPERATING EXPENSES</b>	1,142,073,194	927,800,430	214,272,764	23.1%	18.1%	17.4%
<b>INCOME FROM OPERATIONS</b>	<b>(323,948,674)</b>	<b>84,557,028</b>	<b>(408,505,702)</b>	<b>(483.1%)</b>	<b>(5.1%)</b>	<b>1.6%</b>
INTEREST EXPENSE	(23,767,574)	(23,686,339)	(81,235)	0.3%	(0.4%)	(0.4%)
INTEREST INCOME	24,627,452	1,491,676	23,135,776	1551.0%	0.4%	0.0%
SHARE IN INCOME OF ASSOCIATE	8,086,788	274,903,334	(266,816,546)	(97.1%)	0.1%	5.1%
GAIN FROM ACQUISITION	636,022,695	261,814,244	374,208,451	142.9%	10.1%	4.9%
<b>INCOME BEFORE TAX</b>	<b>321,020,687</b>	<b>599,079,943</b>	<b>(278,059,256)</b>	<b>(46.4%)</b>	<b>5.1%</b>	<b>11.2%</b>
<b>INCOME TAX EXPENSE (BENEFIT)</b>	<b>(87,176,782)</b>	<b>25,089,903</b>	<b>(112,266,685)</b>	<b>(447.5%)</b>	<b>(1.4%)</b>	<b>0.5%</b>
<b>NET INCOME</b>	<b>₱408,197,469</b>	<b>₱573,990,040</b>	<b>(₱165,792,571)</b>	<b>(28.9%)</b>	<b>6.5%</b>	<b>10.7%</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
REMEASUREMENT GAIN (LOSS) ON DEFINED BENEFIT LIABILITY	(2,716,605)	2,082,700	(4,799,305)	(230.4%)	(0.0%)	0.0%
<b>NET COMPREHENSIVE INCOME</b>	<b>₱405,480,864</b>	<b>₱576,072,740</b>	<b>(₱170,591,876)</b>	<b>(29.6%)</b>	<b>10.8%</b>	<b>10.8%</b>
<b>NET INCOME TO PARENT</b>	<b>406,817,697</b>	<b>569,755,822</b>	<b>(162,938,125)</b>	<b>(28.6%)</b>	<b>6.5%</b>	<b>10.7%</b>
<b>NCI NET INCOME</b>	<b>1,379,772</b>	<b>4,234,219</b>	<b>(2,854,447)</b>	<b>(67.4%)</b>	<b>0.0%</b>	<b>0.1%</b>
<b>NET INCOME</b>	<b>₱408,197,469</b>	<b>₱573,990,041</b>	<b>(₱165,792,572)</b>	<b>(28.9%)</b>	<b>6.5%</b>	<b>10.7%</b>
<b>NET INCOME TO PARENT</b>	<b>404,101,092</b>	<b>571,838,521</b>	<b>(167,737,429)</b>	<b>(29.3%)</b>	<b>6.4%</b>	<b>10.7%</b>
<b>NCI NET INCOME (LOSS)</b>	<b>1,379,772</b>	<b>4,234,219</b>	<b>(2,854,447)</b>	<b>(67.4%)</b>	<b>0.0%</b>	<b>0.1%</b>
<b>NET COMPREHENSIVE INCOME</b>	<b>₱405,480,864</b>	<b>₱576,072,740</b>	<b>(₱170,591,876)</b>	<b>(29.6%)</b>	<b>6.4%</b>	<b>10.8%</b>

\* Audited Consolidated Statements of Comprehensive Income for the year ended December 31, 2022 has been restated in order to effect correction of prior period errors with respect to the recognition of the Parent Company's investment in Cecile's Pharmacy in 2022 from Investment in subsidiary to Investment in associate. The amendments constitute a decrease of 17.20% in sale of Goods while cost of sales, and operating expenses also decreased by 18.09% and 11.87%, respectively. Consolidated net income for 2022 increase by 78.38%.

For the year ended December 31, 2023, the MM Group earned a consolidated revenue of ₱6,304.8 million, an increase of 17.9% from ₱5,347.0 million in 2022. This was driven by the revenue brought by the additional stores and the fully operational MM Wholesale, and the continuous growth of the existing stores also contributed to the increase.

For the year ended December 31, 2023, sale of goods increased by 18.3% or ₱956.6 million from ₱5,240.2 million in 2022 to ₱6,196.9 million in 2023 which contributes 98.2% of 2023 total revenue.

The increase in other operating income is mainly from increase in income from distribution center and wholesale delivery fee.

For the year ended December 31, 2023, the MM Group's cost of sales is ₱5,486.6 million, an increase of 26.6% compared to ₱4,334.7 million for the year ended December 31, 2022, primarily due to increase in sales of goods.

For the year ended December 31, 2023, the MM Group realized a decrease of 19.2% in consolidated gross profit from ₱1,012.4 million in 2022 at 18.9% margin to ₱818.1 million at 13.0% margin in the same period of 2023, mainly due to higher contribution of MM's wholesale business which is still on scale up stage and has higher per transaction value but tighter gross profit margin.

Operating expenses increased by ₱214.3 million or 23.1% from the ₱927.8 million in the year ended December 31, 2022 to ₱1,142.1 million in 2023. The additional operating expenses are mainly attributable to the operating expenses of new operational stores and increase in distribution centers, logistics and systems upgrade expenses.

Interest expense pertains to the accounting adjustment for the adoption of PFRS 16. The amount is the computed interest expense for the lease contract liability recognized.

Interest income increased by 1551.0% in 2023 due to increase deposit placements during the year.

Share in income of associate pertains to the Parent Company's share in net income of Ceciles Pharmacy. In December 12, 2023, Ceciles Pharmacy has been reclassified to investment in subsidiary.

Gain from acquisition in 2022 mainly pertains to the excess in net asset value of Carlos and Ceciles Pharmacy over the cost, while Gain from acquisition in 2023 pertains to the increase in net asset value of Ceciles Pharmacy including the increase in the Company's share.

Income tax benefit for the year ended December 31, 2023 amounted to ₱87.2 million mainly due to tax benefits from NOLCO.

For the year ended December 31, 2023, the MM Group earned a consolidated net income of ₱408.2 million a decrease of 28.9% from ₱574.0 million in 2022. The decrease is mainly due to the lower gross profit and higher expenses during the year given the temporary scale up stage of the wholesale business with higher per transaction value but tighter margins and additional expenses in the distribution centers, logistics network and systems upgrade.

## FINANCIAL POSITION

### MERRYMART CONSUMER CORP. AND SUBSIDIARIES

#### Audited Consolidated Statements of Financial Position

As at December 31, 2023 & 2022\*

	December 31, 2023	December 31, 2022	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2023	2022
ASSETS						
Current Assets						
Cash and cash equivalents	₱745,575,628	₱712,159,133	₱33,416,495	4.7%	6.1%	8.7%
Receivables	152,392,461	137,192,039	15,200,422	11.1%	1.2%	1.7%
Inventories	2,744,017,089	2,131,993,401	612,023,688	28.7%	22.3%	26.0%
Prepaid expenses and other current assets	657,104,062	578,679,383	78,424,679	13.6%	5.3%	7.1%
Total Current Assets	₱4,299,089,240	₱3,560,023,956	739,065,284	20.8%	34.9%	43.5%
Noncurrent Assets						
Property and equipment - net	₱4,106,537,658	₱2,591,020,678	1,515,516,980	58.5%	33.4%	31.6%
Right-of-use asset	563,121,534	468,524,238	94,597,296	20.2%	4.6%	5.7%
Intangible asset	2,850,063,805	734,942,902	2,115,120,903	287.8%	23.1%	9.0%
Deferred tax asset	132,045,829	27,269,104	104,776,725	384.2%	1.1%	0.3%
Investment in associate	-	392,309,584	(392,309,584) (100.0%)		0.0%	4.8%
Other noncurrent assets	361,768,302	416,789,861	(55,021,559) (13.2%)		2.9%	5.1%
Total Noncurrent Assets	₱8,013,537,128	₱4,630,856,367	3,382,680,761	73.0%	65.1%	56.5%
	₱12,312,626,368	₱8,190,880,323	₱4,121,746,045	50.3%	100.0%	100.0%
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and other current liabilities	₱1,697,741,402	₱891,122,264	₱806,619,138	90.5%	13.8%	10.9%
Income tax payable	6,570,009	1,552,376	5,017,633	323.2%	0.1%	0.0%
Short-term loans payable	3,021,000,000	1,867,083,333	1,153,916,667	61.8%	24.5%	22.8%
Total Current Liabilities	₱4,725,311,411	₱2,759,757,973	1,965,553,438	71.2%	38.4%	33.7%
Noncurrent Liabilities						
Retirement liability	₱40,211,342	₱22,524,833	17,686,509	78.5%	0.3%	0.3%
Due to related parties	-	1,052,308	(1,052,308) (100.0%)		0.0%	0.0%
Lease liability	519,388,039	429,348,079	90,039,960	21.0%	4.2%	5.2%
Long-term loans payable	2,679,617,342	2,185,361,334	494,256,008	22.6%	21.8%	26.7%
Other noncurrent liabilities	29,656,287	43,220,681	(13,564,394) (31.4%)		0.2%	0.5%
Total Noncurrent Liabilities	₱3,268,873,010	₱2,681,507,235	587,365,775	21.9%	26.5%	32.7%
Total Liabilities	₱7,994,184,421	₱5,441,265,208	2,552,919,213	46.9%	64.9%	66.4%

<b>Equity</b>						
Capital stock	₱379,746,835	₱379,746,835	-	0.0%	3.1%	4.6%
Additional paid-in capital	1,386,292,253	1,386,292,253	-	0.0%	11.3%	16.9%
Retained earnings	1,156,889,067	750,071,370	406,817,697	54.2%	9.4%	9.2%
Reserve on defined benefit plan	25,397	2,742,002	(2,716,605)	(99.1%)	0.0%	0.0%
Non Controlling Interest	1,395,488,395	230,762,655	1,164,725,740	504.7%	11.3%	2.8%
<b>Total Equity</b>	<b>₱4,318,441,947</b>	<b>₱2,749,615,115</b>	<b>₱1,568,826,832</b>	<b>57.1%</b>	<b>35.1%</b>	<b>33.6%</b>
<b>Total Liabilities and Equity</b>	<b>₱12,312,626,368</b>	<b>₱8,190,880,323</b>	<b>₱4,121,746,045</b>	<b>50.3%</b>	<b>100.0%</b>	<b>100.0%</b>

*\* Audited Consolidated Statement of Financial Position as at December 31, 2022 has been restated in order to effect correction of prior period errors with respect to the recognition of the Parent Company's investment in Cecile's Pharmacy in 2022 from Investment in subsidiary to Investment in associate. The amendments constitute a decrease of 2.89% in Total Assets and decrease of 7.12% in Total Liabilities.*

## ASSETS

Total assets as at December 31, 2023 is ₱12,313.6 million compared to ₱8,190.9 million as at December 31, 2022, a ₱4,121.7 million or 50.3% increase.

### Current Assets

As at December 31, 2023 and 2022, total current assets amounted to ₱4,299.1 million or 34.9% of total assets, and ₱3,560.0 million or 43.5% of total assets, respectively, for an increase of ₱739.1 million or 20.8%.

Cash and cash equivalents increase by 4.7% from ₱712.2 million as at December 31, 2022 to ₱745.6 million as at December 31, 2023 primarily due from proceeds from loan and cash from operations.

Receivables accounts for 1.2% of the total assets as at December 31, 2023. It increased by 11.1% from ₱137.2 million as at December 31, 2022 to ₱152.4 million as at December 31, 2023 due to receivables from credit card transactions that are settled within 1-3 days from transaction date and receivables from wholesale and corporate customers.

Inventories increased by 28.7% from ₱2,132.0 million as at December 31, 2022 to ₱2,744.0 million as at December 31, 2023. Increase in inventories was due to the opening of additional stores and inventories from acquired subsidiaries.

Prepaid expenses and other current assets increased by 13.6% from ₱578.7 million as at December 31, 2022 to ₱657.1 million as at December 31, 2023 primarily due to the increased in input VAT related to the construction of new stores and increase in prepaid expenses.

### Noncurrent Assets

As at December 31, 2023 and 2022, total noncurrent assets amounted to ₱8,013.5 million or 65.1% of total assets, and ₱4,630.9 million or 56.5% of total assets, respectively, for an increase of ₱3,382.7 million or 73.0%.

Property and equipment increased by 58.5% from ₱2,591.0 million as at December 31, 2022 to ₱4,106.5 million as at December 31, 2023 due primarily to the increase in construction in progress and leasehold improvements of new stores, as well as acquisition of store equipment.

Right-of-Use asset is in relation to the adoption of PFRS 16. Right-of-Use Assets amounted to ₱563.1 million and ₱468.5 million as at December 31, 2023 and December 31, 2022, respectively, which is 4.6% of total assets. The increase in right-of-use asset is due to the additional leases of the Group qualified under PFRS 16.

Intangible Assets increased by 287.8% from ₱734.9 million as at December 31, 2022 to ₱2,850.1 million as at December 31, 2023 due to Cecile's and Carlos' Brand recognized by the Group in relation to the acquisition.

Deferred tax assets increased by 384.2% from ₱27.3 million as at December 31, 2022 to ₱132.0 million as at December 31, 2023 due to increase in the deferred tax component of NOLCO, MCIT and retirement benefits liability.

Investment in associate amounted to nil as at December 31, 2023 due to reclassification of Cecile's Pharmacy to a subsidiary.

Other noncurrent assets mainly pertain to the deposits made by the Group for new lease for its new and upcoming stores. Other noncurrent assets decreased by ₱55.0 million or 13.2% from ₱416.8 million as at December 31, 2022 to ₱361.8 million in December 31, 2023, which is 2.9% of the total assets.

## **LIABILITIES**

Total liabilities as at December 31, 2023 is ₱7,994.2 million compared to ₱5,441.3 million as at December 31, 2022, a ₱2,552.9 million or 46.9% increase.

### ***Current Liabilities***

As at December 31, 2023 and 2022, total current liabilities amounted to ₱4,726.3 million or 38.4% of total assets, and ₱2,759.8 million or 33.7% of total assets, respectively, for an increase of ₱1,966.5 million or 71.3%.

Accounts payable and other current liabilities increased by 90.5% to ₱1,697.7 million as at December 31, 2023, or 13.8% of total assets, due to higher payables to suppliers, accrued expenses and current portion lease liabilities as at December 31, 2023.

Income tax payable amounted to ₱6.6 million or 0.1% of total assets and ₱1.6 million or 0.0% of total assets as at December 31, 2023 and December 31, 2022, respectively. Income tax payable mainly pertains to income tax payable for the year.

Short-term loans payable amounted to ₱3,021.0 million as at December 31, 2023, an increase of ₱1,153.9 million or 61.8% from ₱1,867.1 million as at December 31, 2022. The increase is due to the short-term loans and current portion of the long-term loan availed by the Group in 2023.

### ***Noncurrent Liabilities***

As at December 31, 2023 and 2022, total noncurrent liabilities amounted to ₱3,268.9 million or 26.5% of total assets, and ₱2,681.5 million or 32.7% of total assets, respectively, for an increase of ₱587.4 million or 21.9%.

Retirement benefits liability increased by ₱17.7 million or 78.5% due to the additional accrual recognized by the MM Group for its retirement obligation to its employees.

Due to related parties amounted to nil as at December 31, 2023 and ₱1.1 million as at December 31, 2022.

Lease liability pertains to the contractual lease liability recognized by the MM Group for its stores and office space in relation to the PFRS 16 adoption amounting to ₱519.4 million as at December 31, 2023, an increase of ₱90.0 million or 21.0% from ₱429.3 million as at December 31, 2022. The increase in lease liability is due to additional spaces qualified under PFRS 16 leased by the Group for its newly opened stores.

Long-term loans payable amounted to ₱2,679.6 million on December 31, 2023, an increase of ₱494.3 million or 22.6% from ₱2,185.4 million as at December 31, 2022. The increase is due to additional long-term loan availed by the Group in 2023.

Other noncurrent liabilities decreased to ₱29.7 million as at December 31, 2023 from ₱43.2 million as at December 31, 2022 due to partial payment of retention payable.

## **EQUITY**

Retained earnings amounted to ₱1,156.9 million as at December 31, 2023, an increase of ₱406.8 million or 54.2%. The increase is due to net income attributable to Parent for the year.

Non-controlling interest amounted to ₱1,395.5 million as at December 31, 2023, an increase of ₱1,164.7 million due to acquisition of new subsidiaries during the period and net income attributable to NCI.

As at December 31, 2023 and 2022, total equity amounted to ₱4,318.4 million or 35.1% of total assets, and ₱2,749.6 million or 33.6% of total assets, respectively, for an increase of ₱1,568.8 million or 57.1%. The increase in equity is due to the Group's net income for the period.

## Calendar Year Ended December 31, 2022 and 2021

### RESULTS OF OPERATION

#### MERRYMART CONSUMER CORP. AND SUBSIDIARIES Audited Consolidated Statements of Comprehensive Income For the year ended December 31, 2022 & 2021

	December 31, 2022	December 31, 2021	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2022	2021
<b>REVENUES</b>						
Sale of goods	₱5,240,236,524	₱3,855,509,832	1,384,726,692	35.9%	98.0%	98.1%
Display rental	24,179,932	21,034,255	3,145,677	15.0%	0.5%	0.5%
Other operating income	82,622,125	52,842,525	29,779,600	56.4%	1.5%	1.3%
	<b>5,347,038,581</b>	<b>3,929,386,612</b>	<b>1,417,651,969</b>	<b>36.1%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>COST OF SALES</b>	<b>4,334,681,123</b>	<b>3,277,257,704</b>	<b>1,057,423,419</b>	<b>32.3%</b>	<b>81.1%</b>	<b>83.4%</b>
<b>GROSS PROFIT</b>	<b>1,012,357,458</b>	<b>652,128,908</b>	<b>360,228,550</b>	<b>55.2%</b>	<b>18.9%</b>	<b>16.6%</b>
<b>OPERATING EXPENSES</b>	<b>927,800,430</b>	<b>582,763,356</b>	<b>345,037,074</b>	<b>59.2%</b>	<b>17.4%</b>	<b>14.8%</b>
<b>INCOME FROM OPERATIONS</b>	<b>84,557,028</b>	<b>69,365,552</b>	<b>15,191,476</b>	<b>21.9%</b>	<b>1.6%</b>	<b>1.8%</b>
INTEREST EXPENSE	(23,686,339)	(15,960,615)	(7,725,724)	48.4%	(0.4%)	(0.4%)
INTEREST INCOME	1,491,676	1,750,905	(259,229)	(14.8%)	0.0%	0.0%
SHARE IN INCOME OF ASSOCIATE	274,903,334	-	274,903,334	0.0%	5.1%	0.0%
GAIN FROM ACQUISITION	261,814,244	-	261,814,244	0.0%	4.9%	0.0%
<b>INCOME BEFORE TAX</b>	<b>599,079,943</b>	<b>55,155,842</b>	<b>543,924,101</b>	<b>986.2%</b>	<b>11.2%</b>	<b>1.4%</b>
<b>INCOME TAX EXPENSE (BENEFIT)</b>	<b>25,089,903</b>	<b>21,158,303</b>	<b>3,931,600</b>	<b>18.6%</b>	<b>0.5%</b>	<b>0.5%</b>
<b>NET INCOME</b>	<b>₱573,990,040</b>	<b>₱33,997,539</b>	<b>₱539,992,501</b>	<b>1588.3%</b>	<b>10.7%</b>	<b>0.9%</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
REMEASUREMENT GAIN (LOSS) ON DEFINED BENEFIT LIABILITY	2,082,700	2,115,694	(32,994)	(1.6%)	0.0%	0.1%
<b>NET COMPREHENSIVE INCOME</b>	<b>₱576,072,740</b>	<b>₱36,113,233</b>	<b>₱539,959,507</b>	<b>1495.2%</b>	<b>10.8%</b>	<b>0.9%</b>
<b>NET INCOME TO PARENT</b>	<b>569,755,822</b>	<b>34,304,682</b>	<b>535,451,140</b>	<b>1560.9%</b>	<b>10.7%</b>	<b>0.9%</b>
<b>NCI NET INCOME</b>	<b>4,234,219</b>	<b>(307,143)</b>	<b>4,541,362</b>	<b>(1478.6%)</b>	<b>0.1%</b>	<b>(0.0%)</b>
<b>NET INCOME</b>	<b>₱573,990,041</b>	<b>₱33,997,539</b>	<b>₱539,992,502</b>	<b>1588.3%</b>	<b>9.1%</b>	<b>0.9%</b>
<b>NET INCOME TO PARENT</b>	<b>571,838,521</b>	<b>36,420,376</b>	<b>535,418,145</b>	<b>1470.1%</b>	<b>10.7%</b>	<b>0.9%</b>
<b>NCI NET INCOME (LOSS)</b>	<b>4,234,219</b>	<b>(307,143)</b>	<b>4,541,362</b>	<b>(1478.6%)</b>	<b>0.1%</b>	<b>(0.0%)</b>
<b>NET COMPREHENSIVE INCOME</b>	<b>₱576,072,740</b>	<b>₱36,113,233</b>	<b>₱539,959,507</b>	<b>1495.2%</b>	<b>10.8%</b>	<b>0.9%</b>

For the year ended December 31, 2022, the MM Group earned a consolidated revenue of ₱5,347.0 million, an increase of 36.1% from ₱3,929.4 million in 2021. This was driven by the revenue brought by the recently acquired Carlos SuperDrug and the fully operational MM Wholesale. 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 also contributed to the increase.



For the year ended December 31, 2022, sale of goods increased by 35.9% or ₱1,384.7 million from ₱3,855.5 million in 2021 to ₱5,240.2 in 2022 which contributes 98.0% of 2022 total revenue.

The increase in display rental is due additional operating stores in 2022.

The increase in other operating income is mainly due to the increase in product enlistment fee and income share from associate.

For the year ended December 31, 2022, the MM Group's cost of sales is ₱4,334.7 million, an increase of 32.3% compared to ₱3,277.3 million for the year ended December 31, 2021, which is in line with the increase of revenues, primarily driven by the acquisition.

For the year ended December 31, 2022, the MM Group realized an increase of 55.2% in consolidated gross profit from ₱652.1 million in 2021 at 16.6% margin to ₱1,012.4 million at 18.9% margin in the same period of 2022, driven by strong sales growth and increase in other operating income of the Group.

Operating expenses increased by ₱345.0 million or 59.2% from the ₱582.8 million in the year ended December 31, 2021 to ₱927.8 million in 2022. The additional operating expenses are mainly attributable to the operating expenses of new operational stores and acquired subsidiaries.

Interest expense pertains to the accounting adjustment for the adoption of PFRS 16. The amount is the computed interest expense for the lease contract liability recognized. The increase in interest expense of ₱7.7 million or 48.4% from ₱16.0 million in the year ended December 31, 2021 to ₱23.7 million in 2022 is due to additional leases of MM Group qualified under PFRS 16.

Interest income decreased by 14.8% in 2022 due to decrease in deposit placement.

Share in income of associate pertains to the Parent Company's share in net income of Ceciles Pharmacy.

Gain from acquisition pertains to the excess in net asset value of Carlos over the acquisition cost.

Pre-tax income increased by 986.2% year-on-year to ₱599.1 million due to the increase in the revenue of the Group.

Income tax expense for the year ended December 31, 2022 amounted to ₱25.1 million due to taxable income driven by sales growth for the period.

For the year ended December 31, 2022, the MM Group earned a consolidated net income of ₱574.0 million an increase of 1588.3% from ₱34.0 million in 2021. The increase is mainly due to the higher revenue generated by the Group.

## FINANCIAL POSITION

### MERRYMART CONSUMER CORP. AND SUBSIDIARIES

#### Audited Consolidated Statements of Financial Position

As at December 31, 2022 & 2021

			Horizontal Analysis		Vertical Analysis	
	December 31, 2022	December 31, 2021	Increase (Decrease)		2022	2021
ASSETS						
Current Assets						
Cash and cash equivalents	₱712,159,133	₱2,030,327,961	(₱1,318,168,828)	(64.9%)	8.7%	31.3%
Receivables	137,192,039	86,062,063	51,129,976	59.4%	1.7%	1.3%
Inventories	2,131,993,401	1,372,727,670	759,265,731	55.3%	26.0%	21.1%
Prepaid expenses and other current assets	578,679,383	292,638,800	286,040,583	97.7%	7.1%	4.5%
Total Current Assets	₱3,560,023,956	₱3,781,756,494	(221,732,538)	(5.9%)	43.5%	58.2%
Noncurrent Assets						
Property and equipment - net	₱2,591,020,678	₱1,718,685,658	872,335,020	50.8%	31.6%	26.5%
Right-of-use asset	468,524,238	449,025,449	19,498,789	4.3%	5.7%	6.9%
Intangible asset	734,942,902	54,962,301	679,980,601	1237.2%	9.0%	0.8%
Deferred tax asset	27,269,104	37,919,270	(10,650,166)	(28.1%)	0.3%	0.6%
Investment in associate	392,309,584	-	392,309,584	0.0%	4.8%	0.0%
Other noncurrent assets	416,789,861	450,109,053	(33,319,192)	(7.4%)	5.1%	6.9%
Total Noncurrent Assets	₱4,630,856,367	₱2,710,701,731	1,920,154,636	70.8%	56.5%	41.8%
	₱8,190,880,323	₱6,492,458,225	₱1,698,422,098	26.2%	100.0%	100.0%
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and other current liabilities	₱891,122,264	₱822,473,155	₱68,649,109	8.3%	10.9%	12.7%
Income tax payable	1,552,376	-	1,552,376	0.0%	0.0%	0.0%
Short-term loans payable	1,867,083,333	1,295,000,000	572,083,333	44.2%	22.8%	19.9%
Total Current Liabilities	₱2,759,757,973	₱2,117,473,155	642,284,818	30.3%	33.7%	32.6%
Noncurrent Liabilities						
Retirement liability	₱22,524,833	₱9,085,689	13,439,144	147.9%	0.3%	0.1%
Due to related parties	1,052,308	-	1,052,308	0.0%	0.0%	0.0%
Lease liability	429,348,079	407,535,140	21,812,939	5.4%	5.2%	6.3%
Long-term loans payable	2,185,361,334	1,997,053,555	188,307,779	9.4%	26.7%	30.8%
Other noncurrent liabilities	43,220,681	2,580,000	40,640,681	1575.2%	0.5%	0.0%
Total Noncurrent Liabilities	₱2,681,507,235	₱2,416,254,384	265,252,851	11.0%	32.7%	37.2%
Total Liabilities	₱5,441,265,208	₱4,533,727,539	907,537,669	20.0%	66.4%	69.8%

**Equity**

Capital stock	₱379,746,835	₱379,746,835	-	0.0%	4.6%	5.8%
Additional paid-in capital	1,386,292,253	1,386,292,253	-	0.0%	16.9%	21.4%
Retained earnings	750,071,370	180,339,438	569,731,932	315.9%	9.2%	2.8%
Reserve on defined benefit plan	2,742,002	659,303	2,082,699	315.9%	0.0%	0.0%
Non Controlling Interest	230,762,655	11,692,857	219,069,798	1873.5%	2.8%	0.2%
<b>Total Equity</b>	<b>₱2,749,615,115</b>	<b>₱1,958,730,686</b>	<b>₱790,884,429</b>	<b>40.4%</b>	<b>33.6%</b>	<b>30.2%</b>
<b>Total Liabilities and Equity</b>	<b>₱8,190,880,323</b>	<b>₱6,492,458,225</b>	<b>₱1,698,422,098</b>	<b>26.2%</b>	<b>100.0%</b>	<b>100.0%</b>

**ASSETS**

Total assets as at December 31, 2022 is ₱8,190.9 million compared to ₱6,492.5 million as at December 31, 2021, a ₱1,698.8 million or 26.2% increase.

***Current Assets***

As at December 31, 2022 and 2021, total current assets amounted to ₱3,560.0 million or 43.5% of total assets, and ₱3,781.8 million or 58.2% of total assets, respectively, for a decrease of ₱221.7 million or 5.9%.

Cash and cash equivalents decreased by 64.9% from ₱2,030.3 million as at December 31, 2021 to ₱712.2 million as at December 31, 2022 primarily due to cash used in the roll out of additional stores and acquisition of subsidiaries.

Receivables accounts for 1.7% of the total assets as at December 31, 2022. It increased by 59.4% from ₱86.1 million as at December 31, 2021 to ₱137.2 million as at December 31, 2022 due to receivables from credit card transactions that are settled within 1-3 days from transaction date and receivables from wholesale and corporate customers.

Inventories increased by 55.3% from ₱1,372.7 million as at December 31, 2021 to ₱2,132.0 million as at December 31, 2022. Increase in inventories was due to the opening of additional stores and inventories from acquired subsidiaries.

Prepaid expenses and other current assets increased by 97.7% from ₱292.6 million as at December 31, 2021 to ₱578.7 million as at December 31, 2022 primarily due to the increased in input VAT related to the construction of new stores, additional prepayments and advances to suppliers.

***Noncurrent Assets***

As at December 31, 2022 and 2021, total noncurrent assets amounted to ₱4,630.9 million or 56.5% of total assets, and ₱2,710.7 million or 41.8% of total assets, respectively, for an increase of ₱1,920.2 million or 70.8% .

Property and equipment increased by 50.8% from ₱1,718.7 million as at December 31, 2021 to ₱2,591.0 million as at December 31, 2022 due primarily to the increase in construction in progress and leasehold improvements of new stores, as well as acquisition of store equipment.

Right-of-Use asset is in relation to the adoption of PFRS 16. Right-of-Use Assets amounted to ₱468.5 million and ₱449.0 million as at December 31, 2022 and December 31, 2021, respectively, which is 5.7% of total assets. The increase in right-of-use asset is due to the additional leases of the Group qualified under PFRS 16.

Intangible Assets increased by 1237.2% from ₱55.0 million as at December 31, 2021 to ₱734.9 million as at December 31, 2022 due to the Carlos Brand recognized by the Group in relation to acquisition of Carlos SuperDrugs.

Deferred tax assets decreased by 28.1% from ₱37.9 million as at December 31, 2021 to ₱27.3 million as at December 31, 2022 due to increase in the deferred tax component of capitalized borrowing costs.

Investment in associate pertains to investment in Cecile's Pharmacy.

Other noncurrent assets mainly pertain to the deposits made by the Group for new lease for its new and upcoming stores. Other noncurrent assets decreased by ₱33.3 million or 7.4% from ₱450.1 million as at December 31, 2021 to ₱416.8 million in December 31, 2022, which is 5.1% of the total assets.

## **LIABILITIES**

Total liabilities as at December 31, 2022 is ₱5,441.3 million compared to ₱4,533.7 million as at December 31, 2021, a ₱907.5 million or 20.0% increase.

### ***Current Liabilities***

As at December 31, 2022 and 2021, total current liabilities amounted to ₱2,759.8 million or 33.7% of total assets, and ₱2,117.5 million or 32.6% of total assets, respectively, for an increase of ₱642.3 million or 30.3%.

Accounts payable and other current liabilities increased by 8.3% to ₱891.1 million as at December 31, 2022, or 10.9% of total assets, due to higher payables to suppliers, accrued expenses and current portion lease liabilities as at December 31, 2022.

Income tax payable amounted to ₱1.6 million or 0.0% of total assets and nil or 0.0% of total assets as at December 31, 2022 and December 31, 2021, respectively. Income tax payable mainly pertains to income tax payable for the year.

Short-term loans payable amounted to ₱1,867.1 million as at December 31, 2022, an increase of ₱572.1 million or 44.2% from ₱1,295.0 million as at December 31, 2021. The increase is due to the short-term loans and current portion of the long-term loan availed by the Group in 2022.

### ***Noncurrent Liabilities***

As at December 31, 2022 and 2021, total noncurrent liabilities amounted to ₱2,681.5 million or 32.7% of total assets, and ₱2,416.3 million or 37.2% of total assets, respectively, for an increase of ₱265.3 million or 11.0%.

Retirement benefits liability increased by ₱13.4 million or 147.9% due to the additional accrual recognized by the MM Group for its retirement obligation to its employees.

Due to related parties amounted to ₱1.1 million as at December 31, 2022 and nil as at December 31, 2021.

Lease liability pertains to the contractual lease liability recognized by the MM Group for its stores and office space in relation to the PFRS 16 adoption amounting to ₱429.3 million as at December 31, 2022, an increase of ₱21.8 million or 5.4% from ₱407.5 million as at December 31, 2021. The increase in lease liability is due to additional spaces qualified under PFRS 16 leased by the Group for its newly opened stores.

Long-term loans payable amounted to ₱2,185.4 million on December 31, 2022, an increase of ₱188.3 million or 9.4% from ₱1,997.1 million as at December 31, 2021. The increase is due to additional long-term loan availed by the Group in 2022.

Other noncurrent liabilities increased to ₱43.2 million due to additional retention payable.

## **EQUITY**

Retained earnings amounted to ₱750.1 million as at December 31, 2022, an increase of ₱569.7 million or 315.9%. The increase is due to net income attributable to Parent for the year.

Non-controlling interest amounted to ₱230.8 million as at December 31, 2022, an increase of ₱219.1 million due to acquisition of new subsidiaries during the period and net income attributable to NCI.

As at December 31, 2022 and 2021, total equity amounted to ₱2,749.6 million or 33.6% of total assets, and ₱1,958.7 million or 30.2% of total assets, respectively, for an increase of ₱790.9 million or 40.4%. The increase in equity is due to the Group's non-controlling interest and net income for the period.

## Key Performance Indicators of the Company

The following are the key performance indicators used by the Group as at December 31, 2023, 2022 and 2021.

	December 31, 2024	December 31, 2023	December 31, 2022
Current Ratio	1.22	0.91	1.29
Asset to Equity	3.38	2.85	2.98
Debt to Equity Ratio	1.84	1.32	1.47
Acid Test Ratio	0.51	0.19	0.31
Return on Equity	2.14%	14.95%	25.52%
Net Income to Revenue	0.81%	6.45%	10.66%
Revenue Growth	23.80%	17.91%	36.08%
Solvency Ratio	0.05	0.09	0.14

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. Acid Test Ratio	$\frac{\text{Cash} + \text{Accounts Receivable} + \text{Marketable Securities}}{\text{Current Liabilities}}$
8. Solvency Ratio	$\frac{\text{Net Income} + \text{Depreciation and Amortization}}{\text{Total Liabilities}}$

## **Liquidity & Capital Resources**

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

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

## **Material Events and Uncertainties**

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

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

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

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

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

MM Group also has no unconsolidated subsidiaries.

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

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

## ITEM 6. FINANCIAL STATEMENTS

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

## ITEM 7. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS AND FINANCIAL DISCLOSURE

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

## PART III CONTROL AND COMPENSATION INFORMATION

## ITEM 8. DIRECTORS AND EXECUTIVE OFFICERS AND REGISTRANTS

Our overall management and supervision are undertaken by the Board. Our executive officers and management team cooperate with the Board by preparing appropriate information and documents concerning our business operations, financial condition, and results of operations for its review. Currently, the Board consists of seven members, at least two of whom are independent directors. Except for Mr. Edgar J. Sia II and Mr. Ferdinand J. Sia, who have been directors since MM's incorporation, all the directors were elected at MM's stockholders meeting on December 16, 2024. All directors will hold office for a period of one (1) year from their election and until their successors have been duly elected and qualified.

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

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

The following table sets forth MM's key executive and corporate officers ("Senior Management"):

<b>Name</b>	<b>Position</b>	<b>Citizenship</b>
Edgar J. Sia II.....	Chairman/CEO	Filipino
Ferdinand J. Sia.....	President/COO	Filipino



Shella A. Sia.....	Treasurer/EVP	Filipino
Rizza Marie Joy J. Sia-Javelona.....	Comptroller	Filipino
Marriana H. Yulo-Luccini.....	CFO/CIO	Filipino
Mercedes L. Taleon.....	Chief Development Officer	Filipino
Atty. Jacqueline Ann Marie O. Gomez.....	Corporate Secretary	Filipino

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

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

*Ferdinand J. Sia*, is the President and Chief Operating Officer of MM from 2019 to present and has been a director of MM since incorporation to present. He is currently the President and Chief Operating Officer of DD since 2012 to present and III since 2007 to present. He previously served as Director of Mang Inasal from 2006 to 2016. He graduated from the Arellano University School of Law.

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

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

*Marriana H. Yulo-Luccini*, is the Chief Financial Officer and Chief Investment Officer of MM from 2020 to present and has been a director of MM from 2020 to present. She also serves as Chief Investment Officer of DD from 2015 to present and the CEO of Hotel101 Global Pte Ltd. She was previously Chief Financial Officer of Alphaland Corporation and Group Chief Financial Officer of PhilWeb Corporation, ISM Communications Corporation, and Atok Big-Wedge Co. Inc. from 2011 to 2014. She graduated in Business Administration – Major in Management at Palawan State University and has a Masters in Business Administration Degree from the University of St. La Salle.

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

*Gary Emerson P. Cheng*, is an Independent Director of MM from 2020 to present. He is currently the Managing Director and Co-Founder of Fortman Cline Capital Markets Limited from 2007 to present. Dr. Cheng also serves as Independent Director of DD from 2013 to present. Dr. Cheng served as the former

President/CEO of Amalgamated Investment Bancorporation from 2003 to 2018 and former Vice President of Investment Banking at J.P. Morgan from 1993 to 2002. Dr. Cheng obtained his doctorate in Philosophy from the University of Leeds, England.

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

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

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

## **FAMILY RELATIONSHIPS**

As of December 31, 2024, family relationships (by consanguinity or affinity within the fourth civil degree) between Directors and members of MM's Senior Management are as follows:

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

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

## **INDEPENDENT DIRECTORS**

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

## COMMITTEES OF THE BOARD

To aid in complying with the principles of good governance, the Manual provides that the Board shall create and appoint Board members to each of the committees set forth below. Each member of the respective committees named below holds office as of the date of this Prospectus and will serve until his successor is elected and qualified.

### *Audit Committee*

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

The Audit Committee has the following functions:

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

to the MM's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in MM's Annual Report and Annual Corporate Governance Report;

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

As of December 31, 2024, the Audit and Risk Management Committee is chaired by Mr. Gary P. Cheng, while Mr. Ferdinand J. Sia and Ms. Marriana H. Yulo-Luccini serve as its members.

### ***Nomination Committee***

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

As of December 31, 2024, the Nomination Committee is chaired by Atty. Victoria R. Tamayao, while Mr. Ferdinand J. Sia and Ms. Marriana H. Yulo-Luccini serve as its members.

### ***Compensation and Personnel Committee***

The Compensation Committee is composed of at least three members of the Board, one of whom is an independent director. The Compensation Committee may establish a formal and transparent procedure for

developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with MM's culture, strategy and the business strategy in which it operates.

As of December 31, 2024, the Compensation Committee is chaired by Edgar J. Sia II, while Mr. Ferdinand J. Sia and Atty. Victoria R. Tamayao serve as members.

## **EVALUATION SYSTEM AND COMPLIANCE**

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

- For a first violation, the offender shall be reprimanded.
- For a second violation, suspension from office shall be imposed on the offender. The duration of suspension shall depend on the gravity of the violation. This penalty shall not apply to the members of the Board of Directors.
- For a third violation, the maximum penalty of removal from office shall be imposed on the offender. The commission of a third violation by any member of the board or MM or its Subsidiaries and affiliates shall be sufficient cause for removal from directorship. In case the offender is a member of the Board of Directors, the provisions of Section 27 of the Revised Corporation Code shall be observed.

## **SIGNIFICANT EMPLOYEES**

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

## **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

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

## **ITEM 9. EXECUTIVE COMPENSATION**

For each of the years ended December 31, 2022, 2023 and 2024 the total salaries and allowances and bonuses paid to all other officers as a group unnamed are as follows:

<b>Name &amp; Position</b>	<b>Year</b>	<b>Salary, Bonus and Other Benefits</b>
Edgar J. Sia II Ferdinand J. Sia Rizza Marie J. Sia-Javelona Shella A. Sia Marriana H. Yulo-Luccini Mercedes L. Taleon Atty. Jacqueline Ann Marie O. Gomez <i>Aggregate compensation paid to all officers and directors as a group</i>	FY 2024	₱6,045,000
	FY 2023	₱5,808,687
	FY 2022	₱5,568,687

*For the year 2019, MM did not recognize expenses for key management compensation.*

### ***Compensation of Directors***

For the years ended December 31, 2024, 2023 and 2022, total directors fee amounts to ₱1,080,000, ₱1,080,000 and ₱1,080,000 respectively. There are no other existing arrangements/agreements under which directors are to be compensated during the last completed fiscal year and the ensuing year.

### ***Standard Arrangements***

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

### ***Other Arrangements***

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

## ITEM 10. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

### Security Ownership of Certain Record and Beneficial Owners of more than 5% of the Company's voting securities as of December 31, 2024

Name and Address of Record Owners	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Common Shares Held	% of Total Outstanding Shares
Injap Investments, Inc Fuentes St, Iloilo City	The record owner is the beneficial owner of the shares indicated	Filipino	5,999,989,995	79.00%
PCD - Filipino	-	Filipino	1,558,729,797	20.52%

As of December 31, 2024, foreign shareholders owned 0.45% of the Common Shares of the Company.

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

The following table sets forth security ownership of the Company's Directors, and Officers, as of December 31, 2024:

Title of Class	Name of Record Owner	Position	Citizenship	Amount and Nature of Beneficial Ownership	Percentage of Ownership
Common	Edgar J. Sia II	Director / Chairman & CEO	Filipino	838,000 shares	0.01%
Common	Ferdinand J. Sia	Director / President	Filipino	276,000 shares	0.00%
Common	Marriana H. Yulo-Luccini	Director / CFO / CIO	Filipino	1 share	0.00%
Common	Atty. Jacqueline Ann Marie O. Gomez	Director / Corp. Secretary	Filipino	1 share	0.00%
Common	Rizza Marie Joy S. Javelona	Comptroller	Filipino	2,000 shares	0.00%
Common	Jose Roelph E. Desales	Asst. Corp. Secretary	Filipino	1 share	0.00%
Common	Atty. Victoria R. Tamayao	Independent Director	Filipino	1share	0.00%
Common	Gary P. Cheng	Independent Director	Filipino	1 share	0.00%

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

### **Voting Trust Holders of five percent or More**

As of December 31, 2024, MM is not aware of any person holding more than 5.0% of a class of its shares under a voting trust or similar agreement.

### **Change in Control**

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

## **ITEM 11. CERTAIN RELATIONSHIP AND RELATED TRANSACTIONS**

The Company and its Subsidiaries, in their ordinary course of business, engage in transactions with related parties and affiliates. These transactions include advances, cost allocations and reimbursement of expenses. Except where indicated in the table below, settlement of outstanding balances of advances at year end occurs in cash. As of December 31, 2024, 2023 and 2022 the Company has not made any provision for impairment losses relating to amounts owed by related parties.

Refer to Note 18 of the 2024 Audited Consolidated Financial Statements for the Company for the summary of the Company's transactions with its related parties for the year ended December 31, 2024, and 2023.

## **PART IV      CORPORATE GOVERNANCE**

### **ITEM 12. CORPORATE GOVERNANCE**

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

The Board of Directors are primarily responsible for the governance of the Company. In addition to setting the policies for the accomplishment of corporate objectives, it has the duty to provide an independent check on the Management. The Board is mandated to attend its regular and special meetings in person or through



teleconferencing. The MM board's independent directors are aware of their duties as such under the Manual. These independent directors are expected to look after the interests of minority shareholders as well as other MM stakeholders.

As of December 31, 2024, there has been no reported deviation from the Manual and MM continually endeavors to comply with the Manual. The Board of Directors are continually assessing policies that could further improve the corporate governance of the Company.

## **PART V      EXHIBITS AND SCHEDULES**

### **ITEM 13. EXHIBITS AND REPORTS ON SEC FORM 17-C**

#### **A   EXHIBITS**

See accompanying Index to Exhibits.

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

2024 Audited Consolidated Financial Statements

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

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

None.

#### **INDEX TO EXHIBITS**

#### **INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES**

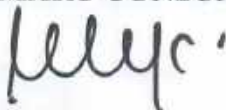
#### **SIGNATURE**

## SIGNATURES

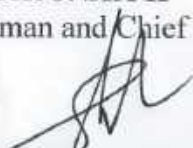
Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in \_\_\_\_\_ on \_\_\_\_\_.

By:

**MERRYMART CONSUMER CORP.**



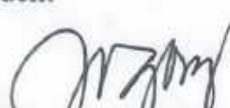
**EDGAR J. SIA II**  
Chairman and Chief Executive Officer



**MARRIANA H. YULO**  
Chief Financial Officer



**FERDINAND J. SIA**  
President



**JACQUELINE ANN MARIE O. GOMEZ**  
Corporate Secretary

**SUBSCRIBED AND SWORN** to before me this **16 MAY 2025** at \_\_\_\_\_  
to wit: **CITY OF MAKATI** affiants exhibiting to me their competent evidence of identity,

- 1) EDGAR J. SIA II with Passport No. P8371489B issued by DFA Manila expiring on December 2, 2031
- 2) FERDINAND J. SIA with Passport No. P7882199A issued by DFA Manila expiring on July 10, 2028
- 3) MARRIANA H. YULO with Passport No. P6799694C issued by DFA Manila expiring on March 31, 2034
- 4) JACQUELINE ANN MARIE O. GOMEZ with Passport No. P6783876A issued by DFA Manila expiring on April 15, 2028

Doc 237  
Page 49  
Book 3  
Series of 2025



**ATTY. ROMEO M. MONFORT**  
Notary Public City of Makati  
Until December 31, 2025  
Appointment No. 34-032-(2024-2025)  
PTR No. 1046008 Jan. 2, 2025/ Makati City  
IBF No. 488534 Dec. 27, 2024  
MCLE NO. VII-0027570 Roll No. 27932  
Amdulo Street, Legaspi Village  
Makati City

# MERRYMART

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

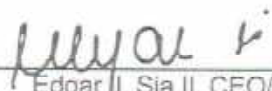
The management of **MERRYMART CONSUMER CORP. AND SUBSIDIARIES** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the periods ended December 31, 2024, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

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

Signature   
Edgar J. Sia II, CEO/Chairman

Signature   
Ferdinand J. Sia, President

Signature   
Mariana H. Yulo, CFO

Subscribed and sworn to be for me  
15 MAY 2025 at City of Makati

Signed this May 15, 2025

DOC.: 197  
PAGE: 41  
BOOK: 3  
SERIES OF 2025:

  
ATTY. ROMEO M. MONTFORT  
Notary Public City of Makati  
Expiry Date: December 31, 2025  
Appointment No. M-032-(2024-2025)  
PTR No. 10/66008 Jan. 2, 2025/ Makati City  
IBP No. 488234 Dec. 27, 2024  
MCLE NO. VII-0027570 Roll No. 27932  
Aranzola Street, Legaspi Village  
Makati City

# MERRYMART CONSUMER CORP. AND SUBSIDIARIES

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

## **CONSOLIDATED FINANCIAL STATEMENTS** **December 31, 2024, 2023 and 2022**

With Independent Auditors' Report

## REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders

**MerryMart Consumer Corp. and Subsidiaries**

9th Floor, Tower 1, DoubleDragon Plaza

DD Meridian Park, Corner Macapagal Avenue and Edsa Extension

Bay Area, Baranggay 76, Pasay City, NCR, Philippines

### *Opinion*

We have audited the consolidated financial statements of MerryMart Consumer Corp., formerly Injap Supermart Inc. (a subsidiary of Injap Investments, Inc.) and its subsidiaries (the “Group”), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2024 and 2023 and 2022, and notes, comprising a summary of material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2024, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

### *Basis for Opinion*

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

Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until September 20, 2026

SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025

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

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

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

financial statements



## *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### *Revenue Recognition (P7,805.17 million)*

Refer to Note 14 and 17 to the consolidated financial statements.

#### *The Risk*

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

#### *Our Response*

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

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

### *Existence and Completeness of Inventories (P2,860.67 million)*

Refer to Note 7 to the consolidated financial statements.

#### *The Risk*

The Group's inventories represent 45% of the Group's total current assets. The Group has several warehouses and operates multiple stores across the country. Since the inventories are material to the consolidated financial statements, and various warehouses and stores are geographically dispersed across the country, we consider this as a key audit matter.



### *Our Response*

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

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

### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditors' report.

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

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

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

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





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

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

#### *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.





- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Oliver C. Bucao.

**R.G. MANABAT & CO.**

OLIVER C. BUCAO

Partner

CPA License No. 0086699

Tax Identification No. 129-433-612

BIR Accreditation No. 08-001987-053-2023

Issued March 10, 2023; valid until March 10, 2026

PTR No. MKT 10467168

Issued January 2, 2025 at Makati City

May 16, 2025

Makati City, Metro Manila



R.G. Manabat & Co.  
The KPMG Center, 6/F  
6787 Ayala Avenue, Makati City  
Philippines 1209  
Telephone +63 (2) 8885 7000  
Fax +63 (2) 8894 1985  
Internet [www.home.kpmg/ph](http://www.home.kpmg/ph)  
Email [ph-inquiry@kpmg.com](mailto:ph-inquiry@kpmg.com)

## REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders  
**MerryMart Consumer Corp. and Subsidiaries**  
9th Floor, Tower 1, DoubleDragon Plaza  
DD Meridian Park, Corner Macapagal Avenue and Edsa Extension  
Bay Area, Baranggay 76, Pasay City, NCR, Philippines

### *Opinion*

We have audited the consolidated financial statements of MerryMart Consumer Corp., formerly Injap Supermart Inc. (a subsidiary of Injap Investments, Inc.) and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2024 and 2023 and 2022, and notes, comprising a summary of material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2024, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

### *Basis for Opinion*

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

#### Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until September 20, 2026

SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025

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

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

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



## *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### *Revenue Recognition (P7,805.17 million)*

Refer to Note 14 and 17 to the consolidated financial statements.

#### *The Risk*

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

#### *Our Response*

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

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

### *Existence and Completeness of Inventories (P2,860.67 million)*

Refer to Note 7 to the consolidated financial statements.

#### *The Risk*

The Group's inventories represent 45% of the Group's total current assets. The Group has several warehouses and operates multiple stores across the country. Since the inventories are material to the consolidated financial statements, and various warehouses and stores are geographically dispersed across the country, we consider this as a key audit matter.



### *Our Response*

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

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

### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditors' report.

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

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

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

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



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

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

#### *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Oliver C. Bucao.

**R.G. MANABAT & CO.**

OLIVER C. BUCAO

Partner

CPA License No. 0086699

Tax Identification No. 129-433-612

BIR Accreditation No. 08-001987-053-2023

Issued March 10, 2023; valid until March 10, 2026

PTR No. MKT 10467168

Issued January 2, 2025 at Makati City

May 16, 2025

Makati City, Metro Manila

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

		December 31	
	Note	2024	2023
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	4, 5, 23	P2,436,030,006	P745,575,628
Receivables	4, 6, 23	152,319,905	152,392,461
Inventories	4, 7, 15	2,860,665,532	2,744,017,089
Prepaid expenses and other current assets	8	731,765,092	657,104,062
<b>Total Current Assets</b>		<b>P6,180,780,535</b>	4,299,089,240
<b>Noncurrent Assets</b>			
Property and equipment	4, 9	4,707,604,841	4,106,537,658
Right-of-use assets	4, 20	565,171,478	563,121,534
Intangible assets	4, 11	2,852,149,469	2,850,063,805
Deferred tax assets	4, 21	134,779,869	132,045,829
Other noncurrent assets	4, 10, 20, 23	399,426,484	361,768,302
<b>Total Noncurrent Assets</b>		<b>8,659,132,141</b>	8,013,537,128
		<b>P14,839,912,676</b>	P12,312,626,368
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and other current liabilities	12, 23	P1,745,740,466	P1,697,741,402
Income tax payable		20,259,666	6,570,009
Loans payable - current	13, 23	3,286,000,000	3,021,000,000
<b>Total Current Liabilities</b>		<b>5,052,000,132</b>	4,725,311,411
<b>Noncurrent Liabilities</b>			
Retirement benefits liability	16, 17, 19	48,056,089	40,211,342
Lease liabilities	20, 23	512,992,555	519,388,039
Loans payable - net of current portion	13, 23	4,816,034,937	2,679,617,342
Other noncurrent liabilities		16,091,893	29,656,287
<b>Total Noncurrent Liabilities</b>		<b>5,393,175,474</b>	3,268,873,010
<b>Total Liabilities</b>		<b>10,445,175,606</b>	7,994,184,421
<b>Equity Attributable to Equity Holders of the Parent Company</b>			
Capital stock	22	379,746,835	379,746,835
Additional paid-up capital		1,386,292,253	1,386,292,253
Retained earnings	22	1,220,197,161	1,156,889,067
Reserve on defined benefit plan		(253,586)	25,397
Non-controlling interest		1,408,754,407	1,395,488,395
<b>Total Equity</b>		<b>4,394,737,070</b>	4,318,441,947
		<b>P14,839,912,676</b>	P12,312,626,368

See Notes to the Consolidated Financial Statements.

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

		Years Ended December 31		
	Note	2024	2023	2022
<b>REVENUES</b>				
Sale of goods	14	P7,687,269,980	P6,196,860,686	P5,240,236,524
Display rental	14	24,868,275	23,833,989	24,179,932
Other operating income	14, 17	93,034,099	84,065,989	82,622,125
		7,805,172,354	6,304,760,664	5,347,038,581
<b>COST OF SALES</b>	7, 15	6,286,709,657	5,486,636,144	4,334,681,123
<b>GROSS PROFIT</b>		1,518,462,697	818,124,520	1,012,357,458
<b>OPERATING EXPENSES</b>	16	1,367,049,523	1,142,073,194	927,800,430
<b>INCOME (LOSS) FROM OPERATIONS</b>		151,413,174	(323,948,674)	84,557,028
<b>INTEREST EXPENSE</b>	13, 20	(34,523,382)	(23,767,574)	(23,686,339)
<b>INTEREST INCOME</b>	5	921,035	24,627,452	1,491,676
<b>SHARE IN EQUITY/INCOME OF ASSOCIATE</b>	11	-	8,086,788	274,903,334
<b>GAIN FROM ACQUISITION</b>	4, 11	-	636,022,695	261,814,244
<b>INCOME BEFORE INCOME TAX</b>		117,810,827	321,020,687	599,079,943
<b>INCOME TAX (EXPENSE) BENEFIT</b>	21	(33,736,721)	87,176,782	(25,089,903)
<b>NET INCOME</b>		84,074,106	408,197,469	573,990,040
<b>OTHER COMPREHENSIVE GAIN (LOSS)</b>				
<i>Item that will not be reclassified to profit or loss</i>				
Remeasurement gain (loss) on defined benefit plan	19	(371,978)	(3,622,140)	2,776,933
Deferred tax effect		92,995	905,535	(694,233)
		(278,983)	(2,716,605)	2,082,700
<b>TOTAL COMPREHENSIVE INCOME</b>		P83,795,123	P405,480,864	P576,072,740
<b>Net income attributable to:</b>				
Equity holders of the Parent Company		P63,308,094	P406,817,697	P569,755,822
Non-controlling interest		20,766,012	1,379,772	4,234,219
		P84,074,106	P408,197,469	P573,990,041
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Parent Company		P61,850,688	P404,101,092	P571,838,521
Non-controlling interest		21,944,435	1,379,772	4,234,219
		P83,795,123	P405,480,864	P576,072,740
<b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY</b>	22	P0.008	P0.054	P0.075

See Notes to the Consolidated Financial Statements.



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

							Years Ended December 31
	Note	Capital Stock	Additional Paid-up Capital	Reserve on Defined Benefit Plan	Retained Earnings	Non-controlling Interest	Total
Balance at December 31, 2021		P379,746,835	P1,386,292,253	P659,303	P180,339,438	P11,692,857	P1,958,730,686
Stock issuance cost		-	-	-	(23,890)	-	(23,890)
Noncontrolling interest on acquisition of subsidiary	24	-	-	-	-	214,835,579	214,835,579
Transactions with owners		-	-	-	(23,890)	214,835,579	214,811,689
Net income	24	-	-	-	569,755,822	4,234,219	573,990,041
Remeasurement gain on defined benefit plan, net of tax	19	-	-	2,082,699	-	-	2,082,699
Total comprehensive income		-	-	2,082,699	569,755,822	4,234,219	576,072,740
Balance at December 31, 2022		379,746,835	1,386,292,253	2,742,002	750,071,370	230,762,655	2,749,615,115
Noncontrolling interest on acquisition of subsidiary	11	-	-	-	-	1,163,345,968	1,163,345,968
Net income		-	-	-	406,817,697	1,379,772	408,197,469
Remeasurement loss on defined benefit plan, net of tax	19	-	-	(2,716,605)	-	-	(2,716,605)
Total comprehensive income		-	-	(2,716,605)	406,817,697	1,379,772	405,480,864
Balance at December 31, 2023		379,746,835	1,386,292,253	25,397	1,156,889,067	1,395,488,395	4,318,441,947
Net income		-	-	-	63,308,094	20,766,012	84,074,106
Dividends		-	-	-	-	(7,500,000)	(7,500,000)
Remeasurement loss on defined benefit plan, net of tax	19	-	-	(278,983)	-	-	(278,983)
Total comprehensive income		-	-	(278,983)	63,308,094	13,266,012	76,295,123
<b>Balance at December 31, 2024</b>		<b>P379,746,835</b>	<b>P1,386,292,253</b>	<b>(P253,586)</b>	<b>P1,220,197,161</b>	<b>P1,408,754,407</b>	<b>P4,394,737,070</b>

*See Notes to the Consolidated Financial Statements.*

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

		Years Ended December 31		
	Note	2024	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income before income tax		P117,810,827	P321,020,687	P599,079,943
Adjustments for:				
Depreciation and amortization	9, 10, 11, 16	444,340,820	290,472,799	193,300,912
Interest expense	20	34,523,382	23,767,574	25,865,802
Retirement benefits expense	19	8,294,436	4,816,152	5,416,184
Interest income	5	(921,035)	(24,627,452)	(1,491,676)
Gain from acquisition	11	-	(636,022,695)	(261,814,244)
Share in net income from associate		-	(8,086,788)	(274,903,334)
Operating income (loss) before working capital changes		604,048,430	(28,659,723)	285,453,587
Increase in:				
Receivables		72,556	2,690,883	(51,129,976)
Inventories		(116,648,443)	(254,941,905)	(759,265,731)
Prepaid expenses and other current assets		(74,661,031)	(76,684,745)	(286,040,583)
Decrease in:				
Accounts payable and other current liabilities		11,894,479	486,884,793	64,037,446
Due to related parties		-	(1,052,308)	1,052,308
Other liabilities		(13,564,394)	(13,564,394)	15,739,929
Cash absorbed by operations		411,141,597	114,672,601	(730,153,020)
Income tax paid		(20,259,666)	(12,821,900)	(3,862,005)
Interest received		921,035	24,627,452	1,491,676
Benefits paid	19	(821,667)	-	-
Interest paid		(468,194)	(1,928,987)	(2,062,601)
Net cash used in operating activities		390,513,105	124,549,166	(734,585,950)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Additions to property and equipment	9	(918,149,208)	(1,608,676,747)	(981,235,218)
Additions to intangible assets	11	(14,982,972)	(12,639,796)	(1,547,055)
Other noncurrent assets	10	(37,658,182)	58,455,951	33,319,192
Consideration transferred, net of cash acquired through business combination		-	(77,664,211)	(175,785,512)
Investment in associate	11	-	-	(117,406,250)
Net cash used in investing activities		(P970,790,362)	(P1,640,524,803)	(P1,242,654,843)

Forward

Years Ended December 31				
	Note	2024	2023	2022
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from availment of loans	13	<b>P6,539,417,595</b>	P5,994,409,561	P1,825,808,480
Payment of loans	13	<b>(4,138,000,000)</b>	(4,346,236,886)	(1,065,417,368)
Lease payments	20	<b>(123,185,960)</b>	(98,780,543)	(101,319,147)
Dividends paid		<b>(7,500,000)</b>	-	-
Net cash provided by financing activities		<b>2,270,731,635</b>	1,549,392,132	659,071,965
<b>NET INCREASE (DECREASE) IN CASH</b>		<b>1,690,454,378</b>	33,416,495	(1,318,168,828)
<b>CASH AT BEGINNING OF THE YEAR</b>	5	<b>745,575,628</b>	712,159,133	2,030,327,961
<b>CASH AT END OF THE YEAR</b>	5	<b>P2,436,030,006</b>	P745,575,628	P712,159,133

See Notes to the Consolidated Financial Statements.

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

---

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

---

**1. Corporate Information**

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

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

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

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 IPO and was listed in the PSE under the stock symbol "MM". III remains as the ultimate parent company and controlling shareholder of MM.

---

## 2. Basis of Preparation

### Statement of Compliance

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

The consolidated financial statements were approved and authorized for issuance by the BOD on May 15, 2025.

### Basis of Measurement

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

### Functional and Presentation Currency

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

### Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries (collectively referred to herein as the "Group").

Subsidiaries	Percentage of Ownership	
	2024	2023
MerryMart Grocery Centers, Inc. (MMGC) <sup>(a)</sup>	100	100
MM Consumer Technologies Corp. (MTech) <sup>(b)</sup>	100	100
M Supplies Corp (MSupplies) <sup>(c)</sup>	100	100
Carlos Drugs-Lucena Inc. ("Carlos SuperDrug") <sup>(d)</sup>	71.96	71.96
ZC Ramthel Corporation ("Cecile's Pharmacy") <sup>(e)</sup>	53.13	53.13

(a) Consolidated effective September 28, 2018.

(b) Consolidated effective May 27, 2021.

(c) Consolidated effective March 29, 2022

(d) Consolidated effective January 6, 2022

(e) Consolidated effective December 12, 2023 (See Note 11)

### **MMGC**

MMGC 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.

#### *MTech*

MTech was registered with the SEC on May 27, 2021 primarily to invest in, purchase, or otherwise acquire, and own, hold, use sell, assign, transfer, lease, mortgage, exchange, develop, or otherwise dispose of real and personal property of every kind and description, including shares of stock, bonds, debentures, notes, evidence of indebtedness, and other securities and obligations of any corporation or corporations, association or associations, joint ventures, incorporated or otherwise, domestic or foreign, for whatever lawful purpose or purposes the same may have been organized and to pay therefor in money or by exchanging therefor stocks, bonds, or other evidences of indebtedness or securities of this or any other corporation, and while the owner or holder of any such real or personal property, stocks, bonds, debentures, contracts, or obligations, to receive, collect and dispose of the interest, dividends, and income arising from such property; to possess and exercise in respect thereof, all the rights, powers and privileges of ownership, including all voting powers of any stock so owned, to carry on, provide support and manage the general business of any corporation, company, association or joint venture and to secure and guarantee the loans and obligations of , and act as surety for its subsidiaries, affiliates or associates as may be authorized by the Board of Directors; and to exercise such powers, act or functions as may be essential or necessary to carry out the purpose stated herein.

MTech has a subsidiary, MBOX Smart Lockers Corp. (MBox), which is included in the consolidated financial statements.

#### *MBOX*

MBox was incorporated and registered with the SEC on June 4, 2021. It is engaged to invest, own, operate, manage, develop infrastructure, facilities, services, applications and systems for storage and distribution, which includes smart lockers, storages and other logistics systems, tools, equipment and services.

MBox is 70% owned by MTech.

#### *MSupplies*

MSupplies was incorporated and registered with the SEC on March 29, 2022 with the primary purpose of engaging in the business, acquire, hold, own, operate, or manage wholesale or retail trade of foodstuffs, grocery items, household items, consumer goods, and merchandise, on any lands, buildings, supermarkets, malls, stores, stalls or structures owned, leased, held, operated, managed or occupied by the corporation.

#### *Carlos Drugs-Lucena Inc. ("Carlos SuperDrug")*

Carlos SuperDrug was incorporated and registered with the SEC to conduct, undertake and carry the business of retailing, wholesaling, distributing, manufacturing, buying, selling or otherwise dealing in drugs, pharmaceuticals, as well as medicinal, veterinary or agricultural compounds and chemicals, hospital, medical and laboratory supplies and equipment, food preparations, cosmetics, toiletries and general merchandise of all kinds and description; and to import and export all lawful object of commerce; and to commercial broker, factor, agent upon consignment of indent orders or in any other representative capacity for natural and juridical persons and entities, whether domestic or foreign.

***ZC Ramthel Corporation ("Cecile's Pharmacy")***

Cecile's Pharmacy is the biggest pharmacy chain in the city of Zamboanga in Mindanao Region, and the brand has been in operation for 57 years since 1964. The current management team of the Cecile's Pharmacy chain will continue to run the operations of the company in tandem with the Parent Company's team.

The investment in Cecile's Pharmacy is held by the Parent Company as Investment in subsidiary as of December 31, 2024 and 2023, and as Investment in Associate as of December 31, 2022 (see Note 11).

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

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

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. Intergroup balances and transactions, including intergroup unrealized profits and losses, are eliminated in preparing the consolidated financial statements.

Non-controlling interests include the portion of profit or loss and net assets not attributable to the equity holders of the Parent Company and are presented in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from the equity attributable to equity holders of the Parent Company.

As at December 31, 2024 and 2023, non-controlling interests include the interests not held by the Group in Carlos Superdrug, Cecile's Pharmacy, and MBox.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, the Group: (i) derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interests and the cumulative transaction differences recorded in equity; (ii) recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss; and (iii) reclassify the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

The place of incorporation and the place of registration of the subsidiaries are the same with the Parent Company. The Parent Company and its Subsidiaries are domiciled in the Philippines.

The following table summarizes the financial information relating to Group's subsidiaries that has material NCI, before any intra-group eliminations:

*Carlos SuperDrug*

	December 31 (Audited)	
	2024	2023
<b>NCI Percentage</b>	<b>24.48%</b>	24.48%
Current assets	<b>P517,627,364</b>	P436,891,761
Noncurrent assets	<b>178,294,624</b>	176,704,528
Current liabilities	<b>410,255,802</b>	309,604,908
Noncurrent liabilities	<b>135,344,760</b>	138,235,495
<b>Net assets</b>	<b>150,321,426</b>	165,755,886
Carrying amount of NCI	<b>36,798,685</b>	40,577,041
Net income (loss)	<b>(16,361,515)</b>	14,352,397
Net income (loss) allocated to NCI	<b>(4,077,289)</b>	3,576,617
Cash flows from operating activities	<b>5,814,074</b>	3,260,526
Cash flows from investing activities	<b>(16,046,684)</b>	(23,272,831)
Cash flows from financing activities	<b>21,998,155</b>	15,895,603
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>P11,765,545</b>	<b>(4,116,702)</b>

*Cecile's Pharmacy*

	December 31 (Unaudited)	
	2024	2023
<b>NCI Percentage</b>	<b>46.88%</b>	46.88%
Current assets	P722,282,306	P580,823,811
Noncurrent assets	206,313,149	168,637,927
Current liabilities	356,162,452	300,894,634
Noncurrent liabilities	92,664,268	80,313,069
<b>Net assets</b>	<b>479,768,735</b>	368,254,035
Carrying amount of NCI	224,891,595	172,619,079
Net income (loss)	58,705,058	32,347,152
Net income (loss) allocated to NCI	27,517,996	-
Cash flows from operating activities	1,671,116	28,537,081
Cash flows from investing activities	(44,608,662)	(60,278,672)
Cash flows from financing activities	53,777,900	102,691,263
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>P10,840,354</b>	<b>(P70,949,672)</b>



---

### 3. Summary of Material Accounting Policies

The material information of the principal accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements, except for the changes in accounting policies as explained below.

The Group has adopted the following new standards, amendments to standards and interpretations starting January 1, 2024, 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.

#### Adoption of Amendments to Standards

- Classification of Liabilities as Current or Noncurrent - 2020 Amendments and Non-Current Liabilities with Covenants - 2022 amendments (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 noncurrent, the amendments:
  - removed the requirement for a right to defer settlement of a liability for at least 12 months after the reporting period to be unconditional and instead require that the right must have substance and exist at the reporting period;
  - clarified that only covenants with which a Company must comply on or before the reporting date affect the classification of a liability as current or noncurrent and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that period;
  - provided additional disclosure requirements for noncurrent liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; and
  - clarified that settlement of a liability includes transferring an entity'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 noncurrent.

#### Standards Issued But Not Yet Adopted

A number of new and amendments to standards are effective for annual periods beginning after January 1, 2024. However, the Company has not early adopted the following new or amended standards in preparing the financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Company's financial statements.

#### *Effective January 1, 2026*

- *Amendments to the Classification and Measurement of Financial Instruments (Amendments to PFRS 9 Financial Instruments and PFRS 7 Financial Instruments: Disclosures)*. The amendments relate to the date of recognition and derecognition, classification of financial assets, contractually linked instruments and non-recourse features, and disclosures on investments in equity instruments.

Date of recognition and derecognition. The amendments clarified that:

- a financial asset or financial liability is recognized on the date on which the entity becomes party to the contractual provisions of the instrument unless the regular way exemption applies;
- a financial asset is derecognized on the date on which the contractual rights to cash flows expire or the asset is transferred; and
- a financial liability is derecognized on the settlement date, which is the date on which the liability is extinguished because the obligation specified in the contract is discharged or cancelled or expires or the liability otherwise qualifies for derecognition.

However, the amendments provide an exception for the derecognition of financial liabilities where an entity may choose to derecognize a financial liability that is settled using an electronic payment system before the settlement date if, and only if, the entity has initiated the payment instruction that resulted in:

- the entity having no practical ability to withdraw, stop or cancel the payment instruction;
- the entity having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- the settlement risk associated with the electronic payment system is insignificant.

Entities may choose to apply the exception on a system-by-system basis.

Classification of financial assets. The amendments related to classification of financial assets introduces an additional test to assess whether the sole payments of principal and interest (SPPI) criterion is met for financial assets with contingent features that are not related directly to a change in basic lending risks or costs.

The amendments clarified that when a contingent feature gives rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs, the financial asset has contractual cash flows that are SPPI if, and only if, in all contractually possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.

Additional disclosures are required for all financial assets and financial liabilities that have certain contingent features that are not related directly to a change in basic lending risks or costs and are not measured at fair value through profit or loss.

Contractually linked instruments and non-recourse features. The amendments clarify the key characteristics of contractually linked instruments (CLIs) and how they differ from financial assets with non-recourse features. The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test). For example, it clarifies that a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets; that CLIs have non-recourse features, but not all financial assets with non-recourse features are CLIs; and that the underlying pool of instruments of CLIs may include financial assets outside the scope of IFRS 9.

Disclosures on investments in equity instruments. The amendments require additional disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in other comprehensive income (FVOCI). The entity discloses for each class of investment the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss related to investments derecognized during the reporting period and the fair value gain or loss related to investments held at the end of the reporting period. It also discloses any transfers of the cumulative gain or loss within equity during the reporting period related to investments derecognized during that reporting period.

The amendments apply for reporting periods beginning on or after January 1, 2026. Earlier application is permitted. Entities may choose to early-adopt the amendments for the recognition and derecognition of financial assets and financial liabilities separately from the other amendments.

- *Annual Improvements to PFRS Accounting Standards - Volume 11. This cycle of improvements contains amendments to five standards:*
  - *Hedge Accounting by a First-time Adopter (Amendments to PFRS 1 First-time Adoption of International Financial Reporting Standards).* Amendments were made to terminology on hedge accounting by a first-time adopter of PFRS to improve consistency with the requirements of PFRS 9 Financial Instruments. The term 'conditions' was updated to 'qualifying criteria' in line with the shift from PAS 39 Financial Instruments: Recognition and Measurement to PFRS 9. Specific cross-references to paragraphs in PFRS 9 containing guidance on the qualifying criteria were added to improve understandability.
  - *Gain or Loss on Derecognition (Amendments to PFRS 7 Financial Instruments: Disclosure).* The amendments replaced the reference to 'inputs that were not based on observable market data' in the obsolete paragraph 27A of PFRS 7, with reference to 'unobservable inputs' in paragraphs 72-73 of PFRS 13 Fair Value Measurement.
  - *Introduction, Disclosure of Difference Between Fair Value and Transaction Price, and Credit Risk Disclosures (Amendments to Guidance on implementing PFRS 7 Financial Instruments: Disclosure).* The amendments:
    - clarified that the Guidance on implementing PFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of PFRS 7;
    - made the wordings on the disclosure of deferred difference between fair value and transaction price in paragraph IG14 of PFRS 7 consistent with the requirements in paragraph 28 of PFRS 7 and with the concepts in PFRS 9 Financial Instruments and PFRS 13 Fair Value Measurement; and
    - simplified the wordings on credit risk disclosures in paragraph IG20B that the illustration does not include financial assets that are purchased or originated credit impaired.

- *Derecognition of Lease Liabilities and Transaction Price (Amendments to PFRS 9 Financial Instruments)*. The amendments:
  - added a cross-reference to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee applies the requirement that the difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss; and
  - replaced the term 'their transaction price (as defined in IFRS 15)' with 'the amount determined by applying IFRS 15' because a receivable might be initially measured at an amount that differs from the transaction price recognized as revenue, for example, when you recognize full amount for consideration that's unconditionally receivable but at the same time recognize expected refund liability with respect to retrospective rebates. Consequently, the definition of the transaction price has been deleted.
- *Determination of 'De Facto Agent' (Amendments to PFRS 10 Consolidated Financial Statements)*. The amendments revised the wording on whether a party is a de facto agent when directed by 'those that direct the activities of the investor' to be non-conclusive given this may require judgement.
- *Cost Method (Amendments to PAS 7 Statement of Cash Flows)*. The amendments replaced the term 'cost method' with 'at cost' given the definition of 'cost method' has previously been removed from PFRS Accounting Standards.

The amendments apply for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.

*Effective January 1, 2027*

- *PFRS 18 Presentation and Disclosure in Financial Statements* will replace PAS 1 Presentation of Financial Statements and aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information.
- A more structured income statement. PFRS 18 promotes a more structured income statement. It introduces a newly defined 'operating profit or loss' and 'profit or loss before financing and income tax' subtotals, and a requirement for all income and expenses to be classified into three new distinct categories - operating, investing, and financing - based on a company's main business activities. PFRS 18 also requires companies to analyze their operating expenses directly on the face of the income statement - either by nature, by function or on a mixed basis. Companies need to choose the presentation method that provides the 'most useful structured summary' of those expenses. New disclosures apply if any operating expenses are presented by function.

- Management-defined performance measures. PFRS 18 provides a definition for management-defined performance measures (MPMs) and introduces specific disclosure requirements. MPMs are subtotals of income and expenses that are used in public communications outside the financial statements, communicate management's view of an aspect of the financial performance of the entity as a whole and are not a required subtotal or a common income and expense subtotal listed in PFRS 18. For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information and how it is calculated, and to reconcile it to an amount determined under PFRS Accounting Standards.
- Greater disaggregation of information. PFRS 18 provides enhanced guidance on how companies group information in the financial statements, including newly defined roles of the primary financial statements and the notes, principles of aggregation and disaggregation based on shared and non-shared characteristics, and specific guidance for labelling and describing items in a way that faithfully represents an item's characteristics.

PFRS 18 also now require goodwill to be presented as a line item in the statement of financial position.

Consequential amendments to PAS 7 Statement of Cash Flows requires the use of the operating profit or loss subtotal as the starting point when presenting operating cash flows under the indirect method and eliminate the options for classifying interest and dividend cash flows.

PFRS 18 also amends PAS 33 Earnings per Share to permit companies to disclose additional amounts per share using as numerator a required income and expenses total or subtotal, a common subtotal listed in PFRS 18 or an MPM disclosed by the entity.

PFRS 18 applies for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. It applies retrospectively in accordance with PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Specific reconciliations are required to be disclosed. Eligible entities including venture capital organizations, mutual funds and some insurers will be allowed to change their election for measuring investments in associates and joint ventures from equity method to fair value through profit or loss.

The Group continues to assess the impact of the above new and amendments to standards effective subsequent to 2024 on the financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the financial statements when these amendments are adopted.

## Financial Instruments

### *Date of Recognition*

The Group recognizes a financial asset or financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition is done using settlement date accounting.

### *Initial Recognition of Financial Instruments*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognized initially at fair value. The initial measurement, except for those designated as FVPL, includes transaction costs.

### Financial Assets

#### *Classification and Subsequent Measurement*

The Group classifies its financial assets, at initial recognition, and subsequently measured at amortized cost, FVOCI and FVPL. The classification depends on the contractual cash flow characteristics of the financial assets and the business model of the Group for managing the financial assets.

Subsequent to initial recognition, financial assets are not reclassified unless the Group changes the business model for managing financial assets. All affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

The business model refers to how the Group manages the financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The Group considers the following information in assessing the objective of the business model in which a financial asset is held at a portfolio level, which reflects the way the business is managed and how information is provided to management:

- the stated policies and objectives for the portfolio and the operations of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how employees of the business are compensated; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

For the purposes of assessing the cash flow characteristics of financial assets, "Principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

The Group considers the contractual terms of the instrument in assessing whether the contractual cash flows are solely payments of principal and interest. The assessment includes whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Group considers the following in making the assessment:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for financial assets acquired at a discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

For purposes of subsequent measurement, financial assets are classified in the following categories: financial assets at amortized cost, financial assets at FVOCI (with or without recycling of cumulative gains and losses) and financial assets at FVPL.

The Group has no financial assets at FVOCI and FVPL as at December 31, 2024 and 2023.

*Financial Assets at Amortized Cost.* A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model with the objective of holding financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the financial asset is derecognized, modified or impaired.

The Group's cash, receivables (excluding advances to suppliers and advances to employees) and security deposits (included under "Other Noncurrent Assets") are included in this category (Notes 5, 6, 10 and 23).

#### Financial Liabilities

The Group classifies its financial liabilities, at initial recognition, in the following categories: financial liabilities at FVPL and other financial liabilities. The Group determines the classification of its financial liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group has no financial liabilities at FVPL as at December 31, 2024 and 2023

#### *Other Financial Liabilities*

This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability. The effective interest rate amortization is included in "Interest expense" account in the consolidated statements of comprehensive income. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

As at December 31, 2024 and 2023, the Group's accounts payable and other current liabilities (excluding payables to the government and unearned franchise fee), loans payable, due to a related party and lease liabilities are included in this category (Notes 12, 13, 18 and 23).

#### Derecognition of Financial Assets and Financial Liabilities

##### *Financial Assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Group has retained.

For a modification of the financial asset that does not result in derecognition, the difference between the present value of the modified cash flows discounted using the original effective interest rate and the present value of the original cash flows, is recognized in profit or loss as a gain or loss from modification. Costs or fees in relation to the modification of the financial asset are recognized as part of the carrying amount of the asset and amortized over the remaining term of the instrument. A modification of the original financial asset that results in derecognition of the financial asset, requires the recognition of a new financial asset in line with the general requirements for the initial recognition (i.e. at fair value plus transaction costs).

##### *Financial Liabilities*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

The Group derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed shall be recognized in profit or loss.



### Impairment of Financial Assets

The Group recognizes allowance for expected credit losses (ECL) on financial assets at amortized cost.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive), discounted at the effective interest rate of the financial asset, and reflects reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

The Group recognizes an allowance for impairment based on either 12-month or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group recognizes lifetime ECLs for receivables that do not contain significant financing component. The Group uses provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the borrowers and the economic environment.

At each reporting date, the Group assesses whether financial assets at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired include observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- (e) the disappearance of an active market for that financial asset because of financial difficulties; or
- (f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The Group considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants.

The Group directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering the contractual cash flows on a financial asset, either partially or in full. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The ECLs on financial assets at amortized cost are recognized as allowance for impairment losses against the gross carrying amount of the financial asset, with the resulting impairment losses (or reversals) recognized in profit or loss.

#### Debt Issue Costs

Debt issue costs are considered as an adjustment to the effective yield of the related debt and are deferred and amortized using the effective interest rate method. When a loan is paid, the related unamortized debt issue costs at the date of repayment are recognized in profit or loss.

#### Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

### Inventories

Inventories are measured at the lower of cost and net realizable value (NRV). Cost is determined using the first-in-first out (FIFO) method. Cost comprises of purchase price, including duties, applicable landing charges and other incidental expenses incurred in bringing the inventories to its present location and condition. NRV is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

### Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are recognized in profit or loss as they are consumed in operations or expire with the passage of time.

Other current assets are classified in the consolidated statements of financial position as current assets when the costs or expenses related to the assets are expected to be incurred within one year or the Group's normal operating cycle, whichever is longer. Otherwise, assets are classified as noncurrent assets.

### Input Value-added Tax (VAT)

Input tax represents the VAT due or paid on purchases of goods and services subjected to VAT that the Group can claim against any future liability to the Bureau of Internal Revenue (BIR) for output VAT received from sale of goods and services subjected to VAT. The input tax can also be recovered as tax credit against future income tax liability of the Group upon approval of the BIR. Input tax is stated at net realizable value. An allowance is provided for any portion of the input tax that cannot be claimed against output tax or recovered as tax credit against future income tax liability. Input tax that are expected to be realized for no more than 12 months after the reporting period are classified as current asset, otherwise, these are classified as other noncurrent asset.

### Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of the property and equipment at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing.

The initial cost of property and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the items can be measured reliably.

Depreciation and amortization, which commence when the assets are available for their intended use, are computed using the straight-line method over the following estimated useful lives of the assets:

	Useful Life in Years
Leasehold improvements	10 years or lease term, whichever is shorter
Furniture, fixtures and equipment	5 to 10
Transportation equipment	5 to 10

The remaining useful lives, residual values, and depreciation and amortization methods are reviewed and adjusted periodically, if appropriate, to ensure that such periods and methods of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property and equipment.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use. An item of property and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period of retirement and disposal.

Land is carried at cost less any impairment in value, if any. The initial cost of land comprises its purchase price and other directly attributable costs of bringing the asset to its working condition and location for its intended use. It excludes the costs of day-to-day servicing. Land is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the land (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

Construction in-progress represents structures under construction and is stated at cost. This includes the costs of construction and other direct costs.

#### Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized using the straight-line method over its useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for intangible asset with finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible asset with finite life is recognized in the consolidated statements of comprehensive income in the expense category consistent with the function of the intangible asset.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. Costs associated with maintaining computer software are expensed as incurred. Capitalized costs are amortized on a straight-line basis over an estimated useful life of five years as the life of this intangible asset is considered limited.

The Group assessed the useful life of its acquired brand name to be indefinite. Based on the analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate cash inflows for the Group.

Trademarks and brand names with indefinite useful lives are tested for impairment annually, either individually or at the cash-generating unit level. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from the disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the consolidated statements of income when the asset is derecognized.

#### Other Noncurrent Assets

Other noncurrent assets consist of prepaid rent and security deposits. Prepaid rent is rent paid prior to the rental period to which it relates, or an amount of rent paid that has not yet been used. Security deposits represent noninterest-bearing deposits which are generally applied against unpaid rentals should the lessee decide not to renew the lease or are forfeited as damages for any violation of contract.

#### Business Combination

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at the acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

The Group measures goodwill at the acquisition date as: a) the fair value of the consideration transferred; plus b) the recognized amount of any non-controlling interests in the acquiree; plus c) if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less d) the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Subsequently, goodwill is measured at cost less any accumulated impairment in value. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired.

Impairment is determined by assessing the recoverable amount of the cash-generating unit or group of cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating unit or group of cash-generating units is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a cash-generating unit or group of cash-generating units and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained. An impairment loss with respect to goodwill is not reversed.

#### *Intangible Assets Acquired in a Business Combination*

The cost of an intangible asset acquired in a business combination is the fair value as at the date of acquisition, determined using discounted cash flows as a result of the asset being owned.

#### Non-controlling Interests (NCI)

The acquisitions of NCI are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result of such transactions. Any difference between the purchase price and the net assets of the acquired entity is recognized in equity. The adjustments to non-controlling interests are based on a proportionate amount of the identifiable net assets of the subsidiary.

#### Impairment of Nonfinancial Assets

The carrying amounts of non-financial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs of disposal and value in use. The fair value less costs of disposal is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### Provisions

Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of past events; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

#### Capital Stock

Capital stock is measured at par value for all shares issued. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Capital stock are classified as equity. Incremental costs directly attributable to the issuance of common stock are recognized as a deduction from equity, net of any tax effects, and any excess of the proceeds over the par value of shares issued less any incremental costs directly attributable to the issuance, net of tax, is presented in equity as additional paid-in capital.

#### Additional Paid-in Capital

Additional paid-in capital represents the amount received in excess of the par value of the capital stock issued.

Stock issuance costs are transaction costs that are directly attributable to the issuance of new shares accounted for as a deduction from equity, net of any related income tax benefit. Such costs are deducted from additional paid-in capital arising from the share issuance. If the additional paid-in capital is insufficient to absorb such expenses, the excess shall be charged to stock issuance costs to be reported as a contra equity account as a deduction from the following in the order of priority: (1) additional paid-in capital from previous stock issuance; and (2) retained earnings.

### Retained Earnings

Retained earnings represent the accumulated net income or losses, net of any dividend distributions and other capital adjustments. When the retained earnings account has a debit balance, it is called "deficit." A deficit is not an asset but a deduction from equity.

### Revenue Recognition

#### *Revenue from Contracts with Customers*

The Group recognizes revenue from contracts with customers when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenues exclude VAT and other fees collected on behalf of other parties.

The transfer of control can occur over time or at a point in time. Revenue is recognized at a point in time unless one of the following criteria is met, in which case it is recognized over time: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has generally concluded that it is the principal in its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized:

- *Sale of Goods*  
Sale of goods from retail and food shop is recognized at point in time when the control of the asset is transferred to the customer, generally upon delivery.
- *Concession Income*  
Concession income, included as part of other income, pertains to the net margin from sales of concessionaire supplier's goods inside the store. The income is recognized when earned.
- *Other Income*  
Other income pertains to application fees, merchandise support and other miscellaneous income and are recognized when earned.

#### *Revenues from Other Sources*

##### *Display Rental*

Display rental from the use of the Group's gondola and store spaces is recognized upon use of the selected area.

##### *Interest Income*

Interest income is recognized as it accrues using the effective interest method. Interest income from banks which is presented net of final tax is recognized when earned.



### Cost of Sales

Cost of sales includes the purchase price of the products sold, as well as costs that are directly attributable in bringing the merchandise to its intended condition and location.

### Expense Recognition

Expenses are recognized when they are incurred and are reported in the consolidated financial statements in the periods to which they relate.

Expenses are also recognized when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability that can be measured reliably has arisen. Expenses are recognized on the basis of a direct association between costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition as an asset.

### Subsidies

Subsidies, including government grants and other forms of assistance intended to reimburse or offset specific cost and operating expenses, are recognized when there is reasonable assurance that the entity will comply with the conditions attached to the subsidy and that the grant will be received. When the grant is related to specific costs or expenditures, it is recognized in profit or loss on a systematic basis over the period in which the related expenses are incurred.

Subsidies received are presented as a reduction of the related expense in the statement of profit or loss, rather than as other income, to reflect the substance of the economic support. If the subsidy covers more than one type of cost, the reduction is allocated to each cost category on a reasonable and consistent basis.

### Operating Expenses

Operating expenses constitute costs of administering the business. These are recognized as expenses as incurred.

### Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- (a) the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- (b) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- (c) the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - i. the Group has the right to operate the asset; or

- ii. the Group designed the asset in a way that predetermines how and for what purpose it will be used.

The Group recognizes a right-of-use (ROU) asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the ROU asset reflects that the Group will exercise a purchase option. In that case the ROU asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

Variable lease payments that depend on sales or usage are excluded from the lease liability. The payments are recognized in profit or loss in the period in which the performance or use occurs.

#### *Short-term Leases and Leases of Low-value Assets*

Short-term lease recognition exemption applies to leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option. Lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

#### Borrowing Costs

Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset otherwise it's expensed out. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use.

The amount of specific borrowing costs capitalized is net of the investment income on any temporary investment of the funds pending expenditure on the asset. On the other hand, general borrowing costs capitalized is exclusive of any investment income earned.

#### Employee Benefits

##### *Short-term Employee Benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### *Retirement Costs*

The Group has no established retirement plan for its permanent employees and only conforms to the minimum regulatory benefit under the Retirement Pay Law (Republic Act No. 7641) which is of the defined benefit type. The cost of providing benefits under the defined benefit retirement plan is actuarially determined using the projected unit credit method. Projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in equity and are not reclassified to profit or loss in subsequent period.

The defined benefit retirement liability is the aggregate of the present value of the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Defined benefit costs comprise the following:

- Service costs
- Net interest on the defined benefit retirement liability
- Remeasurements of defined benefit retirement liability

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the defined benefit retirement liability is the change during the period as a result of contributions and benefit payments, which is determined by applying the discount rate based on the government bonds to the defined benefit retirement liability. Net interest on the defined benefit retirement liability is recognized as expense or income in profit or loss.

Remeasurements of defined benefit retirement liability comprising actuarial gains and losses are recognized immediately in other comprehensive income in the period in which they arise.

## Taxes

### *Current Tax*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting date, and any adjustment to tax payable in respect of previous years.

### *Deferred Tax*

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and the carryforward tax benefits of the net operating loss carry-over (NOLCO) to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and the carryforward tax benefits of NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Future taxable profits will be available against which they can be used. If the amount of taxable temporary differences is insufficient to recognize deferred tax asset in full, the future taxable profits, adjusted for reversals of existing temporary differences, are considered based on the business plan of the Group.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting date.

Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### VAT

Revenues, expenses and assets are recognized net of the amount of VAT except:

- where the tax incurred on purchase of assets or services are not recoverable from the taxation authority, in which case, the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of “Prepaid expenses and other current assets” and “Payables to the government” under “Accounts payables and other current liabilities” account in the consolidated statements of financial position.

#### Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) subsidiaries; (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that give them significant influence over the Group and close members of the family of any such individual; and (d) members of the key management of the Group.

#### Basic and Diluted Earnings Per Common Share (EPS)

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

#### Operating Segments

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

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

#### Contingencies

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

#### Events After the Reporting Date

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

---

### **4. Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the consolidated financial statements in accordance with PFRS Accounting Standards requires management to exercise judgments, make estimates and use assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the consolidated financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

#### Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

#### *Impairment of Nonfinancial Assets*

PFRS Accounting Standards require that an impairment review be performed on non-financial assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining the recoverable amounts of these assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of recoverable amounts reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

The combined carrying amounts of property and equipment, ROU assets, and intangible assets with finite lives amounted to P5,324.9 million and P4,719.73 million as at December 31, 2024 and 2023 respectively (Notes 9, 10, 11, and 20).

#### *Provisions and Contingencies*

The Group, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

No provision for probable losses arising from legal contingencies was recognized in the Group's consolidated financial statements in 2024 and 2023.

#### *Determination of whether the Group is acting as a Principal or an Agent*

The Group is a principal if it controls the specified good or service before it is transferred to a customer. The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party and the Group does not control the good or service before it is transferred to the customer.

The Group assesses its concession agreements against the following indicators to help determine whether it is acting as a principal or an agent:

- whether the Group has primary responsibility for providing the services;
- whether the Group has inventory risk; and
- whether the Group has discretion in establishing prices.

Under the Group's concession agreements, the Group is acting as the principal as it has the primary responsibility for fulfilling the promise to provide the goods under concession to its customers. The Group has the right to direct the use of and obtain substantially all of the remaining benefits of the goods under concession and has the discretion in establishing the price for the goods.

As a result, the gross proceeds from the sale of goods under concession were recognized as part of the sales of goods and the related costs were charged as part of cost of sales.

#### *Determination on whether an Arrangements Contains a Lease*

The Group uses its judgment in determining whether an arrangement is or contains a lease. A contract contains a lease if the determination of contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time if the customer has the right to obtain substantially all of the economic benefits from the use of the identified assets and the right to direct the use of the identified assets.

#### *Determination of Incremental Borrowing Rate on Leases*

The Group cannot readily determine the interest rate implicit in its leases. Therefore, it uses the relevant incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. The IBR, therefore, reflects what the Group would have to pay, which requires estimation when no observable rates are available (such as when the Group does not enter into financing transactions) and to make adjustments to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to consider certain contract and entity-specific judgement estimates.

#### *Determination of Control*

The Parent Company determines control when it is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. The Parent Company controls an entity if and only if the Parent Company has all of the following:

- a. power over the entity;
- b. exposure, or rights, to variable returns from its involvement with the entity; and
- c. the ability to use its power over the entity to affect the amount of the Parent Company's returns.

The Parent Company determined that it has control over Carlos Superdrug in 2022 and Cecile's Pharmacy in 2023. (Notes 2, and 11 )

#### *Determination of Significant Influence*

The Company determines significant influence when it has the ability to participate in an entity's financial and operating policy decisions. The Company has significant influence over an entity as evidenced by one or more of the following:

- representation on the board of directors or equivalent governing body of the investee;
- participation in policy-making processes, including participation in decisions about dividends or other distributions;
- material transactions between the entity and its investee;
- interchange of managerial personnel; or
- provision of essential technical information.

The Parent Company determined that it has significant influence over Cecile's Pharmacy in 2022 (Notes 2 and 11).

#### Estimates and Assumptions

The key estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

#### *Business Combinations*

At the time of acquisition, the Group considers whether the acquisition represents of net assets the acquisition of a business. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made with regard to the extent to which significant processes are acquired. When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized.

The Group accounts for acquired businesses using the acquisition method of accounting which requires that the assets and the liabilities assumed are recognized at the date of acquisition based on their respective fair values.



The application of the acquisition method requires certain estimates and assumptions concerning the determination of the fair values of acquired identifiable assets, as well as liabilities assumed at the acquisition date. Moreover, the useful lives of the acquired intangible assets and property, plant and equipment have to be determined. Accordingly, for significant acquisitions, the Group obtains assistance from valuation specialists. The valuations are based on information available at the acquisition date.

The acquisition of Carlos Superdrug resulted to a gain from acquisition amounting to P261.81 million in 2022 (Note 11).

The acquisition of Cecile's Pharmacy resulted to a gain from acquisition amounting to P636.02 million in 2023 (Note 11).

*Assessment for ECL on Other Financial Assets at Amortized Cost.* The Group determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- actual or expected external and internal credit rating downgrade;
- existing or forecasted adverse changes in business, financial or economic conditions; and
- actual or expected significant adverse changes in the operating results of the borrower.

The Group also considers financial assets at day one to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Group has assessed that the ECL on financial assets at amortized cost is not material because majority of the transactions with respect to these financial assets were entered into by the Group only with reputable banks and counterparties with good credit standing and relatively low risk of defaults. Accordingly, no provision for ECL on financial assets at amortized cost was recognized in 2023 and 2022.

The carrying amounts of financial assets at amortized cost are as follows:

	<b>Note</b>	<b>2024</b>	<b>2023</b>
Cash in banks	5, 23	<b>P2,328,837,532</b>	P645,629,693
Security deposits (included under other noncurrent assets)	10, 20, 23	<b>185,876,025</b>	169,415,341
Receivables (excluding advances to suppliers and advances to employees)	6, 23	<b>138,471,661</b>	132,402,512
		<b>P2,653,185,218</b>	P947,447,546

#### *Write-down of Inventories*

The Group writes-down the costs of inventories to NRV whenever NRV becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. The estimate of the NRV is reviewed regularly.

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made on the amount the inventories are expected to be realized. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the reporting date to the extent that such events confirm conditions existing at the reporting date.

No inventories were written down to their net realizable values in 2024, 2023 and 2022. The carrying amounts of the Group's inventories amounted to P2,860.67 million and P2,744.02 million as at December 31, 2024 and 2023, respectively (Note 7).

#### *Estimating Useful Lives of Property and Equipment, ROU Assets and Intangible Asset with Finite Life*

The Group estimates the useful lives of property and equipment, ROU assets and intangible asset with finite life based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment and intangible asset with finite life are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, the estimation of the useful lives of property and equipment and intangible asset with finite life is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property and equipment and intangible asset with finite life would increase recorded depreciation and amortization expenses and decrease noncurrent assets.

Property and equipment, net of accumulated depreciation and amortization, amounted to P4,707.60 million and P4,106.54 million as at December 31, 2024 and 2023, respectively. Accumulated depreciation and amortization of property and equipment amounted to P740.18 million and P423.09 million as at December 31, 2024 and 2023, respectively (Note 9).

Intangible asset with finite life, net of accumulated amortization, amounted to P52.16 million and P50.07 million as at December 31, 2024 and 2023, respectively. Accumulated amortization of the intangible asset with finite life amounted to P42.98 million and P30.08 million as at December 31, 2024 and 2023, respectively (Note 11).

ROU assets carried at cost, net of accumulated amortization, amounted to P565.17 million and P563.12 million as at December 31, 2024 and 2023, respectively. Accumulated amortization of ROU assets amounted to P428.63 million and P314.27 million as at December 31, 2024 and 2023, respectively (Note 20).

#### *Realizability of Deferred Tax Assets*

The Group reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax asset on deductible temporary difference and carryforward benefits of NOLCO is based on the projected taxable income in the following periods.

Deferred tax assets amounted to P134.78 million and P132.05 million as at December 31, 2024 and 2023 respectively (Note 21).

## **5. Cash**

This account consists of:

	<b>Note</b>	<b>2024</b>	<b>2023</b>
Cash in banks	4, 23	<b>P2,328,837,532</b>	P645,629,693
Cash on hand		<b>104,227,742</b>	99,945,935
Short-term placements		<b>2,964,732</b>	-
		<b>P2,436,030,006</b>	P745,575,628

Cash in banks earn annual interest at the respective bank deposit rates.

Total interest income earned from cash in banks amounted to P0.92 million, P24.63 million, and P1.49 million in 2024, 2023 and 2022, respectively. Interest income includes income from short-term placements held during the year.

## **6. Receivables**

This account consists of:

	<b>Note</b>	<b>2024</b>	<b>2023</b>
Trade	23	<b>P132,054,839</b>	P124,966,859
Advances to employees		<b>8,640,529</b>	15,100,324
Advances to suppliers		<b>5,207,715</b>	4,889,625
Receivable from franchisee	23	<b>2,807,470</b>	1,457,874
Others	23	<b>3,609,352</b>	5,977,779
	<b>4</b>	<b>P152,319,905</b>	P152,392,461

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

Other receivables mainly pertain to receivables from employees and insurance company.

---

## 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.

	2024	2023
Merchandise inventories	<b>P2,860,162,866</b>	P2,740,504,437
Packaging materials	<b>502,666</b>	3,512,652
	<b>P2,860,665,532</b>	P2,744,017,089

---

Inventories at cost is lower than its NRV as at December 31, 2024 and 2023.

Inventories charged to cost of sales amounted to P6,286.71 million and P5,486.64 million in 2024 and 2023, respectively (Note 15).

---

## 8. Prepaid Expenses and Other Current Assets

This account consists of:

	2024	2023
Input VAT - net	<b>P505,080,703</b>	P418,347,473
Prepaid expenses	<b>58,226,179</b>	53,956,166
Advances to contractors and third parties	<b>168,458,210</b>	180,523,015
Creditable withholding tax	-	785,599
Prepaid taxes	-	3,491,809
	<b>P731,765,092</b>	P657,104,062

---

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 third parties are advances and deposits initially paid before the finalization of the contracts. These are related to advances to suppliers of inventories and contractors of maintenance services.

Prepaid expenses include advertising and insurance which will be amortized within one (1) year.

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

## 9. Property and Equipment

The movements and balances of this account consist of:

	Leasehold Improvements	Furniture, Fixtures and Equipment	Transportation Equipment	Machineries	Construction in Progress	Land	Total
<b>Cost</b>							
Balance, January 1, 2023	844,456,290	566,082,359	91,443,405	22,240,600	737,645,003	533,458,670	2,795,326,327
Acquisition from business combination	47,113,606	43,325,151	7,374,459	-	26,430,125	1,385,650	125,628,991
Additions	750,665,592	33,955,708	42,523,818	207,869	781,323,760	-	1,608,676,747
Reclassifications	171,292,915	124,061,473	-	(5,956,206)	(289,398,182)	-	-
Balance, December 31, 2023	1,813,528,403	767,424,691	141,341,682	16,492,263	1,256,000,706	534,844,320	4,529,632,065
Additions	40,648,530	14,945,341	3,945,377	8,029,781	850,580,179	-	918,149,208
Reclassifications	38,821,863	611,662	-	-	(39,433,525)	-	-
<b>Balance, December 31, 2024</b>	<b>1,892,998,796</b>	<b>782,981,694</b>	<b>145,287,059</b>	<b>24,522,044</b>	<b>2,067,147,360</b>	<b>534,844,320</b>	<b>5,447,781,273</b>
<b>Accumulated Depreciation</b>							
Balance, January 1, 2023	52,964,082	127,868,994	20,107,694	3,364,879	-	-	204,305,649
Additional accumulated depreciation from business combination	17,038,075	6,041,083	4,915,846	-	-	-	27,995,004
Reclassifications	-	1,902,976	-	(1,902,976)	-	-	-
Depreciation for the year	94,036,794	76,664,479	17,392,471	2,700,010	-	-	190,793,754
Balance, December 31, 2023	164,038,951	212,477,532	42,416,011	4,161,913	-	-	423,094,407
Reclassifications	2,304,365	935,100	(3,239,465)	-	-	-	-
Depreciation for the year	245,880,268	45,310,228	22,897,993	2,993,536	-	-	317,082,025
<b>Balance, December 31, 2024</b>	<b>412,223,584</b>	<b>258,722,860</b>	<b>62,074,539</b>	<b>7,155,449</b>	<b>-</b>	<b>-</b>	<b>740,176,432</b>
<b>Carrying Amount</b>							
As at December 31, 2023	P1,649,489,452	P554,947,159	P98,925,671	P12,330,350	P1,256,000,706	P534,844,320	P4,106,537,658
<b>As at December 31, 2024</b>	<b>P1,480,775,212</b>	<b>P524,258,834</b>	<b>P83,212,520</b>	<b>P17,366,595</b>	<b>P2,067,147,360</b>	<b>P534,844,320</b>	<b>P4,707,604,841</b>

Depreciation expense charged to “Operating expense” account amounted to P317.08 million, P218.79 million and P108.94 million in 2024, 2023 and 2022, respectively (Note 16).

There were no property and equipment pledged or mortgaged as security as at December 31, 2024 and 2023.

## 10. Other Noncurrent Assets

Details of this account follows:

	<i>Note</i>	<b>2024</b>	<b>2023</b>
Prepaid rent	20	<b>P191,076,517</b>	P172,586,631
Security deposits	4, 20, 23	<b>185,876,025</b>	169,415,341
Construction bond		<b>2,646,936</b>	2,475,584
Others		<b>19,827,006</b>	17,290,746
		<b>P399,426,484</b>	P361,768,302

Prepaid rent pertains to the amount paid in advance for the use of place or property.

Security deposits pertain to non-interest bearing deposits paid to and held by the Group’s lessors which are refundable at the end of the lease term.

As of December 31, 2022, P70.44 million has been paid to Cecile’s Pharmacy in accordance with the agreed payment schedule indicated in the Memorandum of Agreement in relation to primary shares to be issued out of the increase in authorized capital stock approved by the SEC on December 12, 2023 (Note 11).

## 11. Intangible Assets; Business Combinations

### Intangible Assets

Intangible assets consist of:

	<b>2024</b>	<b>2023</b>
Brand Name	<b>P2,799,990,000</b>	P2,799,990,000
Software Licenses	<b>52,159,469</b>	50,073,805
	<b>P2,852,149,469</b>	P2,850,063,805

Software licenses pertain to software which have been built, installed or supplied by the manufacturer ready to operate or require some customization based on the Group’s specific requirements.

The movements and balances of software licenses are as follows:

	<i>Note</i>	<b>2024</b>	<b>2023</b>
<b>Cost</b>			
Beginning balance		<b>P80,152,113</b>	P67,512,317
Additions		<b>14,982,972</b>	12,639,796
		<b>95,135,085</b>	80,152,113
<b>Accumulated Amortization</b>			
Beginning balance		<b>30,078,308</b>	19,762,267
Amortization for the year	16	<b>12,897,308</b>	10,316,041
		<b>42,975,616</b>	30,078,308
		<b>P52,159,469</b>	P50,073,805

#### Business Combinations

##### *Carlos Superdrug*

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

On January 6, 2022, the SEC approved the amended provisions of Articles of incorporation of Carlos SuperDrug allowing the Group to complete its acquisition of shares.

In identifying the assets acquired and liabilities assumed, management has determined that part of the assets being acquired pertains to the brand name of Carlos SuperDrug.

The following summarizes the provisional amounts of assets acquired and liabilities assumed of Carlos SuperDrug recognized in 2022:

	<b>Amounts</b>
<b>Assets</b>	
Cash	<b>P11,370,538</b>
Trade and other receivables	<b>24,420,374</b>
Senior citizens' discount receivable	<b>14,641,349</b>
Inventories - net	<b>207,137,064</b>
Other current assets	<b>21,257,334</b>
Due from related parties	<b>3,894,646</b>
Property and equipment - net	<b>11,941,382</b>
Right-of-use asset	<b>25,247,996</b>
Brand name	<b>688,487,464</b>
Deferred tax asset	<b>570,409</b>
Other non-current assets	<b>8,572,051</b>
	<b>1,017,540,607</b>

*Forward*

	<b>Amounts</b>
<b>Liabilities</b>	
Trade and other payables	<b>P168,108,550</b>
Advances from stockholders	<b>14,115,194</b>
Loans payable	<b>20,000,000</b>
Lease liabilities	<b>13,589,513</b>
Income tax payable	<b>4,880,958</b>
Profit sharing payable	<b>796,760</b>
Other current liabilities	<b>2,889,501</b>
Lease liabilities - noncurrent	<b>13,155,612</b>
Retirement liability	<b>12,534,519</b>
	<b>250,070,607</b>
<b>Provisional Net Assets Acquired</b>	<b>767,470,000</b>
Acquisition cost	<b>(289,525,565)</b>
Non-controlling interest	<b>(215,198,588)</b>
	<b>(504,724,153)</b>
<b>Provisional Excess of Net Assets Acquired Over Acquisition Cost/Gain from Acquisition</b>	<b>P262,745,847</b>

The completion of the purchase price allocation exercise in 2023 resulted in the adjustments to the recognized amounts of assets acquired as at December 31, 2022. The "Brand Name" account decreased by P1.29 million.

Details of the final gain on acquisition recognized are as follows:

Acquisition cost	<b>P289,525,565</b>
Non-controlling interest	<b>214,835,579</b>
Net assets acquired	<b>(766,175,388)</b>
	<b>(P261,814,244)</b>

The prior year comparative information was restated to reflect the change.

Management has measured the brand name based on the valuation report prepared by the external valuation specialist and the property and equipment that were acquired using the appraisal reports that were prepared by an independent appraiser. The brand name were valued using the relief-from-royalty method wherein the fair value is based on cost savings from owning the brands. Significant assumptions and estimates used include comparable royalty rates, long-term growth rates, discount rates based on available market data and revenue growth rate forecasts.

Management determined that the gain from acquisition was mainly attributable to the value of Carlos SuperDrug brand. The investment in Carlos SuperDrug will give the Group greater market share in the region and increase its competitiveness whilst strengthening its supply chain as the Group continues to strive to deliver better value to its customers and stakeholders. Management expects Carlos SuperDrug to be accretive to the Group's profit within a short period of time.

If the foregoing acquisitions have occurred on January 1, 2022, management estimates that it would have increased consolidated revenue and consolidated net income by P17.78 million and P.40 million, respectively. The amounts of revenue and profit or loss of Carlos SuperDrug included in the consolidated statement of comprehensive income in 2022 amounted to P1,081.66 million and P23.22 million, respectively.



### *Cecile's Pharmacy*

On November 15, 2021, the Group signed an Agreement with Cecile's Pharmacy to acquire a majority stake in the Mindanao based pharmacy chain.

On March 9, 2022, the Parent Company entered into a Memorandum of Agreement with the shareholders of Z.C. Ramthel Corporation to acquire majority interest in Cecile's Pharmacy through a combination of the purchase of 25,000 secondary shares for a total cash consideration of P117.41 million and the subscription of 60,000 primary shares out of the increase in authorized capital stock of Cecile's Pharmacy for an aggregate cash consideration of P281.78 million. The purchase of secondary shares was completed on March 15, 2022, giving the Parent Company 25% ownership interest. On December 12, 2023, the increase in authorized capital stock of Cecile's Pharmacy was approved by the SEC and consequently the Parent Company's subscription of the primary shares was completed, increasing the Parent Company's equity interest to 53.13%.

The investment in Cecile's Pharmacy is held by the Parent Company as Investment in subsidiary as of December 31, 2024 and 2023, and as Investment in Associate as of December 31, 2022.

In identifying the assets acquired and liabilities assumed, management has determined that part of the assets being acquired pertains to the brand name of Cecile's Pharmacy amounting to P2,113.29 million.

The following summarizes the recognized amount of assets acquired and liabilities assumed of Cecile's Pharmacy:

	<b>Amounts</b>
<b>Assets</b>	
Cash	<b>P204,110,789</b>
Trade and other receivables	<b>14,762,134</b>
Senior citizens' discount receivable	<b>3,129,171</b>
Inventories - net	<b>357,081,783</b>
Other current assets	<b>1,739,934</b>
Property and equipment - net	<b>85,791,461</b>
Right-of-use asset	<b>78,739,180</b>
Brand name	<b>2,113,286,000</b>
Deferred tax asset	<b>672,894</b>
Other non-current assets	<b>3,434,392</b>
	<b>2,862,747,738</b>
<b>Liabilities</b>	
Trade and other payables	<b>283,310,065</b>
Loans payable	<b>195,155</b>
Lease liabilities	<b>12,821,110</b>
Income tax payable	<b>4,568,304</b>
Lease liabilities - noncurrent	<b>71,769,783</b>
Retirement liability	<b>8,543,286</b>
	<b>381,207,703</b>
	<b>2,481,540,035</b>
Acquisition cost	<b>(682,171,372)</b>
Non-controlling interest	<b>(1,163,345,968)</b>
<b>Excess of Net Assets Acquired Over Acquisition Cost/Gain from Acquisition</b>	<b>P636,022,695</b>

The acquisition cost includes the carrying amount of the investment in Cecile's Pharmacy amounting to P400.4 million held by the Parent Company immediately before the acquisition date, which approximates fair value. There was no gain or loss recognized as a result of remeasuring the previously held interest at fair value.

Management determined that the gain from acquisition was mainly attributable to the value of Cecile's Pharmacy brand. The investment in Cecile's Pharmacy will give the Group greater market share in the region and increase its competitiveness whilst strengthening its supply chain as the Group continues to strive to deliver better value to its customers and stakeholders. Management expects Cecile's Pharmacy to be accretive to the Group's profit within a short period of time.

If the foregoing acquisition have occurred on January 1, 2023, management estimates that it would have increased consolidated revenue and consolidated net income by P1,627.58 million and P32.35 million, respectively.

## 12. Accounts Payable and Other Current Liabilities

This account consists of:

	<i>Note</i>	<b>2024</b>	<b>2023</b>
Trade	3, 23	<b>P1,526,124,945</b>	P1,488,226,699
Current portion of lease liabilities	3, 20	<b>120,525,853</b>	99,386,865
Accrued interest expense	3, 23	<b>49,753,379</b>	31,161,761
Accrued expenses	3, 23	<b>17,677,632</b>	30,460,179
Unearned franchise fees		-	380,000
Payables to the government		<b>9,066,713</b>	19,519,095
Others	3, 23	<b>22,591,944</b>	28,606,803
		<b>P1,745,740,466</b>	P1,697,741,402

Trade payables are liabilities arising from the purchases of inventories. These are non-interest bearing and are normally settled within 7-60 days.

Accrued expenses pertain to unbilled expenses for professional fees, utilities and other charges.

Unearned franchise fees pertain to amounts collected in advance in relation to the franchise agreement.

## 13. Loans Payable

This account consists of:

	<i>Note</i>	<b>2024</b>	<b>2023</b>
Current		<b>P3,286,000,000</b>	P3,021,000,000
Noncurrent		<b>4,816,034,937</b>	2,679,617,342
	23	<b>P8,102,034,937</b>	P5,700,617,342

Loans payable pertains to unsecured loans obtained from local banks.

#### Long-term Loans Payable

On December 16, 2021, the Group obtained an unsecured loan amounting to P2,000 million for the construction of the Group's branches with an issue cost amounting to P35.03 million. This loan bears an annual fixed interest of 5.97%, and is payable until December 16, 2026. The loan contains financial covenants relating to maintenance of certain financial ratios. As of December 31, 2024, outstanding loan payable pertaining to this loan amounted to P1,880 million.

On May 6, 2022, the Group obtained an unsecured loan amounting to P300 million for the construction of the Group's stores. This loan is due until May 6, 2027, and carries a 7.32% fixed annual interest rate. There are no financial or covenants in the loan agreement. As of December 31, 2024, outstanding loan payable pertaining to this loan amounted to P270 million.

On June 30, 2023, the Company obtained an unsecured loan amounting to P500 million for the construction of the Company's stores. This loan is due until June 30, 2026, and carries a 7.55% fixed annual interest rate. As of December 31, 2024, outstanding loan payable pertaining to this loan amounting to P450 million.

On January 24, 2024, the Company obtained an unsecured loan amounting to P2.8 billion for the construction of the Company's stores. This loan is due until January 24, 2029, and carries a 8.48% fixed annual interest rate. As of December 31, 2024, outstanding loan payable pertaining to this loan amounting to P2,590 million.

The financial tests under the second loan agreement include compliance relating to maintenance of certain financial ratios.

As at December 31, 2024 and 2023, the Group is in compliance with the covenants of its debt agreements.

#### Short-term Loans Payable

The Group obtained short-term loans from various financial institutions which are payable within one year. The proceeds from these borrowings were used for working capital purposes more specifically in the development of the Group's new stores. The interest rates on these short-term borrowings are repriced monthly based on negotiated rates or prevailing market rates.

Total interest expense, exclusive of the capitalized borrowing costs, recognized in profit or loss amounted to P0.47 million, P1.83 million, and P2.22 million in 2024, 2023 and 2022, respectively. Total capitalized borrowing costs charged in "Property and equipment - net" account amounted to P703.92 million and P459.03 million as at December 31, 2024 and 2023, respectively. Total capitalization rate is 100%.

The movement of loans arising from these loan agreements are as follows:

	2024	2023
Balance at beginning of year	<b>P5,700,617,342</b>	P4,052,444,667
Proceeds from loans payable net of issue cost	<b>6,539,417,595</b>	5,994,409,561
Payment of loans payable	<b>(4,138,000,000)</b>	(4,346,236,886)
Balance at end of year	<b>P8,102,034,937</b>	P5,700,617,342

The schedules for principal payments for loans payable are as follow:

	2024	2023
Due within one year	<b>P3,286,000,000</b>	P3,021,000,000
Beyond one year but not later than five years	<b>4,816,034,937</b>	2,679,617,342
	<b>P8,102,034,937</b>	P5,700,617,342

#### 14. Revenues

##### Revenues from Contract with Customers

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

	Note	2024	2023	2022
Sale of goods		<b>P7,687,269,980</b>	P6,196,860,686	P5,240,236,524
Display rental		<b>24,868,275</b>	23,833,989	24,179,933
Application fees*	17	<b>1,171,875</b>	455,357	598,214
		<b>P7,713,310,130</b>	P6,221,150,032	P5,265,014,671

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 franchisees. The fees are recognized when the service is rendered, which is generally once the franchise application is executed.

##### Display Rental

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

#### 15. Cost of Sales

This account consists of:

	Note	2024	2023	2022
Beginning inventory	7	<b>P2,744,017,089</b>	P2,131,993,401	P1,372,727,670
Add: Purchases		<b>6,403,358,100</b>	6,098,659,832	5,093,946,854
Total goods available for sale		<b>9,147,375,189</b>	8,230,653,233	6,466,674,524
Less: Ending inventory	7	<b>2,860,665,532</b>	2,744,017,089	2,131,993,401
	18	<b>P6,286,709,657</b>	P5,486,636,144	P4,334,681,123

---

## 16. Operating Expenses

This account consists of:

	<i>Note</i>	<b>2024</b>	2023	2022
Depreciation and amortization	9, 11, 20	<b>P444,340,820</b>	P290,472,799	P193,300,912
Salaries, wages and other benefits		<b>328,482,160</b>	251,755,007	176,018,664
Contracted services		<b>144,788,840</b>	205,600,056	124,311,205
Electricity and water		<b>126,490,582</b>	66,050,342	144,048,396
Taxes and licenses		<b>87,409,335</b>	66,568,133	64,452,904
Marketing		<b>74,826,103</b>	119,026,295	80,831,039
Rent expenses		<b>34,323,976</b>	24,945,761	24,202,037
Supplies		<b>30,544,197</b>	24,941,056	20,408,640
Repairs and maintenance		<b>25,665,701</b>	18,356,423	19,973,037
Transportation and travel		<b>17,245,199</b>	28,425,791	12,746,723
Professional fees		<b>12,450,032</b>	7,338,986	25,976,935
Communications		<b>10,190,044</b>	7,776,100	9,542,520
Retirement benefits expense (gain)	19	<b>8,294,436</b>	4,816,152	5,416,184
Insurance		<b>6,938,560</b>	4,268,852	3,782,795
Miscellaneous		<b>15,059,538</b>	21,731,441	22,788,439
	18	<b>P1,367,049,523</b>	P1,142,073,194	P927,800,430

Miscellaneous pertains to service fees, representation expenses and membership fees.

---

## 17. Other Operating Income

This account consists of:

	<i>Note</i>	<b>2024</b>	2023	2022
Product enlistment fee		<b>P33,810,754</b>	P24,767,080	P36,628,250
Opening support		<b>2,165,585</b>	8,194,905	1,719,972
Application fees	14	<b>1,171,875</b>	455,357	598,214
Others	19	<b>55,885,885</b>	50,648,647	43,675,689
		<b>P93,034,099</b>	P84,065,989	P82,622,125

Others consist of transition liability gain from retirement benefit and incentives from suppliers.

---

## 18. Related Party Transactions

All material related party transactions are subject to approval by the BOD. Material related party transactions pertain to those transactions, either individually, or in aggregate over a 12-month period, that exceed 10% of the Group's total assets, based on the latest audited financial statements. All other related party transactions that are considered not material are approved by management.

Amounts owed by/owed to related parties are collectible/will be settled in cash. An assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates.

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
<b>Other Related Parties</b>					
Advances	2024	a	-	-	Due and demandable; non-interest bearing; unsecured; payable in cash
	2023	a	-	-	
	2022		1,052,308	1,052,308	
Subsidy	2024	b	807,797,285	-	
<b>Associate</b>					
Advances	2024	c	-	-	To be applied against future stock subscription
	2023	c	-	-	
	2022		70,443,750	70,443,750	
	2024			P -	
	2023			P -	
	2022			P71,496,058	

a. *Cash Advances*

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

b. *Subsidies*

In 2024, MMGC received P807.90 million from Injap Foundation, Inc. (IFI) as part of IFI's charitable grant to support MMGC's wholesale business for the distribution and sale of affordable rice and its support to micro and small enterprises. IFI is a non-stock, non-profit entity registered as foundation with majority of its Board of Trustees same with Parent Company's key management personnel. The grant was recognized in the Group's consolidated statement of comprehensive income as a reduction in cost of sales and operating expenses amounting to P599.46 million and 208.34 million, respectively. (Note 15 and 16)

c. *Advances to Associate*

This pertains to the advances made to Cecile's Pharmacy for future stock subscription.

d. *Key Management Personnel*

Short-term benefits of key management personnel amounted to P6.05 million P5.81 million and P5.57 million in 2024, 2023 and 2022, respectively. Directors' fees paid amounted to P1.08 million, P1.08 million and P1.15 million in 2024, 2023 and 2022 respectively.

## 19. Retirement Benefits

The Group does not have an established retirement plan and only conforms to the minimum regulatory benefit under Republic Act No. 7641, *The Retirement Pay Law*, which is of the defined benefit type and provides a retirement benefit equal to 22.5 days' pay for every year of credited service of employees who attain the normal retirement age of sixty (60) with at least five (5) years of service.

The principal actuarial assumptions used to determine retirement benefits with respect to the discount rate and salary rate increases were based on historical and projected normal rates.

The Plan is exposed to both financial and demographic risks. Risks associated to the Plan are as follows:

- Liquidity Risk - The inability to meet benefit obligation payout when due.
- Interest Rate Risk - The present value of DBO is relatively sensitive and inversely related to the discount rate. In particular, if the discount rate, which is referenced to government bonds decreases, then the DBO increases.
- Salary Risk - The present value of DBO is relatively sensitive and directly related to future salary rate increases. In particular, if the actual salary rate increases in the future are higher than expected then the DBO and benefits are higher as well.
- Persistency Risk - The present value of DBO is relatively sensitive and inversely related to the turnover rates. In particular, lower turnover rates, which means employees persist or stay with the Group longer, correspond to higher DBO and benefit payouts.

Since there is no retirement plan asset, there is no asset-liability matching strategy.

Carlos SuperDrug has engaged an actuarial valuator starting 2023.

Cecile's Pharmacy has engaged an actuarial valuator starting 2024.

The following table below shows the reconciliation from the opening to the closing balances for DBO in 2024 and 2023.

	<i>Note</i>	<b>2024</b>	2023
Balance at January 1		<b>P30,057,590</b>	P9,954,055
Additional		<b>10,153,752</b>	12,570,778
<b>Included in Profit or Loss</b>			
Current service cost		<b>5,858,907</b>	3,179,330
Interest cost		<b>2,435,529</b>	1,636,822
	16	<b>8,294,436</b>	4,816,152
		<b>48,505,778</b>	27,340,985
<b>Included in Other Comprehensive Income (OCI)</b>			
Remeasurement loss (gain):			
Actuarial loss (gain) arising from:			
▪ Experience adjustments		<b>(1,177,534)</b>	826,452
▪ Financial assumptions		<b>1,549,512</b>	1,890,153
		<b>371,978</b>	2,716,605
<b>Others</b>			
Benefits paid by the Company		<b>(821,667)</b>	-
		<b>(821,667)</b>	
<b>Balance at December 31</b>		<b>P48,056,089</b>	P30,057,590

The principal actuarial assumptions used as at December 31 are as follows:

## Discount Rate

	2024	2023
MMGC	6.10%	6.20%
MMCC	6.10%	6.20%
Carlos SuperDrug	6.10%	6.10%
Cecile's Pharmacy	6.08%	-

Maturity analysis of the benefit payments are as follows:

	Carrying Amount	Contractual Cash Flows	Within 1 - 5 Years	More than 5 Years
2024	P48,056,089	P363,173,214	P17,736,857	P345,436,357
2023	P31,668,056	P351,637,650	P9,445,200	P342,192,450

As at December 31, 2024 and 2023, the expected average remaining working lifetime of the DBO is 13 years, 14 years, 5 years and 22 years, for the Parent Company, MMGC, Carlos SuperDrug and Cecile's Pharmacy, respectively.

## Sensitivity Analysis

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the DBO by the amounts shown below.

2024	DBO	
	Increase	Decrease
Discount rate (1% movement)	(P34,113,429)	P42,082,828
Future salary growth (1% movement)	41,943,026	(34,239,865)

2023	DBO	
	Increase	Decrease
Discount rate (1% movement)	(P3,136,725)	P3,727,314
Future salary growth (1% movement)	3,573,114	(3,061,626)

Each sensitivity run is based on a change in a sole actuarial assumption while holding all other assumptions constant. However, the sensitivity runs may not be representative of the actual change in the DBO as it is unlikely that a change in assumption would occur in isolation as the assumptions may be correlated.

Furthermore, DBO figures in this sensitivity runs have been calculated using the PUC method, the same method used in the calculation of DBO.

## 20. Lease Arrangements

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

Information about leases for which the Group is a lessee that qualifies under PFRS 16 for the recognition of ROU assets and lease liabilities are as follows:

- The Group leases its office space for a period of 10 years starting April 1, 2019 until January 30, 2029. The monthly rental rate shall escalate 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 shall escalate 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 25 years, renewable upon mutual agreement of the parties. The rent shall escalate by an average of 5% each year.

Movements in the ROU assets as at December 31, 2024 and 2023 follows:

	<b>Note</b>	<b>2024</b>	<b>2023</b>
<b>Cost</b>			
Beginning balance		<b>P877,393,212</b>	P674,279,183
Adjustment		-	118,296,458
Additions		<b>116,411,431</b>	84,817,571
<b>Ending balance</b>		<b>993,804,643</b>	877,393,212
<b>Accumulated Amortization</b>			
Beginning balance		<b>314,271,678</b>	205,754,945
Adjustment		-	19,153,729
Amortization for the year	16	<b>114,361,487</b>	89,363,004
<b>Ending balance</b>		<b>428,633,165</b>	314,271,678
<b>Net Carrying Amount</b>		<b>P565,171,478</b>	P563,121,534

Movements and balances of lease liabilities as at December 31, 2024 and 2023 follows:

	<b>Note</b>	<b>2024</b>	<b>2023</b>
Beginning balance		<b>P618,774,904</b>	P507,255,820
Adjustment		-	84,590,893
Additions		<b>103,874,276</b>	103,870,147
Interest expense		<b>34,055,188</b>	21,838,587
Payments of lease liabilities and interest		<b>(123,185,960)</b>	(98,780,543)
<b>Ending balance</b>		<b>P633,518,408</b>	P618,774,904
Current portion	3, 12	<b>P120,525,853</b>	P99,386,865
Noncurrent portion		<b>512,992,555</b>	519,388,039

Interest expense recognized in profit or loss amounted to P34.06 million, P21.84 million, and P21.62 million in 2024, 2023 and 2022, respectively.

The Group also entered into various lease agreements for its store spaces. These lease agreements are based on percentage of sales, which are considered as variable considerations. Rent expense recognized from these agreements amounted to P44.88 million, P21.77 million, and P24.15 million in 2024, 2023 and 2022, respectively and is recognized as part of "Rent expense" in the "Operating expenses" account.

Leases for several parking spaces and equipment with lease term of less than one year were expensed during the year. Rent expense amounted to P2.69 million, P2.46 million, and P1.93 million in 2024, 2023 and 2022, respectively. This is included under "Rent expenses" in the "Operating expenses" account.

The total cash outflow from leases amounted to P133.36 million, P123.73 million, and P136.24 million in 2024, 2023 and 2022, respectively.

Total security deposits and advance rental payments from these lease arrangements amounted to P376.95 million and P342.00 million as at December 31, 2024 and 2023, respectively. These are included under “Other noncurrent assets” account in the consolidated statements of financial position (Note 10).

## 21. Income Taxes

Income tax expense (benefit) consists of:

	2024	2023	2022
Income tax:			
Current	<b>P36,922,469</b>	P13,271,229	P5,414,382
Deferred	<b>(3,185,748)</b>	(100,448,011)	19,675,521
	<b>P33,736,721</b>	(P87,176,782)	P25,089,903

The components and movements of the Group's deferred tax assets and deferred tax liabilities, relating to temporary differences, are shown below.

	January 1, 2024	Charged to Profit or Loss	From Acquisition of subsidiary	December 31, 2024
<b>Deferred Tax Asset</b>				
NOLCO	P305,181,415	P149,046,900	P -	P454,228,315
Excess of lease payments over amortization of ROU	8,680,888	1,898,469	-	10,579,357
Retirement benefits liability	5,362,668	1,965,189	-	7,327,857
Difference between financial depreciation and tax depreciation	8,578,804	7,038,973	-	15,617,777
MCIT	7,075,213	16,537,771	-	23,612,984
Unearned franchise income	140,000	(95,000)	-	45,000
Accrued Expense	-	6,853	-	6,853
	<b>P335,018,988</b>	<b>P176,399,155</b>	<b>P -</b>	<b>P511,418,143</b>

	January 1, 2024	Charged to Profit or Loss	Charged to Other Comprehensive Income	From Acquisition of subsidiary	December 31, 2024
<b>Deferred Tax Liability</b>					
Capitalized interest claimed outright	P192,620,374	P174,567,806	P -	P -	P367,188,180
Debt issue cost	10,346,436	(1,354,399)	-	-	8,992,037
Gain from transitional asset	6,349	-	451,708	-	458,057
	<b>202,973,159</b>	<b>173,213,407</b>	<b>451,708</b>	<b>-</b>	<b>376,638,274</b>
<b>Total</b>	<b>P132,045,829</b>	<b>P3,185,748</b>	<b>(P451,708)</b>	<b>P -</b>	<b>134,779,869</b>

	January 1, 2023	Charged to Profit or Loss	From Acquisition of subsidiary	December 31, 2023
<b>Deferred Tax Asset</b>				
NOLCO	P98,558,221	P90,224,316	P116,398,878	P305,181,415
Excess of lease payments over amortization of ROU	5,947,252	882,952	1,850,684	8,680,888
Retirement benefits liability	4,158,630	804,038	400,000	5,362,668
Difference between financial depreciation and tax depreciation	1,539,831	7,038,973	-	8,578,804
MCIT	2,756,075	4,319,138	-	7,075,213
Unearned franchise income	140,000	-	-	140,000
	<b>P113,100,009</b>	<b>P103,269,417</b>	<b>P118,649,562</b>	<b>335,018,988</b>

	January 1, 2023	Charged to Profit or Loss	Charged to Other Comprehensive Income	From Acquisition of subsidiary	December 31, 2023
<b>Deferred Tax Liability</b>					
Capitalized interest claimed outright	P76,696,578	P923,796	P -	P115,000,000	P192,620,374
Debt issue cost	8,448,826	1,897,610	-	-	10,346,436
Gain from transitional asset	685,501	-	(679,152)	-	6,349
	<b>85,830,905</b>	<b>2,821,406</b>	<b>(679,152)</b>	<b>115,000,000</b>	<b>202,973,159</b>
<b>Total</b>	<b>P27,269,104</b>	<b>P100,448,011</b>	<b>P679,152</b>	<b>P3,649,562</b>	<b>P132,045,829</b>

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

	2024	2023	2022
Income before income tax	<b>P117,810,827</b>	P321,020,687	P599,079,944
Income tax at the statutory income tax rate of 25%	<b>P29,452,707</b>	P80,255,172	P149,769,986
Difference in statutory tax rate of subsidiaries	<b>601,605</b>	(440,876)	-
MCIT	<b>4,150,583</b>	-	2,658,307
Expired NOLCO	-	-	4,367,480
Nondeductible expenses	<b>143,386</b>	193,156	2,846,444
Unrecognized deferred tax assets	<b>2,354,539</b>	-	-
Income tax effects of interest income subjected to final tax	<b>(230,259)</b>	(6,156,863)	(372,919)
Non taxable income	<b>(2,735,840)</b>	(2,021,697)	-
Gain from acquisition	-	(159,005,674)	(134,179,395)
	<b>P33,736,721</b>	(P87,176,782)	P25,089,903

The BIR issued Revenue Regulations (RR) No. 25-2020 to implement Section 4 of Republic Act (RA) No. 11494, Bayanihan to Recover as One Act, which provides that the NOLCO incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

Details of the Group's NOLCO which are available for offsetting against future taxable income are as follows:

Year Incurred	Expiry Date	Balance January 1, 2024	Addition	Expired/ Applied	Balance December 31, 2024
2024	2027	P25,418,754	P -	P -	P25,418,754
2023	2026	-	819,346,619	(277,348)	819,069,271
2022	2025	171,180,488	-	-	171,180,488
2021	2026	89,340,935	-	-	89,340,935
2020	2025	131,556,427	-	-	131,556,427
		<b>P417,496,604</b>	<b>P819,346,619</b>	<b>(P277,348)</b>	<b>P1,236,565,875</b>

On March 26, 2021, the President of the Philippines has approved the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act (the "CREATE Act"), with nine (9) provisions vetoed by the President. Below are the salient features of the CREATE Act that are relevant to the Group :

- Corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5 million and with total assets not exceeding P100 million. All other domestic corporations and resident foreign corporations will be subject to 25% income tax. Said reductions are effective July 1, 2020.
- MCIT rate is reduced from 2% to 1% effective July 1, 2020 to June 30, 2023.
- The imposition of improperly accumulated earnings tax has been repealed.

On April 8, 2021, the BIR issued the following implementing RR that are effective immediately upon publication:

- BIR RR No. 2-2021, *Amending Certain Provisions of RR No. 2-98, As Amended, to Implement the Amendments Introduced by Republic Act No. 11534, or the CREATE Act, to the National Revenue Code of 1997, as Amended, Relative to the Final Tax on Certain Passive Income;*
- BIR RR No. 3-2021, *Rules and Regulations Implementing Section 3 of the CREATE Act, Amending Section 20 of the National Internal Revenue Code of 1997, As Amended;*
- BIR RR No. 4-2021, *Implementing the Provisions on Value-Added Tax (VAT) and Percentage Tax Under the CREATE Act Which Further Amended the National Revenue Code of 1997, as Amended, as Implemented by RR No. 16-2005 (Consolidated VAT Regulations of 2005), As Amended; and*
- BIR RR No. 5-2021, *Implementing the New Income Tax Rates on the Regular Income of Corporations, on Certain Passive Incomes, Including Additional Allowable Deductions from Gross Income of Persons Engaged in Business or Practice of Profession Pursuant to CREATE Act, Which Further Amended the National Revenue Code of 1997.*

## 22. Equity and Earnings Per Share

### Capital Stock

As at December 31, 2024 and 2023, the authorized and issued capital stock of the Parent Company consists of:

	2024	2023
<b>Authorized Capital Stock</b>		
Common:		
2021 - P0.05 par value	<b>P1,200,000,000</b>	P1,200,000,000
<b>Number of Shares Authorized for Issue</b>		
Common	<b>24,000,000,000</b>	24,000,000,000

Details of the shares issued are as follows:

	2024	2023
Balance at beginning of year	<b>P7,594,936,709</b>	7,594,936,709
Issuance of shares	-	-
	<b>P7,594,936,709</b>	7,594,936,709

Details of the issued capital stock are as follows:

	2024	2023
Balance at beginning of year	<b>P379,746,835</b>	P379,746,835
Issuance of shares	-	-
	<b>P379,746,835</b>	P379,746,835

On January 23, 2020, the SEC approved the increase in authorized capital stock from P5,000,000 divided into 50,000 shares of the par value of P100.00 each to P1,200,000,000 divided into 24,000,000,000 shares of the par value of P0.05 each. On June 15, 2020, the Group issued 1,594,936,709 additional shares of capital stock.

#### EPS

EPS is computed as follows:

	2024	2023	2022
Net income attributable to common shareholders of the Parent Company	<b>P63,308,094</b>	P406,817,697	P569,755,822
Weighted average number of common shares for basic EPS	<b>7,594,936,709</b>	7,594,936,709	7,594,936,709
Basic EPS	<b>P0.008</b>	P0.054	P0.075
Diluted EPS	<b>P0.008</b>	P0.054	P0.075

In the calculation of weighted average number of common shares, the number of shares outstanding was adjusted for the proportionate change in the number of ordinary shares outstanding as if the share split occurred at the beginning of the earliest period presented.

In 2024, 2023 and 2022, the Parent Company has no potential dilutive debt or equity instruments.

#### Retained Earnings

The Parent Company's retained earnings available for dividend declaration, calculated based on the regulatory requirements of the Philippines SEC, amounted to P631.98 million and P563.06 million as at December 31, 2024 and 2023, respectively. The difference between the consolidated retained earnings and the Parent-Company's retained earnings available for dividend declaration primarily consist of undistributed earnings of subsidiaries.

#### Dividends of Subsidiaries

On July 11, 2024, Z.C Ramthel Corp. approved the declaration of cash dividends of P16 million payable to stockholders. The dividends are paid within the year of declaration and approval.

Total share of noncontrolling interest from the dividends amounted to P7.50 million in 2024.

---

## **23. Financial Risk and Capital Management Objectives and Policies**

#### Objectives and Policies

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

- Credit Risk
- Liquidity Risk

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

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

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

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

The Group's principal financial assets include cash, 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:

	<i>Note</i>	<b>2024</b>	<b>2023</b>
Cash in banks	5	<b>P 2,328,837,533</b>	P645,629,693
Security deposits	10	<b>185,876,025</b>	169,415,341
Receivables (excluding advances to suppliers and advances to employees)	6	<b>138,471,661</b>	132,402,512
		<b>P2,653,185,219</b>	P947,447,546

These financial assets are subjected to 12-month ECL.

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

These financial assets are neither past due nor impaired and has credit quality of high grade financial assets as at December 31, 2023 and 2022.

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

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

### Liquidity Risk

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

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

December 31, 2024	Note	Carrying Amount	Contractual Cash Flow	1 Year or Less	1 Year - 5 Years	More than 5 Years
<b>Financial Liabilities</b>						
Accounts payable and other current liabilities*	12	P1,616,147,900	P1,616,147,900	P1,616,147,900	P -	P -
Loans payable	13	8,102,034,937	9,214,589,174	3,722,952,621	5,491,636,553	-
Lease liabilities**	12, 20	613,518,408	798,336,025	129,394,839	472,597,411	196,343,775

\* excluding payables to the, current portion of lease liabilities, payable to the government and unearned franchise fees amounting P129,592,566.

\*\*including current portion of lease liabilities

December 31, 2023	Note	Carrying Amount	Contractual Cash Flow	1 Year or Less	1 Year - 5 Years	More than 5 Years
<b>Financial Liabilities</b>						
Accounts payable and other current liabilities*	12	P1,578,455,442	P1,578,455,442	P1,578,455,442	P -	P -
Loans payable	13	5,700,617,342	6,307,342,738	3,340,355,528	2,966,987,210	-
Lease liabilities**	12, 20	618,774,904	723,466,524	104,912,213	360,748,234	257,806,077

\* excluding payables to the, current portion of lease liabilities, payable to the government and unearned franchise fees amounting P119,285,960.

\*\*including current portion of lease liabilities

### Fair Values

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

#### *Cash and Cash Equivalents/Receivables/Accounts Payable and Other Current Liabilities/Short-term Loans Payable /Due to a Related Party*

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

#### *Security Deposits/Lease Liabilities*

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

#### *Long-term Loans Payable*

The fair value of the interest-bearing fixed-rate long-term loans payable is based on the discounted value of expected future cash flows using the applicable market rates for similar types of loans as of reporting date. Carrying amounts approximates fair value since the impact of discounting is immaterial.

#### Capital Management

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

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

The BOD seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group defines capital as equity, which includes capital stock, additional paid in capital and retained earnings. There were no changes in the Group's approach to capital management as at December 31, 2024, 2023 and 2022. The Group is not subject to externally-imposed capital requirements.

---

#### **24. Events after Reporting Period**

On April 15, 2025, Ill sold 2,658,227,848 common shares of the Parent Company representing 35% of total issued and outstanding capital stock to DoubleDragon Corporation ("DD"). The consideration for the acquisition is valued at P1.28 billion, based on the 30-day volume-weighted average price (VWAP) of MM. The transaction will be paid 50% using DD shares as payment based on the 30-day VWAP of DD and 50% in cash.



# COVER SHEET

## for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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

### 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		
S	U	B	S	I	D	I	A	R	I	E	S		(	F	o	r	m	e	r	l	y		I	n	j	a	p		
S	u	p	e	r	m	a	r	t	,		I	n	c	.	)		(	A		S	u	b	s	i	d	i	a	r	y
o	f		I	n	j	a	p		I	n	v	e	s	t	m	e	n	t	s	,		I	n	c	.	)			

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

g	t	h		F	l	o	o	r	,		T	o	w	e	r		1											
D	o	u	b	l	e	D	r	a	g	o	n		P	l	a	z	a											
D	D		M	e	r	i	d	i	a	n		P	a	r	k	,		C	o	r	n	e	r					
M	a	c	a	p	a	g	a	l		A	v	e	n	u	e		a	n	d		E	D	S	A				
E	x	t	e	n	s	i	o	n	,		B	a	y		A	r	e	a										
B	a	r	a	n	g	a	y		7	6	,		P	a	s	a	y		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

N/A
-----

Company's Telephone Number/s

02-8253-0356
--------------

Mobile Number

0917-560-7273
---------------

No. of Stockholders

--

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

DD Meridian Park Area Cor. Macapagal Ave. and EDSA Ext. BLVD. San. San Rafael, Pasay 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.



R.G. Manabat & Co.  
The KPMG Center, 6/F  
6787 Ayala Avenue, Makati City  
Philippines 1209  
Telephone +63 (2) 8885 7000  
Fax +63 (2) 8894 1985  
Internet [www.home.kpmg/ph](http://www.home.kpmg/ph)  
Email [ph-inquiry@kpmg.com](mailto:ph-inquiry@kpmg.com)

## **REPORT OF INDEPENDENT AUDITORS ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

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

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of MerryMart Consumer Corp., formerly Injap Supermart Inc. (a subsidiary of Injap Investments, Inc.) (the "Company"), as at and for the year ended December 31, 2024 and 2023, on which we have rendered our report dated May 16, 2025.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies.

Firm Regulatory Registration & Accreditation:  
PRC-BOA Registration No. 0003, valid until September 20, 2026  
SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025  
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)  
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements



This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024 and no material exceptions were noted.

**R.G. MANABAT & CO.**

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

OLIVER C. BUCAO

Partner

CPA License No. 0086699

Tax Identification No. 129-433-612

BIR Accreditation No. 08-001987-053-2023

Issued March 10, 2023; valid until March 10, 2026

PTR No. MKT 10467168

Issued January 2, 2025 at Makati City

May 16, 2025

Makati City, Metro Manila

## MERRYMART CONSUMER CORP.

### Key Performance Indicators of the Company

The following are the key performance indicators used by the Group as at December 31, 2024 and 2023.

	December 31, 2024	December 31, 2023
Current Ratio	1.22	0.91
Asset to Equity	3.38	2.85
Debt to Equity Ratio	1.84	1.32
Acid Test Ratio	0.51	0.19
Return on Equity	2.14%	14.95%
Net Income to Revenue	0.81%	6.45%
Revenue Growth	23.8%	17.91%
Income Growth	-84.44%	-28.60%
Solvency Ratio	0.05	0.09

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

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



R.G. Manabat & Co.  
The KPMG Center, 6/F  
6787 Ayala Avenue, Makati City  
Philippines 1209  
Telephone +63 (2) 8885 7000  
Fax +63 (2) 8894 1985  
Internet [www.home.kpmg/ph](http://www.home.kpmg/ph)  
Email [ph-inquiry@kpmg.com](mailto:ph-inquiry@kpmg.com)

**REPORT OF INDEPENDENT AUDITORS  
TO ACCOMPANY SUPPLEMENTARY INFORMATION FOR FILING  
WITH THE SECURITIES AND EXCHANGE COMMISSION**

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of MerryMart Consumer Corp., formerly Injap Supermart Inc., (a subsidiary of Injap Investments, Inc.) and its subsidiaries (the “Group”) as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, included in this Form 17-A, and have issued our report thereon dated May 16, 2025.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Group’s management. Such additional components include:

- Map of the Conglomerate
- Supplementary Schedules of Annex 68-J
- Reconciliation of Retained Earnings Available for Dividend Declaration

Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until September 20, 2026

SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025

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

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

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



These supplementary information are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements. Such information have been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

**R.G. MANABAT & CO.**

A handwritten signature in black ink, appearing to read 'obucao', written in a cursive style.

OLIVER C. BUCAO

Partner

CPA License No. 0086699

Tax Identification No. 129-433-612

BIR Accreditation No. 08-001987-053-2023

Issued March 10, 2023; valid until March 10, 2026

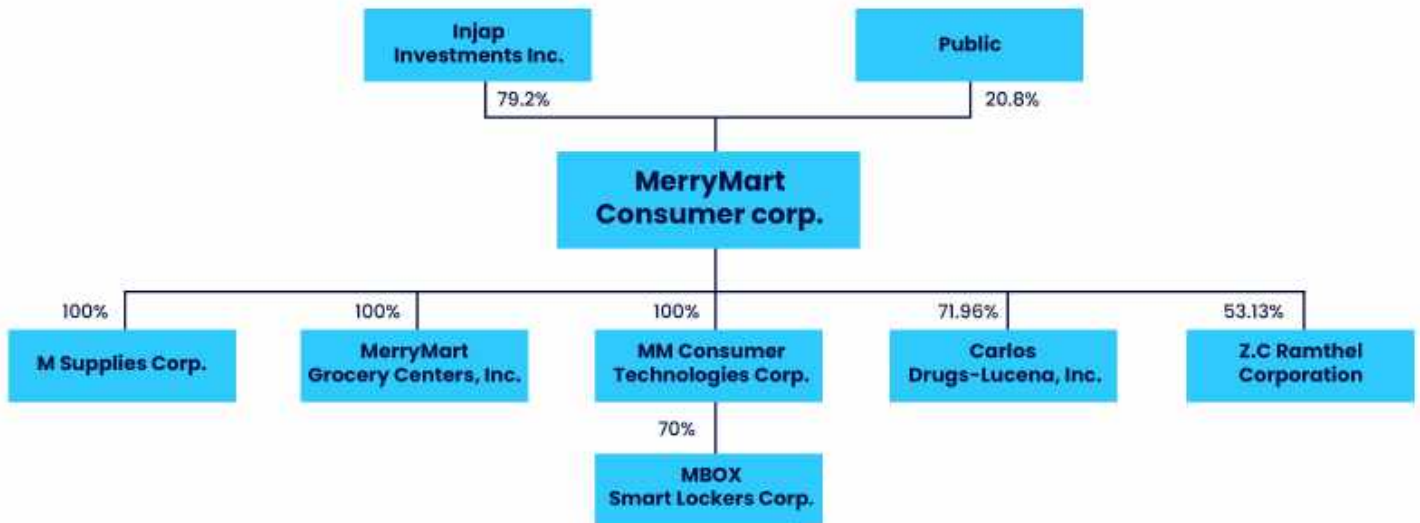
PTR No. MKT 10467168

Issued January 2, 2025 at Makati City

May 16, 2025

Makati City, Metro Manila

**MERRYMART CONSUMER CORP.  
CORPORATE STRUCTURE  
DECEMBER 31, 2024**



**RECONCILIATION OF RETAINED EARNINGS  
AVAILABLE FOR DIVIDEND DECLARATION  
DECEMBER 31, 2024**

**MERRYMART CONSUMER CORP.**

9th Floor Tower 1, DoubleDragon Plaza, DD Meridian Park, Pasay City

<b>Unappropriated Retained Earnings, beginning of the reporting period</b>		<b>P563,062,134</b>
<b>Add: <u>Category A:</u> Items that are directly credited to Unappropriated Retained Earnings</b>		
Reversal of Retained Earnings Appropriation/s	P -	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	-
<b>Less: <u>Category B:</u> Items that are directly debited to Unappropriated Retained Earnings</b>		
Dividend declaration during the reporting period	-	
Retained Earnings appropriated during the reporting period	-	
Effects of restatements or prior-period adjustments	-	
Others (describe nature)	-	-
<b>Unappropriated Retained Earnings, as adjusted</b>		<b>563,062,134</b>
<b>Add/Less: Net Income (loss) for the current year</b>		<b>68,921,425</b>
<b>Less: <u>Category C.1:</u> Unrealized income recognized in the profit or loss during the reporting period (net of tax)</b>		
Equity in net income of associate/joint venture, net of dividends declared	-	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Unrealized fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Unrealized foreign exchange gain of Investment Property	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	
Sub-total		-
<b>Add: <u>Category C.2:</u> Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)</b>		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Realized fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Realized foreign exchange gain of Investment Property	-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	
Sub-total		-

Forward



<b>Add: <u>Category C.3: Unrealized income recognized in profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)</u></b>		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	P -	
Reversal of previously recorded fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Reversal of previously recorded fair value gain of Investment Property	-	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-	
Sub-total		<b>P -</b>
<b>Adjusted Net Income/Loss</b>		<b>68,921,425</b>
<b>Add: <u>Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)</u></b>		
Depreciation on revaluation increment (after tax)	-	
Sub-total		<b>-</b>
<b>Add/Less: <u>Category E: Adjustment related to relief granted by the SEC and BSP</u></b>		
Amortization of the effect of reporting relief	-	
Total amount of reporting relief granted during the year	-	
Others (describe nature)	-	
Sub-total		<b>-</b>
<b>Add/Less: <u>Category F: Other items that should be excluded from the determination of the amount of available for dividend distribution</u></b>		
Net movement of treasury shares (except for reacquisition of redeemable shares)	-	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(157,839,664)	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set-up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-	
Others (describe nature) - Deferred tax asset beginning except such related to actuarial loss	(124,357,404)	
Sub-total		<b>(282,197,068)</b>
<b>Total Retained Earnings, end of the reporting period available for dividend</b>		<b>P349,786,491</b>

**MERRYMART CONSUMER CORP. AND SUBSIDIARIES**  
**SCHEDULE A - FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

Name of Issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (ii)  (PhP)	Valued based on market quotation at end of reporting period (iii) (PhP)	Income received and accrued  (PhP)
Cash and cash equivalents	N/A	2,436,030,006	2,436,030,006	921,035
Receivables	N/A	152,319,905	152,319,905	
Due from related parties	N/A	-	-	
Refundable deposits	N/A	185,876,025	185,876,025	

**MERRYMART CONSUMER CORP. AND SUBSIDIARIES**  
**SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND**  
**PRINCIPAL STOCKHOLDERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

Name and Designation of debtor (i)	Balance at beginning of period (PhP)	Additions (PhP)	Amounts collected (ii) (PhP)	Amounts written off (iii) (PhP)	Current (PhP)	Not Current (PhP)	Balance at end of period (PhP)
Injap Investments Inc. (Parent Company)	-	-	-	-	-	-	-
Edgar J. Sia (Chairman)	-	-	-	-	-	-	-
Edgar J. Sia (Director)	-	-	-	-	-	-	-
Pacita J. Sia (Treasurer)	-	-	-	-	-	-	-
Ferdinand J. Sia (Director)	-	-	-	-	-	-	-
Rizza Marie Joy J. Sia (Corporate Secretary)	-	-	-	-	-	-	-

**MERRYMART CONSUMER CORP. AND SUBSIDIARIES**  
**SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE**  
**CONSOLIDATION OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

Name and Designation of debtor (i)	Balance at beginning of period (PhP)	Additions (PhP)	Amounts collected (ii) (PhP)	Amounts written off (iii) (PhP)	Current (PhP)	Not Current (PhP)	Balance at end of period (PhP)
MerryMart Grocery Centers Inc. (Subsidiary)	5,193,921,893	802,977,375	(5,996,899,268)	-	5,996,899,268	-	5,996,899,268
Carlos Drug-Lucena Inc. (Subsidiary)	54,604,375	45,124,634	(99,729,009)	-	99,729,009	-	99,729,009
M Supplies Corp	5,257,297	5,297,088	(10,554,385)	-	10,554,385	-	10,554,385
Mbox Smart Lockers Inc.	7,253,290	-	(7,253,290)	-	7,253,290	-	7,253,290
MM Consumer Technologies Corp.	-	9,193,417	(9,193,417)	-	9,193,417	-	9,193,417

**MERRYMART CONSUMER CORP. AND SUBSIDIARIES**  
**SCHEDULE D - INTANGIBLE ASSETS AND OTHER ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

Description (i)	Beginning balance  (PhP)	Additions at cost (ii)  (PhP)	Charged to cost and expenses  (PhP)	Charged to other accounts  (PhP)	Other changes additions (deductions) (iii) (PhP)	Ending balance  (PhP)
Software licenses	50,073,805	14,982,972	12,897,308	-	-	52,159,469
Goodwill	-	-	-	-	-	-
Brand Name	2,799,990,000	-	-	-	-	2,799,990,000

**MERRYMART CONSUMER CORP. AND SUBSIDIARIES**  
**SCHEDULE E - LONG-TERM DEBT**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

Title of Issue and type of obligation (i)	Amount authorized by indenture  (PhP)	Amount shown under caption "Current portion of long-term debt" in related balance sheet (ii) (PhP)	Amount shown under caption "Long-Term Debt" in related balance sheet (iii) (PhP)
Loans	8,102,034,937	3,286,000,000	4,816,034,937

**MERRYMART CONSUMER CORP. AND SUBSIDIARIES**  
**SCHEDULE F - INDEBTEDNESS TO RELATED PARTIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

Name of related party (i)	Balance at beginning of period (PhP)	Balance at end of period (ii) (PhP)
Carlos SuperDrugs Corporation (Other related parties)	-	-

The amount pertains to unsecured, non-interest bearing advances granted to and received from related parties for working capital requirements. These advances are generally settled within one year from the date of grant.

**MERRYMART CONSUMER CORP. AND SUBSIDIARIES**  
**SCHEDULE G - GUARANTEES OF SECURITIES OF OTHER ISSUERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding (i)	Amount owned by person for which statement is filed	Nature of guarantee (ii)
N/A	N/A	N/A	N/A	N/A



**MERRYMART CONSUMER CORPORATION AND SUBSIDIARIES**  
**(Formerly Injap Supermart Inc.)**

**SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED  
INFORMATION  
DECEMBER 31, 2024 AND 2023**

	2024	2023
<b>Total Audit Fees</b>	<b>P6,280,000</b>	<b>P5,570,000</b>
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
<b>Total Non-audit Fees</b>	<b>-</b>	<b>-</b>
<b>Total Audit and Non-audit Fees</b>	<b>P6,280,000</b>	<b>P5,570,000</b>

**MERRYMART CONSUMER CORP.**  
**COMPUTATION OF PUBLIC OWNERSHIP**  
**AS OF DECEMBER 31, 2024**

	Direct	Indirect	Total Direct and Indirect Shares	% to Total Issued and Outstanding Shares
<b>Number of Common Shares Issued and Outstanding</b>	7,594,936,709	-	7,594,936,709	100.00%
<b>Directors</b>				
Edgar J. Sia II	838,000	-	838,000	0.01%
Ferdinand J. Sia	276,000	-	276,000	0.00%
Marriana H. Yulo-Luccini	1	10,500,000	10,500,001	0.14%
Gary P. Cheng	1	500,000	500,001	0.01%
Victoria R. Tamayao	1	-	1	0.00%
Jose Roelph E. Desales	1	725,000	725,001	0.01%
Jacqueline Ann Marie O. Gomez	1	2,000,000	2,000,001	0.03%
		-	-	0.00%
<b>Subtotal</b>	<b>1,114,005</b>	<b>13,725,000</b>	<b>14,839,005</b>	<b>0.20%</b>
<b>Officers</b>				
Edgar J. Sia II (same as above)	-	-	-	0.00%
Ferdinand J. Sia (same as above)	-	-	-	0.00%
Marriana H. Yulo-Luccini (same as above)	-	-	-	0.00%
Jacqueline Ann Marie O. Gomez (same as above)	-	-	-	0.00%
Shella A. Sia	-	-	-	0.00%
Rizza Marie Joy J. Sia	2,000	-	2,000	0.00%
Maribel N. Sibayan	-	600,000	600,000	0.01%
Ma. Mercedes L. Taleon	-	150,000	150,000	0.00%
<b>Subtotal</b>	<b>2,000</b>	<b>750,000</b>	<b>752,000</b>	<b>0.01%</b>
<b>Principal/Substantial Stockholders</b>				
Injap Investments Inc.	5,999,989,995	-	5,999,989,995	79.00%
		-	-	0.00%
<b>Subtotal</b>	<b>5,999,989,995</b>	<b>-</b>	<b>5,999,989,995</b>	<b>79.00%</b>
<b>Others</b>				
Edgar J. Sia	2,000	-	2,000	0.00%
Pacita J. Sia	2,000	-	2,000	0.00%
<b>Subtotal</b>	<b>4,000</b>	<b>-</b>	<b>4,000</b>	<b>0.00%</b>
<b>Total Shares held by Directors, Officers, Principal/Substantial Stockholders and Affiliates</b>	<b>6,001,110,000</b>	<b>14,475,000</b>	<b>6,015,585,000</b>	<b>79.21%</b>
<b>Total Number of Shares Owned by the Public</b>			<b>1,579,351,709</b>	<b>20.79%</b>

## Your BIR AFS eSubmission uploads were received

---

From: eafs@bir.gov.ph (eafs@bir.gov.ph)  
To: injapsupermartinc@yahoo.com.ph  
Cc: injapsupermartinc@yahoo.com.ph  
Date: Friday, May 16, 2025 at 11:56 AM GMT+8

---

Hi MERRYMART CONSUMER CORP,

### Valid file

- EAFS281768124AFSTY122024.pdf

### Invalid file

- <None>

Transaction Code: **AFS-0-24PZ1R3Z0LLC989EQPMPRYMY09AFK79C7**  
Submission Date/Time: **May 16, 2025 11:56 AM**  
Company TIN: **281-768-124**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

## Your BIR AFS eSubmission uploads were received

---

From: eafs@bir.gov.ph

To: injapsupermartinc@yahoo.com.ph

Cc: injapsupermartinc@yahoo.com.ph

Date: Wednesday, April 30, 2025 at 06:31 PM GMT+8

---

Hi MERRYMART CONSUMER CORP,

### Valid files

- EAFS281768124ITRTY122024.pdf
- EAFS281768124AFSTY122024.pdf
- EAFS281768124TCRTY122024-01.pdf
- EAFS281768124TCRTY122024-02.pdf
- EAFS281768124TCRTY122024-03.pdf
- EAFS281768124OTHTY122024.pdf

### Invalid file

- <None>

Transaction Code: **AFS-0-BFDCA6JB0NYMYVZMTPMQRW3V309BDLFEJB**

Submission Date/Time: **Apr 30, 2025 06:31 PM**

Company TIN: **281-768-124**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

# MERRYMART

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **MERRYMART CONSUMER CORP.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the periods ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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


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

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

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

Signature   
Edgar J. Sia II, CEO/Chairman


Signature   
Ferdinand J. Sia, President

Signature   
Marriana H. Yulo, CFO

Subscribed and sworn to be for me  
15 MAY 2025 at City of Makati

Signed this May 15, 2025

DOC.: 198  
PAGE: 91  
BOOK: 3  
SERIES OF 2025:

  
ATTY. ROMEO M. MONFORT  
Notary Public, City of Makati  
Until December 31, 2025  
Appointment No. M-032-(2024-2025)  
PTR No. 10466008 Jan. 2, 2025/ Makati City  
IBP No. 488554 Dec. 27, 2024  
MCLE NO. VII-6027570 Roll No. 27932  
Amorsolo Street, Legaspi Village  
Makati City

# MERRYMART CONSUMER CORP.

(Formerly Injap Supermart Inc.)

(A Subsidiary of Injap Investments, Inc.)

## **SEPARATE FINANCIAL STATEMENTS**

**December 31, 2024 and 2023**

With Independent Auditors' Report

## REPORT OF INDEPENDENT AUDITORS

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, Baranggay 76, Pasay City, NCR, Philippines

### *Opinion*

We have audited the separate financial statements of MerryMart Consumer Corp., formerly Injap Supermart Inc. ( a subsidiary of Injap Investments, Inc.) ("the Company") which comprise the separate statements of financial position as at December 31, 2024 and 2023, the separate statements of income, separate statements of comprehensive income, separate statements of changes in equity and cash flows for the years then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at December 31, 2024 and 2023, and its unconsolidated financial performance and its unconsolidated cash flows for the years then ended, in accordance with the Philippine Financial Reporting Standards (PFRS) Accounting Standards.

### *Basis for Opinion*

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

Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until September 20, 2026

SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024

and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025

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

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

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

financial statements



### *Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements*

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

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

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

### *Auditors' Responsibilities for the Audit of the Separate Financial Statements*

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

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.





- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

**R.G. MANABAT & CO.**

OLIVER C. BUCAO

Partner

CPA License No. 0086699

Tax Identification No. 129-433-612

BIR Accreditation No. 08-001987-053-2023

Issued March 10, 2023; valid until March 10, 2026

PTR No. MKT 10467168

Issued January 2, 2025 at Makati City

May 16, 2025

Makati City, Metro Manila



R.G. Manabat & Co.  
The KPMG Center, 6/F  
6787 Ayala Avenue, Makati City  
Philippines 1209  
Telephone +63 (2) 8885 7000  
Fax +63 (2) 8894 1985  
Internet [www.home.kpmg/ph](http://www.home.kpmg/ph)  
Email [ph-inquiry@kpmg.com](mailto:ph-inquiry@kpmg.com)

## REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders  
**MerryMart Consumer Corp.**  
9th Floor, Tower 1, DoubleDragon Plaza  
DD Meridian Park, Corner Macapagal Avenue and Edsa Extension  
Bay Area, Baranggay 76, Pasay City, NCR, Philippines

### *Opinion*

We have audited the separate financial statements of MerryMart Consumer Corp., formerly Injap Supermart Inc. ( a subsidiary of Injap Investments, Inc.) ("the Company") which comprise the separate statements of financial position as at December 31, 2024 and 2023, the separate statements of income, separate statements of comprehensive income, separate statements of changes in equity and cash flows for the years then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at December 31, 2024 and 2023, and its unconsolidated financial performance and its unconsolidated cash flows for the years then ended, in accordance with the Philippine Financial Reporting Standards (PFRS) Accounting Standards.

### *Basis for Opinion*

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

#### Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until September 20, 2026

SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025

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

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

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



### *Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements*

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

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

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

### *Auditors' Responsibilities for the Audit of the Separate Financial Statements*

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

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

**R.G. MANABAT & CO.**

OLIVER C. BUCAO

Partner

CPA License No. 0086699

Tax Identification No. 129-433-612

BIR Accreditation No. 08-001987-053-2023

Issued March 10, 2023; valid until March 10, 2026

PTR No. MKT 10467168

Issued January 2, 2025 at Makati City

May 16, 2025

Makati City, Metro Manila



R.G. Manabat & Co.  
The KPMG Center, 6/F  
6787 Ayala Avenue, Makati City  
Philippines 1209  
Telephone +63 (2) 8885 7000  
Fax +63 (2) 8894 1985  
Internet [www.home.kpmg/ph](http://www.home.kpmg/ph)  
Email [ph-inquiry@kpmg.com](mailto:ph-inquiry@kpmg.com)

**REPORT OF INDEPENDENT AUDITORS  
TO ACCOMPANY SEPARATE FINANCIAL STATEMENTS FOR FILING  
WITH THE BUREAU OF INTERNAL REVENUE**

The Board of Directors and Stockholders  
**MerryMart Consumer Corp.**  
9th Floor, Tower 1, DoubleDragon Plaza  
DD Meridian Park, Corner Macapagal Avenue and Edsa Extension  
Bay Area, Baranggay 76, Pasay City, NCR, Philippines

We have audited the accompanying separate financial statements of MerryMart Consumer Corp. (the "Company") as at and for the year ended December 31, 2024, on which we have rendered our report dated May 16, 2025.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholder of the Company.

**R.G. MANABAT & CO.**

OLIVER C. BUCAO  
Partner  
CPA License No. 0086699  
Tax Identification No. 129-433-612  
BIR Accreditation No. 08-001987-053-2023  
Issued March 10, 2023; valid until March 10, 2026  
PTR No. MKT 10467168  
Issued January 2, 2025 at Makati City

May 16, 2025  
Makati City, Metro Manila

Firm Regulatory Registration & Accreditation:  
PRC-BOA Registration No. 0003, valid until September 20, 2026  
SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025  
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)  
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements

**MERRYMART CONSUMER CORP.**  
**(Formerly Injap Supermart Inc.)**  
**(A Subsidiary of Injap Investments, Inc.)**  
**SEPARATE STATEMENTS OF FINANCIAL POSITION**

		<b>December 31</b>	
	<b>Note</b>	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	4, 5, 22	<b>P1,226,639,855</b>	P286,243,043
Receivables	4, 6, 22	<b>11,327,746</b>	11,564,755
Inventories	4, 7, 16	<b>519,042,379</b>	530,385,100
Due from related parties	4, 18, 22	<b>6,123,629,369</b>	5,261,036,855
Prepaid expenses and other current assets	8	<b>154,749,417</b>	153,052,765
<b>Total Current Assets</b>		<b>8,035,388,766</b>	6,242,282,518
<b>Noncurrent Assets</b>			
Investments in subsidiaries and associate	9	<b>P805,246,815</b>	734,803,065
Property and equipment	10	<b>1,779,215,373</b>	1,084,017,147
Right-of-use assets	4, 14, 17	<b>11,454,331</b>	13,246,758
Other noncurrent assets	4, 11, 22	<b>229,633,652</b>	230,126,939
<b>Total Noncurrent Assets</b>		<b>2,825,550,171</b>	2,062,193,909
		<b>P10,860,938,937</b>	P8,304,476,427
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and other current liabilities	12	<b>P262,898,990</b>	P312,018,196
Lease liabilities - current	14	<b>1,618,786</b>	2,049,000
Loans payable - current	4, 13, 22	<b>3,266,000,000</b>	2,866,000,000
<b>Total Current Liabilities</b>		<b>3,530,517,776</b>	3,180,067,196
<b>Noncurrent Liabilities</b>			
Loans payable - net of current portion	4, 13, 22	<b>4,816,034,937</b>	2,679,617,342
Lease liabilities - net of current portion	14	<b>11,104,044</b>	12,216,121
Deferred tax liabilities	20	<b>83,697,560</b>	69,293,090
Retirement benefits liability	17, 19	<b>7,469,068</b>	6,729,261
Other noncurrent liabilities		<b>13,511,895</b>	27,076,287
<b>Total Noncurrent Liabilities</b>		<b>4,931,817,504</b>	2,794,932,101
<b>Total Liabilities</b>		<b>8,462,335,280</b>	5,974,999,297
<b>Equity</b>			
Capital stock	21	<b>379,746,835</b>	379,746,835
Additional paid-up capital		<b>1,386,292,253</b>	1,386,292,253
Retained earnings	21	<b>631,983,559</b>	563,062,134
Reserve on defined benefit plan	19	<b>581,010</b>	375,908
<b>Total Equity</b>		<b>2,398,603,657</b>	2,329,477,130
		<b>P10,860,938,937</b>	P8,304,476,427

*See Notes to the Separate Financial Statements.*

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

**SEPARATE STATEMENTS OF COMPREHENSIVE INCOME**

		Years Ended December 31	
	Note	2024	2023
<b>REVENUES</b>			
Sale of goods	15	<b>P2,749,368,538</b>	P2,830,768,819
Display rental	15, 23	<b>17,443,271</b>	16,256,034
Other operating income	15, 23	<b>25,883,273</b>	25,719,768
		<b>2,792,695,082</b>	2,872,744,621
<b>COST OF SALES</b>	7, 16	<b>(2,502,866,308)</b>	(2,576,231,982)
<b>GROSS PROFIT</b>		<b>289,828,774</b>	296,512,639
<b>OPERATING EXPENSES</b>	10, 14, 17, 19	<b>(200,925,151)</b>	(190,568,918)
<b>INCOME FROM OPERATIONS</b>		<b>88,903,623</b>	105,943,721
<b>INTEREST INCOME</b>	5	<b>533,390</b>	24,499,325
<b>INTEREST EXPENSE</b>	14	<b>(552,910)</b>	(611,977)
<b>INCOME BEFORE INCOME TAX</b>		<b>88,884,103</b>	129,831,069
<b>INCOME TAX EXPENSE</b>			
Current tax expense		<b>5,626,575</b>	4,319,138
Deferred tax expense		<b>14,336,103</b>	20,024,267
	20	<b>19,962,678</b>	24,343,405
<b>NET INCOME</b>		<b>68,921,425</b>	105,487,664
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Item that will not be reclassified to profit or loss</b>			
Remeasurement gain (loss) on defined benefit plan	19	<b>273,469</b>	(1,039,991)
Tax effect	20	<b>(68,367)</b>	259,998
		<b>205,102</b>	(779,993)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>P69,126,527</b>	P104,707,671
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	21	<b>P0.01</b>	P0.01

*See Notes to the Separate Financial Statements.*

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

**SEPARATE STATEMENTS OF CHANGES IN EQUITY**

						Years Ended December 31
	<i>Note</i>	Capital Stock	Additional Paid-up Capital	Reserve on Defined Benefit Plan	Retained Earnings	Total Equity
Balance as at December 31, 2022		P379,746,835	P1,386,292,253	P1,155,901	P457,574,470	P2,224,769,459
Net income		-	-	-	105,487,664	105,487,664
Remeasurement loss on defined benefit plan	19	-	-	(779,993)	-	(779,993)
Balance as at December 31, 2023		379,746,835	1,386,292,253	375,908	563,062,134	2,329,477,130
Net income		-	-	-	<b>68,921,425</b>	<b>68,921,425</b>
Remeasurement loss on defined benefit plan	19	-	-	<b>205,102</b>	-	<b>205,102</b>
<b>Balance as at December 31, 2024</b>		<b>P379,746,835</b>	<b>P1,386,292,253</b>	<b>P581,010</b>	<b>P631,983,559</b>	<b>P2,398,603,657</b>

*See Notes to the Separate Financial Statements.*



**MERRYMART CONSUMER CORP.**  
**(Formerly Injap Supermart Inc.)**  
**(A Subsidiary of Injap Investments, Inc.)**  
**SEPARATE STATEMENTS OF CASH FLOWS**

		Years Ended December 31	
	Note	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax		P88,884,103	P129,831,069
Adjustments for:			
Dividend Income		8,500,000	9,562,500
Depreciation and amortization	10, 14, 17	61,861,855	60,411,567
Retirement benefits expense	19	1,013,276	814,852
Interest income	5	(533,390)	(24,499,325)
Interest expense	14	552,910	40B611,977
Operating income before working capital changes		160,278,754	167,170,140
(Increase) decrease in:			
Receivables	4, 6	237,009	(5,337,591)
Inventories	4, 7	11,342,721	(111,954,285)
Due from related parties	4, 18	(862,592,514)	(1,215,478,675)
Prepaid expenses and other current assets	8	(7,323,227)	10,725,947
Other noncurrent assets		-	(2,466,432)
Increase (decrease) in:			
Accounts payable and other current liabilities	12	(49,119,206)	8,748,068
Cash absorbed by operations		(747,176,463)	(1,148,592,828)
Interest received		533,390	22,894,950
Income tax paid		-	-
Net cash used in operating activities		(746,643,073)	(1,125,697,878)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investments in subsidiaries and associate	9	(70,443,750)	(140,887,500)
Additions to property and equipment	10	(48,519,848)	(69,672,475)
Decrease (increase) in other noncurrent liabilities	11	(13,564,394)	(13,564,394)
Cash used in investing activities		(132,527,992)	(224,124,369)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend received		(8,500,000)	(9,562,500)
Proceeds from loans payable - net	13	6,527,283,743	5,994,409,561
Payment of loans payable	13	(4,003,000,000)	(4,343,083,333)
Payment of interest	13	(694,120,666)	(457,954,285)
Payment of lease liabilities and interest expense		(2,095,200)	(1,884,249)
Net cash provided by financing activities		1,819,567,877	1,191,487,694
<b>NET INCREASE (DECREASE) IN CASH</b>		<b>940,396,812</b>	<b>(158,334,553)</b>
<b>CASH AT BEGINNING OF THE YEAR</b>		<b>286,243,043</b>	<b>444,577,596</b>
<b>CASH AT END OF THE YEAR</b>	5	<b>P1,226,639,855</b>	<b>P286,243,043</b>

See Notes to the Separate Financial Statements.

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

---

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

---

**1. Corporate Information**

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

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

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

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

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

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

On June 15, 2020, the Company completed its IPO and was listed in the Philippine Stock Exchange ("PSE") under the stock symbol "MM". III remains as the ultimate parent company and controlling shareholder of MM.

The Company's office address is at 9<sup>th</sup> Floor, Tower 1, DoubleDragon Plaza DD Meridian Park, Corner Macapagal Avenue and Edsa Extension Bay Area, Brgy. 76, Pasay City, NCR, Philippines.

---

## **2. Basis of Preparation**

### Statement of Compliance

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

The separate financial statements were approved and authorized for issuance by the BOD on May 15, 2025.

### Basis of Measurement

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

The Company also prepares and issues consolidated financial statements for the same period as the separate financial statements presented in accordance with PFRS Accounting Standards. Such consolidated financial statements provide information about the economic activities of the Company and its subsidiaries. The consolidated financial statements can be obtained from the Company's business address.

### Functional and Presentation Currency

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

---

## **3. Summary of Material Accounting Policies**

The material information of the principal accounting policies set out below have been applied consistently to all periods presented in the financial statements, except for the changes in accounting policies as explained below.

The Company has adopted the following new standards, amendments to standards and interpretations starting January 1, 2024, and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the separate financial statements.

### Adoption of Amendments to Standards

- Classification of Liabilities as Current or Noncurrent - 2020 Amendments and Non-Current Liabilities with Covenants - 2022 amendments (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 noncurrent, the amendments:
  - removed the requirement for a right to defer settlement of a liability for at least 12 months after the reporting period to be unconditional and instead require that the right must have substance and exist at the reporting period;
  - clarified that only covenants with which a Company must comply on or before the reporting date affect the classification of a liability as current or

noncurrent and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that period;

- provided additional disclosure requirements for noncurrent liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; and
- clarified that settlement of a liability includes transferring an entity'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 noncurrent.

The amendments will apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after the 2022 amendments must apply both amendments at the same time.

#### Standards Issued But Not Yet Adopted

A number of new and amendments to standards are effective for annual periods beginning after January 1, 2024. However, the Company has not early adopted the following new or amended standards in preparing the financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Company's financial statements.

#### Effective January 1, 2026

- *Amendments to the Classification and Measurement of Financial Instruments (Amendments to PFRS 9 Financial Instruments and PFRS 7 Financial Instruments: Disclosures)*. The amendments relate to the date of recognition and derecognition, classification of financial assets, contractually linked instruments and non-recourse features, and disclosures on investments in equity instruments.

Date of recognition and derecognition. The amendments clarified that:

- a financial asset or financial liability is recognized on the date on which the entity becomes party to the contractual provisions of the instrument unless the regular way exemption applies;
- a financial asset is derecognized on the date on which the contractual rights to cash flows expire or the asset is transferred; and
- a financial liability is derecognized on the settlement date, which is the date on which the liability is extinguished because the obligation specified in the contract is discharged or cancelled or expires or the liability otherwise qualifies for derecognition.

However, the amendments provide an exception for the derecognition of financial liabilities where an entity may choose to derecognize a financial liability that is settled using an electronic payment system before the settlement date if, and only if, the entity has initiated the payment instruction that resulted in:

- the entity having no practical ability to withdraw, stop or cancel the payment instruction;
- the entity having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and

- the settlement risk associated with the electronic payment system is insignificant.

Entities may choose to apply the exception on a system-by-system basis.

Classification of financial assets. The amendments related to classification of financial assets introduces an additional test to assess whether the solely payments of principal and interest (SPPI) criterion is met for financial assets with contingent features that are not related directly to a change in basic lending risks or costs.

The amendments clarified that when a contingent feature gives rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs, the financial asset has contractual cash flows that are SPPI if, and only if, in all contractually possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.

Additional disclosures are required for all financial assets and financial liabilities that have certain contingent features that are not related directly to a change in basic lending risks or costs and are not measured at fair value through profit or loss.

Contractually linked instruments and non-recourse features. The amendments clarify the key characteristics of contractually linked instruments (CLIs) and how they differ from financial assets with non-recourse features. The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test). For example, it clarifies that a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets; that CLIs have non-recourse features, but not all financial assets with non-recourse features are CLIs; and that the underlying pool of instruments of CLIs may include financial assets outside the scope of IFRS 9.

Disclosures on investments in equity instruments. The amendments require additional disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in other comprehensive income (FVOCI). The entity discloses for each class of investment the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss related to investments derecognized during the reporting period and the fair value gain or loss related to investments held at the end of the reporting period. It also discloses any transfers of the cumulative gain or loss within equity during the reporting period related to investments derecognized during that reporting period.

The amendments apply for reporting periods beginning on or after January 1, 2026. Earlier application is permitted. Entities may choose to early-adopt the amendments for the recognition and derecognition of financial assets and financial liabilities separately from the other amendments.

- *Annual Improvements to PFRS Accounting Standards - Volume 11. This cycle of improvements contains amendments to five standards:*
  - *Hedge Accounting by a First-time Adopter (Amendments to PFRS 1 First-time Adoption of International Financial Reporting Standards).* Amendments were made to terminology on hedge accounting by a first-time adopter of PFRS Accounting Standards to improve consistency with the requirements of PFRS 9 Financial Instruments. The term 'conditions' was updated to 'qualifying criteria' in line with the shift from PAS 39 Financial Instruments: Recognition and Measurement to PFRS 9. Specific cross-references to paragraphs in PFRS 9 containing guidance on the qualifying criteria were added to improve understandability.
  - *Gain or Loss on Derecognition (Amendments to PFRS 7 Financial Instruments: Disclosure).* The amendments replaced the reference to 'inputs that were not based on observable market data' in the obsolete paragraph 27A of PFRS 7, with reference to 'unobservable inputs' in paragraphs 72-73 of PFRS 13 Fair Value Measurement.
  - *Introduction, Disclosure of Difference Between Fair Value and Transaction Price, and Credit Risk Disclosures (Amendments to Guidance on implementing PFRS 7 Financial Instruments: Disclosure).* The amendments:
    - clarified that the Guidance on implementing PFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of PFRS 7;
    - made the wordings on the disclosure of deferred difference between fair value and transaction price in paragraph IG14 of PFRS 7 consistent with the requirements in paragraph 28 of PFRS 7 and with the concepts in PFRS 9 Financial Instruments and PFRS 13 Fair Value Measurement; and
    - simplified the wordings on credit risk disclosures in paragraph IG20B that the illustration does not include financial assets that are purchased or originated credit impaired.
  - *Derecognition of Lease Liabilities and Transaction Price (Amendments to PFRS 9 Financial Instruments).* The amendments:
    - added a cross-reference to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee applies the requirement that the difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss; and
    - replaced the term 'their transaction price (as defined in IFRS 15)' with 'the amount determined by applying IFRS 15' because a receivable might be initially measured at an amount that differs from the transaction price recognized as revenue, for example, when you recognize full amount for consideration that's unconditionally receivable but at the same time recognize expected refund liability with respect to retrospective rebates. Consequently, the definition of the transaction price has been deleted.
  - *Determination of 'De Facto Agent' (Amendments to PFRS 10 Consolidated*

*Financial Statements*). The amendments revised the wording on whether a party is a de facto agent when directed by 'those that direct the activities of the investor' to be non-conclusive given this may require judgement.

- *Cost Method (Amendments to PAS 7 Statement of Cash Flows)*. The amendments replaced the term 'cost method' with 'at cost' given the definition of 'cost method' has previously been removed from PFRS Accounting Standards.

The amendments apply for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.

Effective January 1, 2027

- *PFRS 18 Presentation and Disclosure in Financial Statements* will replace PAS 1 Presentation of Financial Statements and aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information.
  - A more structured income statement. PFRS 18 promotes a more structured income statement. It introduces a newly defined 'operating profit or loss' and 'profit or loss before financing and income tax' subtotals, and a requirement for all income and expenses to be classified into three new distinct categories - operating, investing, and financing - based on a company's main business activities. PFRS 18 also requires companies to analyze their operating expenses directly on the face of the income statement - either by nature, by function or on a mixed basis. Companies need to choose the presentation method that provides the 'most useful structured summary' of those expenses. New disclosures apply if any operating expenses are presented by function.
  - Management-defined performance measures. PFRS 18 provides a definition for management-defined performance measures (MPMs) and introduces specific disclosure requirements. MPMs are subtotals of income and expenses that are used in public communications outside the financial statements, communicate management's view of an aspect of the financial performance of the entity as a whole and are not a required subtotal or a common income and expense subtotal listed in PFRS 18. For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information and how it is calculated, and to reconcile it to an amount determined under PFRS Accounting Standards.
  - Greater disaggregation of information. PFRS 18 provides enhanced guidance on how companies group information in the financial statements, including newly defined roles of the primary financial statements and the notes, principles of aggregation and disaggregation based on shared and non-shared characteristics, and specific guidance for labelling and describing items in a way that faithfully represents an item's characteristics.

PFRS 18 also now require goodwill to be presented as a line item in the statement of financial position.

Consequential amendments to PAS 7 Statement of Cash Flows requires the use of the operating profit or loss subtotal as the starting point when presenting

operating cash flows under the indirect method and eliminate the options for classifying interest and dividend cash flows.

PFRS 18 also amends PAS 33 Earnings per Share to permit companies to disclose additional amounts per share using as numerator a required income and expenses total or subtotal, a common subtotal listed in PFRS 18 or an MPM disclosed by the entity.

PFRS 18 applies for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. It applies retrospectively in accordance with PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Specific reconciliations are required to be disclosed. Eligible entities including venture capital organizations, mutual funds and some insurers will be allowed to change their election for measuring investments in associates and joint ventures from equity method to fair value through profit or loss.

The Company continues to assess the impact of the above new and amendments to standards effective subsequent to 2024 on the financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the financial statements when these amendments are adopted.

#### Financial Instruments

##### *Date of Recognition*

The Company recognizes a financial asset or financial liability in the separate statements of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition is done using settlement date accounting.

##### *Initial Recognition of Financial Instruments*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognized initially at fair value. The initial measurement, except for those designated as FVPL, includes transaction costs.

#### Financial Assets

##### *Classification and Subsequent Measurement*

The Company classifies its financial assets, at initial recognition, and subsequently measured at amortized cost, FVOCI and FVPL. The classification depends on the contractual cash flow characteristics of the financial assets and the business model of the Company for managing the financial assets.

Subsequent to initial recognition, financial assets are not reclassified unless the Company changes the business model for managing financial assets. All affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

The business model refers to how the Company manages the financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The Company considers the following information in assessing the objective of the business model in which a financial asset is held at a portfolio level, which reflects the way the business is managed and how information is provided to management:

- the stated policies and objectives for the portfolio and the operations of those policies in practice;



- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how employees of the business are compensated; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

For the purposes of assessing the cash flow characteristics of financial assets, "Principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

The Company considers the contractual terms of the instrument in assessing whether the contractual cash flows are solely payments of principal and interest. The assessment includes whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Company considers the following in making the assessment:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for financial assets acquired at a discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

For purposes of subsequent measurement, financial assets are classified in the following categories: financial assets at amortized cost, financial assets at FVOCI (with or without recycling of cumulative gains and losses) and financial assets at FVPL.

The Company has no financial assets at FVOCI and FVPL as at December 31, 2024 and 2023.

*Financial Assets at Amortized Cost.* A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model with the objective of holding financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the financial asset is derecognized, modified or impaired.

The Company's cash in banks, receivables, due from related parties and security deposits (included in "Other noncurrent assets") are included in this category (Notes 5, 6, 11, 14, 18 and 22).

#### Financial Liabilities

The Company classifies its financial liabilities, at initial recognition, in the following categories: financial liabilities at FVPL and other financial liabilities. The Company determines the classification of its financial liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company has no financial liabilities at FVPL as at December 31, 2024 and 2023.

#### Other Financial Liabilities

This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability.

The effective interest rate amortization is included in "Interest expense" account in the separate statements of comprehensive income. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

The Company's accounts payable and other current liabilities (excluding payables to government agencies) and loans payable are included in this category (Notes 12, 13 and 22).

#### Derecognition of Financial Assets and Financial Liabilities

##### Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Company has retained.

For a modification of the financial asset that does not result in derecognition, the difference between the present value of the modified cash flows discounted using the original effective interest rate and the present value of the original cash flows, is recognized in profit or loss as a gain or loss from modification. Costs or fees in relation to the modification of the financial asset are recognized as part of the carrying amount of the asset and amortized over the remaining term of the instrument. A modification of the original financial asset that results in derecognition of the financial asset, requires the recognition of a new financial asset in line with the general requirements for the initial recognition (i.e. at fair value plus transaction costs).

#### *Financial Liabilities*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

#### Impairment of Financial Assets

The Company recognizes allowance for expected credit losses (ECL) on financial assets at amortized cost.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive), discounted at the effective interest rate of the financial asset, and reflects reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

The Company recognizes an allowance for impairment based on either 12-month or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company recognizes lifetime ECLs for receivables that do not contain significant financing component. The Company uses provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the borrowers and the economic environment.

At each reporting date, the Company assesses whether financial assets at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- (e) the disappearance of an active market for that financial asset because of financial difficulties; or
- (f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The Company considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants.

The Company directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering the contractual cash flows on a financial asset, either partially or in full. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

The ECLs on financial assets at amortized cost are recognized as allowance for impairment losses against the gross carrying amount of the financial asset, with the resulting impairment losses (or reversals) recognized in profit or loss.

#### Debt Issue Costs

Debt issue costs are considered as an adjustment to the effective yield of the related debt and are deferred and amortized using the effective interest rate method. When a loan is paid, the related unamortized debt issue costs at the date of repayment are recognized in profit or loss.

#### Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the separate financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the separate financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

#### Inventories

Inventories are measured at the lower of cost and net realizable value (NRV). Cost is determined using the first-in-first out (FIFO) method. Cost comprises of purchase price, including duties, applicable landing charges and other incidental expenses incurred in bringing the inventories to its present location and condition. NRV is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

#### Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are recognized in profit or loss as they are consumed in operations or expire with the passage of time.

Other current assets are classified in the separate statements of financial position as current assets when the costs or expenses related to the assets are expected to be incurred within one year or the Company's normal operating cycle, whichever is longer. Otherwise, assets are classified as noncurrent assets.

#### Input Value-added Tax (VAT)

Input tax represents the VAT due or paid on purchases of goods and services subjected to VAT that the Company can claim against any future liability to the Bureau of Internal Revenue (BIR) for output VAT received from sale of goods and services subjected to VAT. The input tax can also be recovered as tax credit against

future income tax liability of the Company upon approval of the BIR. Input tax is stated at net realizable value. An allowance is provided for any portion of the input tax that cannot be claimed against output tax or recovered as tax credit against future income tax liability. Input tax that are expected to be realized for no more than 12 months after the reporting period are classified as current asset, otherwise, these are classified as other noncurrent asset.

#### Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any accumulated impairment in value. Such cost includes the cost of replacing part of the property and equipment at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing.

The initial cost of property and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the items can be measured reliably.

Depreciation and amortization, which commence when the assets are available for their intended use, are computed using the straight-line method over the following estimated useful lives of the assets:

	Useful Life in Years
Leasehold improvements	10 years or lease term, whichever is shorter
Furniture, fixtures and equipment	5 to 10
Transportation equipment	5 to 10

The remaining useful lives, residual values, and depreciation and amortization methods are reviewed and adjusted periodically, if appropriate, to ensure that such periods and methods of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property and equipment.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use.

An item of property and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period of retirement and disposal.

Land is carried at cost less any impairment in value, if any. The initial cost of land comprises its purchase price and other directly attributable costs of bringing the asset to its working condition and location for its intended use. It excludes the costs of day to day servicing. Land is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the land (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year

the asset is derecognized.

Construction in-progress represents structures under construction and is stated at cost. This includes the costs of construction and other direct costs.

#### Investment in Subsidiaries

The Company's investments in shares of stock of subsidiaries are accounted for under the cost method. The investments are carried in the separate statements of financial position at cost less any impairment in value. The Company recognizes dividend from a subsidiary in its separate statements of comprehensive income when its right to receive the dividend is established.

A subsidiary is an entity controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

#### Investment in Associates

An associate is an entity in which the Company has significant influence. Significant influence is the power to participate in the financial and operating policies of the investee, but not control over those policies. The Company's investment in associate is accounted for using the cost method.

#### Other Noncurrent Assets

Other noncurrent assets consist prepaid rent and security deposits. Prepaid rent is rent paid prior to the rental period to which it relates, or an amount of rent paid that has not yet been used. Security deposits represent noninterest-bearing deposits which are generally applied against unpaid rentals should the lessee decide not to renew the lease or are forfeited as damages for any violation of contract.

#### Impairment of Nonfinancial Assets

The carrying amounts of non-financial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs of disposal and value in use. The fair value less costs of disposal is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation

and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### Provisions

Provisions are recognized when: (a) the Company has a present obligation (legal or constructive) as a result of past events; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received.

The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

#### Capital Stock

Capital stock is measured at par value for all shares issued. When the Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. Proceeds and/or fair value of considerations received in excess of par value are recognized as additional paid-in capital.

Capital stock are classified as equity. Incremental costs directly attributable to the issuance of common stock are recognized as a deduction from equity, net of any tax effects, and any excess of the proceeds over the par value of shares issued less any incremental costs directly attributable to the issuance, net of tax, is presented in equity as additional paid-in capital.

#### Additional Paid-in Capital

Additional paid-in capital represents the amount received in excess of the par value of the capital stock issued.

Stock issuance costs are transaction costs that are directly attributable to the issuance of new shares accounted for as a deduction from equity, net of any related income tax benefit. Such costs are deducted from additional paid-in capital arising from the share issuance. If the additional paid-in capital is insufficient to absorb such expenses, the excess shall be charged to stock issuance costs to be reported as a contra equity account as a deduction from the following in the order of priority: (1) additional paid-in capital from previous stock issuance; and (2) retained earnings.

#### Retained Earnings

Retained earnings represent the accumulated net income or losses, net of any dividend distributions and other capital adjustments. When the retained earnings account has a debit balance, it is called "deficit." A deficit is not an asset but a deduction from equity.

#### Revenue Recognition

##### *Revenue from Contracts with Customers*

The Company recognizes revenue from contracts with customers when control of the goods or services are transferred to the customer at an amount that reflects the



consideration to which the Company expects to be entitled in exchange for those goods or services. Revenues exclude VAT and other fees collected on behalf of other parties.

The transfer of control can occur over time or at a point in time. Revenue is recognized at a point in time unless one of the following criteria is met, in which case it is recognized over time: (a) the customer simultaneously receives and consumes the benefits as the Company performs its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

The Company assesses its revenue arrangements to determine if it is acting as principal or agent. The Company has generally concluded that it is the principal in its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized:

- *Sale of Goods*  
Sale of goods from retail and food shop is recognized at point in time when the control of the asset is transferred to the customer, generally upon point of sale or delivery.
- *Concession Income*  
Concession income, included as part of other operating income, pertains to the net margin from sales of concessionaire supplier's goods inside the store. The income is recognized at point in time when earned.
- *Other Income*  
Other income, which includes incentives and gain on remeasurement of retirement benefits liability and lease modification, is recognized when earned during the period.

#### *Revenues from Other Sources*

##### *Display Rental*

Display rental from the use of the Company's gondola and store spaces is recognized upon use of the selected area.

##### *Interest Income*

Interest income is recognized as it accrues using the effective interest method. Interest income from banks which is presented net of final tax is recognized when earned.

#### Cost of Sales

Cost of sales includes the purchase price of the products sold, as well as costs that are directly attributable in bringing the merchandise to its intended condition and location.

#### Expense Recognition

Expenses are recognized when they are incurred and are reported in the separate financial statements in the periods to which they relate.

Expenses are also recognized when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability that can be measured reliably has arisen. Expenses are recognized on the basis of a direct association between costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition as an asset.

#### Operating Expenses

Operating expenses constitute costs of administering the business. These are recognized as expenses as incurred.

#### Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (a) the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- (b) the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- (c) the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  - i. the Company has the right to operate the asset; or
  - ii. the Company designed the asset in a way that predetermines how and for what purpose it will be used.

#### *Company as Lessee*

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of

property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### Operating Lease

##### *Company as Lessee*

Leases which do not transfer to the Company substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term. Contingent rents are recognized as expense in the period in which they are incurred. Associated costs such as maintenance and insurance are expensed as incurred.

The Company does not recognize right of use assets and lease liabilities for variable lease payments linked to future sales as it does not meet the definition of lease payments. Consequently, those payments are treated as rent expense under operating lease.

### Borrowing Costs

Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset otherwise it's expensed out. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use. The amount of specific borrowing costs capitalized is net of the investment income on any temporary investment of the funds pending expenditure on the asset. On the other hand, general borrowing costs capitalized is exclusive of any investment income earned.

### Employee Benefits

#### *Short-term Employee Benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### *Retirement Costs*

The Company has no established retirement plan for its permanent employees and only conforms to the minimum regulatory benefit under the Retirement Pay Law (Republic Act No. 7641) which is of the defined benefit type. The cost of providing benefits under the defined benefit retirement plan is actuarially determined using the projected unit credit method. Projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in equity and are not reclassified to profit or loss in subsequent period.

The defined benefit retirement liability is the aggregate of the present value of the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Defined benefit costs comprise the following:

- Service costs
- Net interest on the defined benefit retirement liability
- Remeasurements of defined benefit retirement liability

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the defined benefit retirement liability is the change during the period as a result of contributions and benefit payments, which is determined by applying the discount rate based on the government bonds to the defined benefit retirement liability. Net interest on the defined benefit retirement liability is recognized as expense or income in profit or loss.

Remeasurements of defined benefit retirement liability comprising actuarial gains and losses are recognized immediately in other comprehensive income in the period in which they arise.

## Taxes

### *Current Tax*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting date, and any adjustment to tax payable in respect of previous years.

### *Deferred Tax*

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and the carryforward tax benefits of the net operating loss carry-over (NOLCO) to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and the carryforward tax benefits of NOLCO can be utilized.

Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Future taxable profits will be available against which they can be used. If the amount of taxable temporary differences is insufficient to recognize deferred tax asset in full, the future taxable profits, adjusted for reversals of existing temporary differences, are considered based on the business plan of the Company.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting date.

Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### *VAT*

Revenues, expenses and assets are recognized net of the amount of VAT except:

- where the tax incurred on purchase of assets or services are not recoverable from the taxation authority, in which case, the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of "Accounts payable and other current liabilities" account in the separate statements of financial position (Note 12).

#### Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) subsidiaries; (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that give them significant influence over the Company and close members of the family of any such individual; and (d) members of the key management of the Company.

#### Basic and Diluted Earnings Per Common Share (EPS)

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

#### Operating Segments

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

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

#### Contingencies

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

#### Events After the Reporting Date

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

On April 15, 2025, Ill sold 2,658,227,848 common shares of the Parent Company representing 35% of total issued and outstanding capital stock to DoubleDragon Corporation ("DD"). The consideration for the acquisition is valued at P1.28 billion, based on the 30-day volume-weighted average price (VWAP) of MM. The transaction will be paid 50% using DD shares as payment based on the 30-day VWAP of DD and 50% in cash.

---

#### **4. Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the separate financial statements in accordance with PFRS Accounting Standards require management to exercise judgments, make estimates and use assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the separate financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

##### Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the separate financial statements:

##### *Determination on whether an Arrangements Contains a Lease*

The Company uses its judgment in determining whether an arrangement is or contains a lease. A contract contains a lease if the determination of contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time if the customer has the right to obtain substantially all of the economical benefits from the use of the identified assets and the right to direct the use of the identified assets.

##### *Lease Commitments - Company as a Lessee*

The Company entered into various lease agreements as a lessee. In 2020, the long-term lease of its store space has been accounted for under PFRS 16 Leases wherein the Company recognizes a right-of-use (ROU) asset and lease liability upon initial adoption. In 2021, the Company and the lessor mutually agreed to modify the related lease agreements which were previously accounted under PFRS 16. Under the new lease agreement, payments are based on percentage of sales hence not considered as lease payments to be included in the measurement of lease liabilities (Note 14).

Amortization expense of ROU assets recognized in profit or loss in 2024 and 2023 amounted to P1.79 million and P1.79 million, respectively. The carrying amount of ROU assets as at December 31, 2024 and 2023 amounted to P11.45 million and P13.25 million, respectively. The carrying amount of the lease liabilities as at

December 31, 2024 and 2023 amounted to P12.72 million and P14.27 million respectively (Notes 14 and 17).

#### *Determination of Control*

The Company determines control when it is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. The Company controls an entity if and only if the Company has all of the following:

- power over the entity;
- exposure, or rights, to variable returns from its involvement with the entity; and
- the ability to use its power over the entity to affect the amount of the Parent Company's returns.

The Company determined that it controls Carlos Superdrug in 2022 and Cecile's Pharmacy in 2023 (Note 9).

#### *Determination of Significant Influence*

The Company determines significant influence when it has the ability to participate in an entity's financial and operating policy decisions. The Company has significant influence over an entity as evidenced by one or more of the following:

- representation on the board of directors or equivalent governing body of the investee;
- participation in policy-making processes, including participation in decisions about dividends or other distributions;
- material transactions between the entity and its investee;
- interchange of managerial personnel; or
- provision of essential technical information.

The Company determined that it has significant influence over Cecile's Pharmacy in 2022 (Note 9)

#### *Provisions and Contingencies*

The Company, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

No provision for probable losses arising from legal contingencies was recognized in the separate financial statements in 2024 and 2023.

#### *Determination of whether the Company is acting as a Principal or an Agent*

The Company is a principal if it controls the specified good or service before it is transferred to a customer. The Company is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party and the Company does not control the good or service before it is transferred to the customer.

The Company assesses its concession agreements against the following indicators to help determine whether it is acting as a principal or an agent:



- whether the Company has primary responsibility for providing the services;
- whether the Company has inventory risk; and
- whether the Company has discretion in establishing prices.

The Company concluded that under its concession agreements, it is acting as the principal as it has the primary responsibility for fulfilling the promise to provide the goods under concession to its customers. The Company has the right to direct the use of and obtain substantially all of the remaining benefits of the goods under concession and has the discretion in establishing the price for the goods. The Company is acting as the principal in selling the goods to end-customers wherein the gross proceeds from the sale of goods under concession were recognized as part of the sales of goods and the related costs were charged as part of cost of sales.

#### Estimates and Assumptions

The key estimates and assumptions used in the separate financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the separate financial statements. Actual results could differ from such estimates.

*Assessment for ECL on Other Financial Assets at Amortized Cost.* The Company determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- actual or expected external and internal credit rating downgrade;
- existing or forecasted adverse changes in business, financial or economic conditions; and
- actual or expected significant adverse changes in the operating results of the borrower.

The Company also considers financial assets at day one to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Company has assessed that the ECL on financial assets at amortized cost is not material because majority of the transactions with respect to these financial assets were entered into by the Company only with reputable banks and counterparties with good credit standing and relatively low risk of defaults. Accordingly, no provision for ECL on financial assets at amortized cost was recognized in 2024 and 2023.

The carrying amounts of financial assets at amortized cost are as follows:

	<b>Note</b>	<b>2024</b>	<b>2023</b>
Cash in banks	5, 22	<b>P1,191,156,350</b>	P260,726,563
Receivables	6, 22	<b>11,327,746</b>	11,564,755
Due from related parties	18, 22	<b>6,123,629,369</b>	5,261,036,855

Security deposit*	11, 14, 22	<b>69,933,744</b>	69,933,744
		<b>P7,396,047,209</b>	P5,603,261,917

\*Included under "Other Noncurrent Assets" (Note 11).

#### *Write-down of Inventories*

The Company writes-down the costs of inventories to NRV whenever NRV becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. The estimate of the NRV is reviewed regularly.

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made on the amount the inventories are expected to be realized. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the reporting date to the extent that such events confirm conditions existing at the reporting date.

No inventories were written down to their net realizable values in 2024 and 2023.

The carrying amounts of the Company's inventories amounted to P519.04 million and P530.39 million as at December 31, 2024 and 2023, respectively (Notes 7 and 16).

#### *Estimating Useful Lives of Property and Equipment*

The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, the estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property and equipment would increase recorded depreciation and amortization expenses and decrease noncurrent assets.

Property and equipment, net of accumulated depreciation and amortization, amounted to P1,779.22 million and P1,084.02 million as at December 31, 2024 and 2023, respectively. Accumulated depreciation and amortization of property and equipment amounted to P130.09 million and P79.41 million as at December 31, 2024 and 2023, respectively (Note 10).

#### *Incremental Borrowing Rate for Leases*

The Company uses the incremental borrowing rate to measure lease liabilities as the interest rate implicit in the lease cannot be readily determined. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment.

The incremental borrowing rate reflects what the Company "would have to pay", which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the incremental borrowing rate using observable inputs such as market interest rates and the Company's stand-alone credit rating.

#### *Realizability of Deferred Tax Assets*

The Company reviews its deferred tax asset at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. The Company's assessment on the recognition of deferred tax asset on deductible temporary difference is based on the projected taxable income in the following periods.

Deferred tax liabilities amounted to P83.70 million and P69.29 million as at December 31, 2024 and 2023, respectively (Note 20).

#### *Impairment of Non-financial Assets*

PFRS Accounting Standards require that an impairment review be performed on non-financial assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining the recoverable amounts of these assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of recoverable amounts reflected in the separate financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

The combined carrying amounts of property and equipment, right-of-use asset, advances to Carlos SuperDrug and investments in subsidiaries amounted to P1,868.07 million and P1,790.13 million as at December 31, 2024 and 2023, respectively (Notes 10, 11 and 14).

---

## 5. Cash

This account consists of:

	<b>Note</b>	<b>2024</b>	<b>2023</b>
Cash in banks	4, 22	<b>P1,191,156,350</b>	P260,726,563
Cash on hand		<b>35,483,505</b>	25,516,480
		<b>P1,226,639,855</b>	P286,243,043

Cash in banks earn annual interest at the respective bank deposit rates.

Total interest income earned from cash amounted to P0.53 million and P24.5 million in 2024 and 2023, respectively. Interest income in 2023 includes income from short-term placements held during the year.

---

## 6. Receivables

As at December 31, 2024 and 2023, receivables amounting to P11.33 million and P11.56 million, respectively, 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.

Inventories at cost is lower than its NRV as at December 31, 2024 and 2023.

Cost of inventories as at December 31, 2024 and 2023 amounted to P519.04 million and P530.39 million, respectively.

Inventories charged to cost of sales amounted to P2,502.87 million and P2,576.23 million in 2024 and 2023, respectively (Note 16).

## 8. Prepaid Expenses and Other Current Assets

This account consists of:

	2024	2023
Input VAT	<b>P13,666,285</b>	P6,935,530
Prepaid expenses	<b>3,600,043</b>	8,634,140
Other current assets	<b>137,483,089</b>	137,483,095
	<b>P154,749,417</b>	P153,052,765

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

Prepaid expenses pertain to advance payment for administrative expenses related to real property and business taxes, insurance and among others.

Other current assets pertains to advances made to third parties for future leases.

## 9. Investments in Subsidiaries and Associate

The composition of the account as at December 31, 2024 and 2023 is as follows:

	Note	2024	2023
<b>Investment in Subsidiaries</b>			
MMGCI	a	<b>P25,000,000</b>	P25,000,000
MTech	b	<b>40,000,000</b>	40,000,000
MSupplies	c	<b>1,250,000</b>	1,250,000
Carlos SuperDrug	d	<b>339,815,565</b>	339,815,565
Cecile's Pharmacy	e	<b>399,181,250</b>	328,737,500
		<b>P805,246,815</b>	P734,803,065

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

MMGCI is a wholly-owned subsidiary of the Company.

The summarized audited financial information of MMGCI follows:

	<b>2024</b>	<b>2023</b>
Current assets	<b>P2,958,082,360</b>	P2,264,511,468
Noncurrent assets	<b>3,520,321,450</b>	3,607,002,535
Current liabilities	<b>6,760,309,838</b>	6,098,058,859
Noncurrent liabilities	<b>317,355,522</b>	324,685,435
Revenue	<b>2,504,848,518</b>	2,308,737,738
Net loss/total comprehensive loss	<b>(22,936,706)</b>	(324,347,857)

- b. MTech was incorporated and registered with the SEC on May 27, 2021 primarily to invest in, purchase, or otherwise acquire, and own, hold, use sell, assign, transfer, lease, mortgage, exchange, develop, or otherwise dispose of real and personal property of every kind and description, including shares of stock, bonds, debentures, notes, evidence of indebtedness, and other securities and obligations of any corporation or corporations, association or associations, joint ventures, incorporated or otherwise, domestic or foreign, for whatever lawful purpose or purposes the same may have been organized and to pay therefor in money or by exchanging therefor stocks, bonds, or other evidences of indebtedness or securities of this or any other corporation, and while the owner or holder of any such real or personal property, stocks, bonds, debentures, contracts, or obligations, to receive, collect and dispose of the interest, dividends, and income arising from such property; to possess and exercise in respect thereof, all the rights, powers and privileges of ownership, including all voting powers of any stock so owned, to carry on, provide support and manage the general business of any corporation, company, association or joint venture and to secure and guarantee the loans and obligations of , and act as surety for its subsidiaries, affiliates or associates as may be authorized by the BOD; and to exercise such powers, act or functions as may be essential or necessary to carry out the purpose stated herein.

The Company subscribed to 400 million common shares of MTech at P0.10 par value. As at December 31, 2024, the Company has no subscription payable to MTech.

The summarized audited financial information of MTech follows:

	<b>2024</b>	<b>2023</b>
Current assets	<b>P10,183,682</b>	P9,167,588
Noncurrent assets	<b>36,013,768</b>	28,770,789
Current liabilities	<b>9,381,879</b>	151,070
Net loss/total comprehensive loss	<b>(971,736)</b>	(1,030,099)

- c. MSupplies was incorporated and registered with the SEC on March 29, 2022 with the primary purpose of engaging in the business, acquire, hold, own, operate, or manage wholesale or retail trade of foodstuffs, grocery items, household items, consumer goods, and merchandise, on any lands, buildings, supermarkets, malls, stores, stalls or structures owned, leased, held, operated, managed or occupied by the corporation. To acquire by purchase or by lease, or otherwise, land and interests in lands, and to own, improve, develop and manage any real estate so acquired and to erect or cause to be erected, lease, manager or operate any stores, shops, suites, rooms, or part of any buildings and other structures.

The Company subscribed to 12,500 common shares at P100.00 par value.

The summarized audited financial information of MSupplies follows:

	<b>2024</b>	<b>2023</b>
Current assets	<b>P11,421,792</b>	P6,976,157
Noncurrent assets	<b>1,582,604</b>	7,718,475
Current liabilities	<b>10,949,179</b>	5,925,236
Revenue	<b>16,633,133</b>	11,314,221
Net loss/total comprehensive loss	<b>261,978</b>	765,117

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

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

The acquisition gave the Company a 71.96% ownership and control on January 6, 2022.

On January 10, 2022, the Company paid P25.00 million to Carlos Drugs-Lucena for the subscription of 50,000 shares which increased the Company's ownership to 75%. On April 7, 2022 and May 26, 2022, the Company paid an additional P25.00 million and P0.29 million respectively.

Carlos SuperDrug was incorporated and registered with the SEC to conduct, undertake and carry the business of retailing, wholesaling, distributing, manufacturing, buying, selling or otherwise dealing in drugs, pharmaceuticals, as well as medicinal, veterinary or agricultural compounds and chemicals, hospital, medical and laboratory supplies and equipment, food preparations, cosmetics, toiletries and general merchandise of all kinds and description; and to import and export all lawful object of commerce; and to commercial broker, factor, agent upon consignment of indent orders or in any other representative capacity for natural and juridical persons and entities, whether domestic or foreign.

The summarized audited financial information of Carlos SuperDrug as at and for the year ended December 31, 2024 and 2023 follows:

	<b>2024</b>	<b>2023</b>
Current assets	<b>P517,627,364</b>	P436,891,761
Noncurrent assets	<b>178,294,624</b>	176,704,528
Current liabilities	<b>410,255,802</b>	309,604,908
Noncurrent liabilities	<b>135,344,760</b>	138,235,495
Revenue	<b>1,152,118,984</b>	1,187,660,881
Net income/total comprehensive income	<b>(16,361,515)</b>	14,352,397

- e. On November 15, 2021, the Company signed an Agreement with ZC Ramthel Corporation ("Cecile's Pharmacy") to acquire a majority stake in the Mindanao based pharmacy chain.

On March 9, 2022, the Company entered into a Memorandum of Agreement with the shareholders of Z.C. Ramthel Corporation to acquire majority interest in Cecile's Pharmacy through a combination of the purchase of 25,000 secondary shares for a total cash consideration of P117.41 million and subscription of 60,000 primary shares out of the increase in authorized capital stock of Cecile's Pharmacy for an total cash consideration of P281.78 million. The purchase of secondary shares was completed on March 15, 2022, giving the Parent Company 25% ownership interest. On December 12, 2023, the increase in authorized capital stock of Cecile's Pharmacy was approved by the SEC and consequently, the Parent Company's subscription of the primary shares was completed, increasing the Parent Company's equity interest to 53.13%.

As a result of the reassessment of control conducted by the Company in 2023, the investment in Cecile's Pharmacy was reclassified from investment in subsidiary to investment in associate in 2022. There was no impact on total assets or profit and loss as a result of the reclassification since the investment is carried at cost.

Following the completion of the purchase of primary shares on December 12, 2023, Cecile's Pharmacy became a subsidiary and the investment was reclassified to investment in subsidiary as at December 31, 2023.

Cecile's Pharmacy is the biggest pharmacy chain in the city of Zamboanga in Mindanao Region, and the brand has been in operation for 57 years since 1964. The current Management team of Cecile's Pharmacy chain will continue to run the operations of the company in tandem with the Parent Company's team.

Cecile's Pharmacy was primarily incorporated and registered with the SEC on December 21, 2009 to engage in, conduct and carry on the business of buying and sell of pharmaceutical products and all kinds of grocery and food items usually known as convenience stores in the Philippines whether it is domestic produced or imported products in retail and wholesale basis.

The summarized unaudited financial information of Cecile's Pharmacy as at and for the year ended December 31, 2024 follows:

	<b>2024</b>	<b>2023</b>
Current assets	<b>P849,275,422</b>	P580,823,811
Noncurrent assets	<b>209,169,851</b>	168,637,927
Current liabilities	<b>482,983,815</b>	300,894,634
Noncurrent liabilities	<b>94,329,362</b>	80,313,069
Revenue	<b>1,941,839,936</b>	1,627,572,977
Net income/total comprehensive income	<b>44,510,520</b>	32,347,152

## 10. Property and Equipment

The movements and balances of this account consist of:

	Furniture, Fixtures and Equipment	Transportation Equipment	Leasehold Improvements	Construction in Progress	Land	Total
<b>Cost</b>						
Balance, January 1, 2023	P100,204,465	P13,646,400	P318,528,440	P56,815,338	P146,608,491	P635,803,134
Additions	5,569,892	1,045,930	24,894,715	496,116,223	-	527,626,760
Balance, January 1, 2024	105,774,357	14,692,330	343,423,155	552,931,561	146,608,491	1,163,429,894
Additions	1,151,076	-	186,875	744,542,030	-	745,879,981
Reclassifications	611,662	-	4,480,240	(5,091,902)	-	-
<b>Balance, December 31, 2024</b>	<b>107,537,095</b>	<b>14,692,330</b>	<b>348,090,270</b>	<b>1,292,381,689</b>	<b>146,608,491</b>	<b>1,909,309,875</b>
<b>Accumulated Depreciation and Amortization</b>						
Balance, January 1, 2023	19,530,157	3,917,014	9,686,168	-	-	33,133,339
Depreciation and amortization	10,543,528	1,275,357	34,460,523	-	-	46,279,408
Balance, January 1, 2024	30,073,685	5,192,371	44,146,691	-	-	79,412,747
Depreciation and amortization	12,385,041	1,331,548	33,725,699	-	-	47,442,288
Reclassification and Others	935,101	-	2,304,366	-	-	3,239,466
<b>Balance, December 31, 2024</b>	<b>43,393,827</b>	<b>6,523,919</b>	<b>80,176,756</b>	<b>-</b>	<b>-</b>	<b>130,094,502</b>
<b>Carrying Amount</b>						
December 31, 2023	P75,700,672	P9,499,959	P299,276,464	P552,931,561	P146,608,491	P1,084,017,147
<b>December 31, 2024</b>	<b>P64,143,268</b>	<b>P8,168,411</b>	<b>P267,913,514</b>	<b>P1,292,381,689</b>	<b>P146,608,491</b>	<b>P1,779,215,373</b>

The cost of fully depreciated property and equipment used by the Company amounted to P12.88 million as at December 31, 2024 and 2023

Depreciation and amortization are charged to "Operating expenses" account in 2024 and 2023 (Note 17).

There were no property and equipment pledged or mortgaged as security as at December 31, 2024 and 2023.

## 11. Other Noncurrent Assets

This account consists of:

	Note	2024	2023
Prepaid rent		<b>P158,220,049</b>	P158,220,049
Security deposit	4, 14, 22	<b>69,933,744</b>	69,933,744
Other noncurrent assets		<b>1,479,859</b>	1,973,146
		<b>P229,633,652</b>	P230,126,939

Prepaid rent pertains to the amount paid in advance for the use of place or property.

Security deposit represents the amount paid as security for the faithful performance of the terms of the lease agreement which were paid upon the commencement of the lease and refundable at the end of the lease term.

Other noncurrent assets pertains to capitalized marketing campaigns and promotions and are amortized over the expected economic life (Note 17).



## 12. Accounts Payable and Other Current Liabilities

This account consists of:

	<i>Note</i>	<b>2024</b>	<b>2023</b>
Trade payables	22	<b>P179,510,776</b>	P234,843,723
Accrued expenses	22	<b>15,625,142</b>	26,301,668
Gift certificate liability		<b>14,577,500</b>	15,560,300
Accrued interest	22	<b>49,753,379</b>	31,161,761
Nontrade payables	22	<b>890,260</b>	1,270,836
Withholding taxes		<b>2,541,933</b>	2,879,908
		<b>P262,898,990</b>	P312,018,196

Trade payables are liabilities arising from the purchases of inventories. These are non-interest bearing and are normally settled within 30-60 days.

Gift certificate liability arises from the distribution of gift certificate for future sale of goods.

Accrued expenses pertain to unbilled expenses for professional fees, utilities and other charges.

## 13. Loans Payable

This account consists of:

	<i>Note</i>	<b>2024</b>	<b>2023</b>
Current		<b>P3,266,000,000</b>	P2,866,000,000
Noncurrent		<b>4,816,034,937</b>	2,679,617,342
	4, 22	<b>P8,082,034,937</b>	P5,545,617,342

Loans payable pertains to unsecured loans obtained from local banks.

### Long-term Loans Payable

On November 4, 2020, the Company obtained an unsecured loan amounting to P250 million for the construction of the Company's stores. This loan bears an annual fixed interest of 6.00%, and is payable until May 4, 2023. The loan agreement does not contain any financial covenants.

On December 16, 2021, the Company obtained an unsecured loan amounting to P2 billion for the construction of the Company's branches with an issue cost amounting to P35.03 million. This loan bears an annual fixed interest of 5.97% and is payable until December 16, 2026. The loan contains financial covenants relating to maintenance of certain financial ratios. As of December 31, 2022, outstanding loan payable pertaining to this loan amounted to P1.98 billion. As at December 31, 2024, outstanding loan payable pertaining to this loan amounted to 1.88 billion.

On May 6, 2022, the Company obtained an unsecured loan amounting to P300 million for the construction of the Company's stores. This loan is due until May 6, 2027, and carries a 7.32% fixed annual interest rate. As at December 31, 2024, outstanding loan payable pertaining to this loan amounted to 270m.

On June 30, 2023, the Company obtained an unsecured loan amounting to P500 million for the construction of the Company's stores. This loan is due until June 30, 2026, and carries a 7.55% fixed annual interest rate. As at December 31, 2024, outstanding loan payable pertaining to this loan amounted to 450m.

On January 24, 2024, the Company obtained an unsecured loan amounting to P2.8 billion for the construction of the Company's stores. This loan is due until January 24, 2029, and carries a 8.48% fixed annual interest rate. As at December 31, 2024, outstanding loan payable pertaining to this loan amounted to 2.5 billion.

As at December 31, 2024 and 2023, the Company is in compliance with the covenants of its debt agreements.

#### Short-term Loans Payable

The Company obtained short-term loans from various financial institutions which are payable within one year. The proceeds from these borrowings were used for working capital purposes more specifically in the development of the Company's new stores. The interest rates on these short-term borrowings are repriced monthly based on negotiated rates or prevailing market rates.

Total interest expense capitalized as borrowing costs under "Property and equipment- net" account amounted to P694.12 million and P459.03 million as at December 31, 2024 and 2023, respectively. Total interest paid amounted to P694.12 million and P457.95 million in 2024 and 2023, respectively.

The movements of these loans are as follow:

	2024	2023
Balance at beginning of year	<b>P5,545,617,342</b>	P3,882,444,667
Loan availment	<b>6,534,000,000</b>	6,002,000,000
Payment of loans payable	<b>(4,003,000,000)</b>	(4,343,083,333)
Issue cost	<b>(6,716,257)</b>	(7,590,439)
Amortization of issue cost	<b>12,133,852</b>	11,846,447
Balance at end of year	<b>P8,082,034,937</b>	P5,545,617,342

The schedules for principal payments for loans payable are as follow:

	2024	2023
Due within one year	<b>P3,266,000,000</b>	P2,866,000,000
Beyond one year but not later than five years	<b>4,816,034,937</b>	2,679,617,342
	<b>P8,082,034,937</b>	P5,545,617,342

#### **14. Lease Arrangements**

In 2020, the Company leases its store space for a period of 10 years starting September 8, 2020 until August 8, 2030. The monthly rental rate for the first year amounted to P0.62 million, and thereafter, will increase by 5% annually. The agreement is subject to renewal upon mutual agreement of the parties.

In 2021, the Company and the lessor modified the terms of the lease agreement and changed the payments to variable consideration rentals in which the payments will be based on the Company's monthly sales. The modification of the terms of the said lease agreement resulted to a gain on lease modification amounting to P0.96 million and is presented as part of "Other operating income" in the separate statements of comprehensive income. The balance of the ROU asset and the lease liability as at December 31, 2020 were derecognized in 2021 after the modification of the lease agreement.

On June 16, 2022, the Company entered into an agreement with MMGCI for the assignment of fifteen (15) lease agreements. Two (2) of the lease agreements assigned, namely the San Jose De Buenavista, Antique and De Leon corner Quezon St., Iloilo City, qualified under PFRS 16.

The carrying amount of ROU assets as at December 31, 2024 and 2023 amounted to P11.45 million and P13.25 million, respectively. The carrying amount of the lease liabilities as at December 31, 2024 and 2023 amounted to P12.72 million and P14.27 million, respectively .

Armortization expense amounting to P1.79 million in 2024 and 2023, is presented as part of "Depreciation and amortization" in the separate statements of comprehensive income (Note 17).

Interest expense recognized in profit or loss amounted to P0.55 million and P0.61 million in 2024 and 2023, respectively.

Total security deposit from this lease arrangement amounted to P69.93 million at December 31, 2024 and 2023. This is included under "Other noncurrent assets" account in the separate statements of financial position (Note 11).

---

## 15. Revenues

The Company generates revenue primarily from trading and selling goods and consumer products on a wholesale or retail basis. Revenues pertain mainly to sale of goods which amounted to P2,749.37 million and P2,830.77 million in 2024 and 2023, respectively.

### Sale of Goods

This is recognized at point in time when control of the asset is transferred to the customer, generally upon point of sale or delivery.

### Display Rental

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

### Other Income

Other income pertains to enlistment fees, application fees, merchandise support, income share from Investment in Associate and other miscellaneous income.

---

**16. Cost of Sales**

This account consists of:

	<i>Note</i>	<b>2024</b>	<b>2023</b>
Beginning inventories	7	<b>P530,385,100</b>	P418,430,815
Add: Purchases		<b>2,491,523,587</b>	2,688,186,267
Total goods available for sale		<b>3,021,908,687</b>	3,106,617,082
Less: Ending inventories	7	<b>519,042,379</b>	530,385,100
		<b>P2,502,866,308</b>	P2,576,231,982

---

---

**17. Operating Expenses**

This account consists of:

	<i>Note</i>	<b>2024</b>	<b>2023</b>
Depreciation and amortization	10, 11, 13, 14	<b>P61,861,855</b>	P60,411,567
Taxes and licenses		<b>31,549,905</b>	31,699,641
Contracted services		<b>32,811,052</b>	29,335,177
Salaries, wages and other benefits		<b>27,509,090</b>	23,778,895
Marketing		<b>16,899,616</b>	17,424,380
Electricity and water		<b>16,165,956</b>	15,671,156
Transportation and travel		<b>5,155,495</b>	5,045,383
Professional fees		<b>2,763,086</b>	1,274,139
Miscellaneous		<b>1,825,295</b>	1,392,492
Director's fees		<b>1,080,000</b>	1,080,000
Retirement benefits	19	<b>1,013,276</b>	814,852
Rent expense		<b>900,000</b>	1,466,658
Insurance		<b>582,192</b>	331,754
Communications		<b>558,333</b>	562,824
Listing fee		<b>250,000</b>	280,000
		<b>P200,925,151</b>	P190,568,918

---

Taxes and licenses pertain to business tax paid on government agencies.

Contracted services pertain to security services and personnel provided by third parties to the company.

## 18. Related Party Transactions

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

Category	Year	Ref	Amount of Transaction	Outstanding Balance Due from Related Parties	Terms and Conditions
<b>Subsidiaries</b>					
Advances	2024	a	P862,592,514	P6,123,629,369	Due and demandable; non-interest bearing; unsecured; payable in cash
	2023	a	1,217,083,050	5,261,036,855	Due and demandable; non-interest bearing; unsecured; payable in cash
Purchase of Merchandise	2024	b	6,074,514	-	Due and demandable; non-interest bearing; unsecured; payable in cash
	2023	b	11,653,551	-	Due and demandable; non-interest bearing; unsecured; payable in cash
Sale of Merchandise	2024	c	18,439,923	-	Due and demandable; non-interest bearing; unsecured; payable in cash
	2023	c	8,568,424	-	Due and demandable; non-interest bearing; unsecured; payable in cash
	2024			P6,123,629,369	
	2023			P5,261,036,855	

a. *Cash Advances*

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

b. *Purchase of Merchandise*

The Company purchased merchandise inventories from its subsidiaries amounting P6.07 million and P11.65 million in 2024 and 2023, respectively.

c. *Sale of Merchandise*

The Company sold merchandise inventories to its subsidiaries amounting P18.44 million and P8.57 million in 2024 and 2023, respectively.

d. *Key Management Personnel*

No key management personnel compensation is recognized in 2024 and 2023 since the administrative and finance functions of the Company are being administered by III.

All material related party transactions are subject to approval by the BOD. Material related party transactions pertain to those transactions, either individually, or in aggregate over a 12-month period, that exceed 10% of the Company's total assets, based on the latest audited separate financial statements. All other related party transactions that are considered not material are approved by management.

## 19. Retirement Benefits

The Company does not have an established retirement plan and only conforms to the minimum regulatory benefit under Republic Act No. 7641, *The Retirement Pay Law*, which is of the defined benefit type and provides a retirement benefit equal to 22.5 days' pay for every year of credited service of employees who attain the normal retirement age of sixty (60) with at least five (5) years of service. The most recent actuarial valuation was carried out at December 31, 2024 by a qualified independent actuary.

The Company's retirement benefits liability amounted to P7.47 million and P6.73 million as at December 31, 2024 and 2023, respectively. Retirement benefits amounting to P1.01 million and P0.81 million 2024 and 2023, respectively, are presented under "Operating expenses" account in the separate statements of comprehensive income. Retirement benefit gain amounting to P0.21 million is presented under "Other income" in the separate statements of comprehensive income.

The principal actuarial assumptions used to determine retirement benefits with respect to the discount rate and salary rate increases were based on historical and projected normal rates.

The Plan is exposed to both financial and demographic risks. Risks associated to the Plan are as follows:

- Liquidity Risk - The inability to meet benefit obligation payout when due.
- Interest Rate Risk - The present value of DBO is relatively sensitive and inversely related to the discount rate. In particular, if the discount rate, which is referenced to government bonds decreases, then the DBO increases.
- Salary Risk - The present value of DBO is relatively sensitive and directly related to future salary rate increases. In particular, if the actual salary rate increases in the future are higher than expected then the DBO and benefits are higher as well.
- Persistency Risk - The present value of DBO is relatively sensitive and inversely related to the turnover rates. In particular, lower turnover rates, which means employees persist or stay with the Company longer, correspond to higher DBO and benefit payouts.

The Company has no retirement plan asset hence there is no asset-liability matching strategy as at December 31, 2024 and 2023.

The following table below shows the reconciliation from the opening to the closing balances for DBO and its components:

	<i>Note</i>	<b>2024</b>	<b>2023</b>
Balance at January 1		<b>P6,729,261</b>	P4,874,418
<b>Included in Profit or Loss</b>			
Current service cost		<b>596,062</b>	459,019
Interest cost		<b>417,214</b>	355,833
	<i>17</i>	<b>1,013,276</b>	814,852
		<b>7,742,537</b>	5,689,270
<b>Included in Other Comprehensive Income (OCI)</b>			
Remeasurement gain (loss):			
Actuarial gain (loss) arising from experience adjustments		<b>(273,469)</b>	1,039,991
<b>Balance at December 31</b>		<b>P7,469,068</b>	P6,729,261

The retirement expense amounting to P1.01 million and P0.81 million pertains to the

current service cost and interest expense in 2024 and 2023, respectively, and is presented as “Retirement benefits” under operating expenses in the separate statements of comprehensive income (Note 17).

The principal actuarial assumptions used at December 31 are as follows:

	<b>2024</b>	<b>2023</b>
Discount rate	<b>6.10%</b>	6.20%
Future salary growth	<b>4.00%</b>	4.00%

Maturity analysis of the benefit payments are as follows:

	<b>Carrying Amount</b>	<b>Contractual Cash Flows</b>	<b>Within 1 - 5 Years</b>	<b>More than 5 Years</b>
<b>2024</b>	<b>P7,469,068</b>	<b>P54,170,712</b>	<b>P2,520,231</b>	<b>P51,650,481</b>
2023	P6,729,261	P52,387,616	P2,195,003	P50,192,613

As at December 31, 2024 and 2023, the weighted-average duration of the DBO is 13 years.

#### Sensitivity Analysis

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the DBO by the amounts shown below.

	<b>DBO</b>	
<b>2024</b>	<b>Increase</b>	<b>Decrease</b>
Discount rate (1% movement)	<b>(P799,250)</b>	<b>P965,651</b>
Future salary growth (1% movement)	<b>940,099</b>	<b>(792,165)</b>
	<b>DBO</b>	
<b>2023</b>	<b>Increase</b>	<b>Decrease</b>
Discount rate (1% movement)	(P709,472)	P858,728
Future salary growth (1% movement)	837,617	(704,400)

Each sensitivity run is based on a change in a sole actuarial assumption while holding all other assumptions constant. However, the sensitivity runs may not be representative of the actual change in the DBO as it is unlikely that a change in assumption would occur in isolation as the assumptions may be correlated.

Furthermore, DBO figures in this sensitivity runs have been calculated using the PUC method, the same method used in the calculation of DBO.

## **20. Income Taxes**

Income tax expense consists of:

	<b>2024</b>	<b>2023</b>
Current	<b>P5,626,575</b>	P4,319,138
Deferred	<b>14,336,103</b>	20,024,267
	<b>P19,962,678</b>	P24,343,405

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:

	2024	2023
Income before income tax	<b>P88,884,103</b>	P129,831,069
Income tax expense at statutory tax rate of 25%	<b>P22,221,026</b>	P32,457,767
Income tax effect of interest income subject to final tax	<b>(133,348)</b>	(5,723,737)
Domestic intercompany dividend income	<b>(2,125,000)</b>	(2,390,625)
	<b>P19,962,678</b>	P24,343,405

The components and movements of the Company's deferred tax assets (liabilities) recognized in the statements of financial position and statement of comprehensive income as at December 31, 2024 and 2023 are as follows:

	At January 1, 2024	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (OCI)	At December 31, 2024
<b>Deferred Tax Assets</b>				
Net operating loss carry-over (NOLCO)	<b>P106,422,689</b>	<b>P144,858,263</b>	P -	<b>P251,280,952</b>
Difference between financial depreciation and tax depreciation	<b>8,578,805</b>	<b>7,038,973</b>	-	<b>15,617,778</b>
Minimum corporate income tax (MCIT)	<b>7,075,213</b>	<b>5,626,575</b>	-	<b>12,701,788</b>
Retirement benefits liability	<b>2,155,933</b>	<b>253,319</b>	-	<b>2,409,252</b>
Actuarial loss	<b>158,001</b>	-	-	<b>158,001</b>
Excess of lease payments over interest expense and amortization of ROU assets	<b>124,764</b>	<b>62,534</b>	-	<b>187,298</b>
	<b>124,515,405</b>	<b>157,839,664</b>	-	<b>282,355,069</b>
<b>Deferred Tax Liabilities</b>				
Capitalized interest claimed outright	<b>185,081,211</b>	<b>173,530,166</b>	-	<b>358,611,377</b>
Debt issue cost	<b>8,095,666</b>	<b>(1,354,399)</b>	-	<b>6,741,267</b>
Gain from transitional asset	<b>348,315</b>	-	-	<b>348,315</b>
Actuarial gain	<b>283,303</b>	-	<b>68,367</b>	<b>351,670</b>
	<b>193,808,495</b>	<b>172,175,767</b>	<b>68,367</b>	<b>366,052,629</b>
	<b>(P69,293,090)</b>	<b>(P14,336,103)</b>	<b>(P68,367)</b>	<b>(P83,697,560)</b>

	At January 1, 2023	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (OCI)	At December 31, 2023
<b>Deferred Tax Assets</b>				
Net operating loss carry-over (NOLCO)	<b>P24,564,732</b>	<b>P81,857,957</b>	P -	<b>P106,422,689</b>
Difference between financial depreciation and tax depreciation	<b>1,539,832</b>	<b>7,038,973</b>	-	<b>8,578,805</b>
Minimum corporate income tax (MCIT)	<b>2,756,075</b>	<b>4,319,138</b>	-	<b>7,075,213</b>
Retirement benefits liability	<b>1,952,220</b>	<b>203,713</b>	-	<b>2,155,933</b>
Actuarial loss	<b>158,001</b>	-	-	<b>158,001</b>
Excess of lease payments over interest expense and amortization of ROU assets	<b>(124,552)</b>	<b>249,316</b>	-	<b>124,764</b>
	<b>30,846,308</b>	<b>93,669,097</b>	-	<b>124,515,405</b>
<b>Deferred Tax Liabilities</b>				
Capitalized interest claimed outright	<b>70,323,844</b>	<b>114,757,367</b>	-	<b>185,081,211</b>
Debt issue cost	<b>9,159,668</b>	<b>(1,064,002)</b>	-	<b>8,095,666</b>
Gain from transitional asset	<b>348,315</b>	-	-	<b>348,315</b>
Actuarial gain	<b>543,301</b>	-	<b>(259,998)</b>	<b>283,303</b>
	<b>80,375,128</b>	<b>113,693,365</b>	<b>(259,998)</b>	<b>193,808,495</b>
	<b>(P49,528,820)</b>	<b>(P20,024,268)</b>	<b>P259,998</b>	<b>(P69,293,090)</b>



The BIR issued Revenue Regulations (RR) No. 25-2020 to implement Section 4 of Republic Act (RA) No. 11494, Bayanihan to Recover as One Act, which provides that the NOLCO incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

The component of the NOLCO and MCIT which can be applied against future taxable income is as follows:

#### NOLCO

Year Incurred	Expiry Date	Amount Incurred	Expired/ Applied	Remaining Balance
<b>2024</b>	<b>2027</b>	<b>P579,433,050</b>	<b>P -</b>	<b>P579,433,050</b>
2023	2026	327,431,829	-	327,431,829
2022	2025	98,258,928	-	98,258,928
2020	2025	14,706,954	14,706,954	-
		P1,019,830,761	P14,706,954	P1,005,123,807

#### MCIT

Year Incurred	Expiry Date	Amount Incurred	Expired/ Applied	Remaining Balance
<b>2024</b>	<b>2027</b>	<b>P5,626,575</b>	<b>P -</b>	<b>P5,626,575</b>
2023	2026	4,319,138	-	4,319,138
2022	2025	2,756,075	-	2,756,075
		P12,701,788	P -	P12,701,788

## 21. Equity and Earnings Per Share

### Capital Stock

As at December 31, 2024 and 2023, the authorized and issued capital stock of the Company consist of:

	2024	2023
<b>Authorized Capital Stock</b>		
Common:		
P0.05 par value	<b>P1,200,000,000</b>	P1,200,000,000
<b>Number of Shares Authorized for Issue</b>		
Common	<b>24,000,000,000</b>	24,000,000,000

Details of the shares issued are as follows:

	2024	2023
Issued and outstanding	<b>7,594,936,709</b>	7,594,936,709

### EPS

EPS is computed as follows:

	2024	2023
Net income attributable to common shareholders of the Company	<b>P68,921,425</b>	P105,487,664
Weighted average number of common shares for basic EPS	<b>7,594,936,709</b>	7,594,936,709
Basic EPS	<b>P0.01</b>	P0.01
Diluted EPS	<b>P0.01</b>	P0.01

## **22. Financial Risk and Capital Management Objectives and Policies**

### Objectives and Policies

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

- Credit Risk
- Liquidity Risk

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

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

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

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

The Company's principal financial assets include cash, receivables, due from related parties and security deposit. These financial assets are used to fund the Company's operations and capital expenditures.

### Credit Risk

Credit risk represents the risk of loss the Company would incur if credit customers and counterparties fail to perform their contractual obligations. The risk arises

principally from the Company's cash, receivables and due to related parties. 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:

	<b>Note</b>	<b>2024</b>	<b>2023</b>
Cash in banks	4, 5	<b>P1,191,156,350</b>	P260,726,563
Receivables	4, 6	<b>11,327,746</b>	11,564,755
Due from related parties	4, 18	<b>6,123,629,369</b>	5,261,036,855
Security deposit	4, 11, 14	<b>69,933,744</b>	69,933,744
		<b>P7,396,047,209</b>	P5,603,261,917

These financial assets are subjected to 12-month ECL.

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

These financial assets are neither past due nor impaired and has credit quality of high grade financial assets as at December 31, 2024 and 2023.

The Company assessed the credit quality of cash in banks as high grade since this is deposited with reputable banks with low probability of insolvency. Receivables assessed as high grade pertains to receivable from banks for credit card purchases and customers that had no default in payment. The Company performs credit investigation and evaluation of each buyer to establish paying capacity and creditworthiness. The credit risk for advances to a subsidiary is considered negligible as this is mainly from a subsidiary that is generally financially stable.

#### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risks by forecasting projected cash flows and maintaining balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational working capital requirements.

Management closely monitors the Company's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.

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

<b>December 31, 2024</b>	<b>Note</b>	<b>Carrying Amount</b>	<b>Contractual Cash Flow</b>	<b>1 Year or Less</b>	<b>Within 1 - 5 Years</b>	<b>More than 5 Years</b>
<b>Financial Liabilities</b>						
Accounts payable and other current liabilities*	12	P245,779,557	P245,779,557	P245,779,557	P -	P -
Loans payable	13	8,082,034,937	9,214,589,173	3,722,952,621	5,491,636,553	-
Lease liabilities	14	12,722,830	14,566,027	2,109,263	11,480,018	976,746

\* Excluding statutory obligations and gift certificate liability amounting to P17,119,433 (Note 12).

December 31, 2023	Note	Carrying Amount	Contractual Cash Flow	1 Year or Less	Within 1 - 5 Years	More than 5 Years
Financial Liabilities						
Accounts payable and other current liabilities*	12	P293,577,988	P293,577,988	P293,577,988	P -	P -
Loans payable	13	5,545,617,342	6,146,019,896	3,179,426,190	2,966,593,706	-
Lease liabilities	14	14,265,121	16,661,227	2,095,200	11,163,825	3,402,202

\* Excluding statutory obligations and gift certificate liability amounting to P18,440,208 (Note 12).

### Fair Values

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

*Cash and Cash Equivalents/Receivables/Due from related parties/Security Deposit/Accounts Payable and Other Current Liabilities/Short-term Loans Payable/Lease Liability/Due to a Related Party*

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

### Capital Management

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

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

The BOD seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Company defines capital as equity, which includes capital stock and retained earnings. There were no changes in the Company's approach to capital management as at December 31, 2024 and 2023. The Company is not subject to externally-imposed capital requirements.

## **23. Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue (BIR)**

The Bureau of Internal Revenue has issued RR No. 15-2010 which requires certain tax information to be disclosed in the notes to the financial statements. The Company presented the required supplementary tax information as a separate schedule attached to its annual income tax return.

# COVER SHEET

## for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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

### COMPANY NAME

M	E	R	R	Y	M	A	R	T		C	O	N	S	U	M	E	R		C	O	R	P	.							
(	F	o	r	m	e	r	l	y		I	n	j	a	p		S	u	p	e	r	m	a	r	t						
I	n	c	.	)		(	A		S	u	b	s	i	d	i	a	r	y		o	f		I	n	j	a	p			
I	n	v	e	s	t	m	e	n	t	s	,		I	n	c	.	)													

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

g	t	h		F	l	o	o	r	,		T	o	w	e	r		1												
D	o	u	b	l	e	D	r	a	g	o	n		P	l	a	z	a	,		D	D								
M	e	r	i	d	i	a	n		P	a	r	k	,		C	o	r	n	e	r									
M	a	c	a	p	a	g	a	l		A	v	e	n	u	e		a	n	d		E	d	s	a					
E	x	t	e	n	s	i	o	n	,		B	a	y		A	r	e	a											
B	a	r	a	n	g	g	a	y		7	6	,		P	a	s	a	y		C	i	t	y						

Form Type

A F S 2 1

Department requiring the report

--

Secondary License Type, If Applicable

--

### COMPANY INFORMATION

Company's email Address

www.merrymart.com.ph

Company's Telephone Number/s

(02)-8743-7111

Mobile Number

0917-560-7273

No. of Stockholders

19

Annual Meeting (Month / Day)

November 11

Fiscal Year (Month / Day)

December 31

### CONTACT PERSON INFORMATION

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

Name of Contact Person

Rizza Marie Joy Sia

Email Address

--

Telephone Number/s

8856-7111

Mobile Number

--

### CONTACT PERSON'S ADDRESS

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

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

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



# SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City  
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph



**The following document has been received:**

**Receiving:** ARIEL FETALVO

**Receipt Date and Time:** January 14, 2025 10:04:35 PM

## Company Information

---

**SEC Registration No.:** CS200930125

**Company Name:** INJAP SUPERMART INC.

**Industry Classification:** G52112

**Company Type:** Stock Corporation

## Document Information

---

---

**Document ID:** OST10114202583017036

**Document Type:** GENERAL\_INFORMATION\_SHEET

**Document Code:** GIS

**Period Covered:** December 16, 2024

**Submission Type:** Annual Meeting

**Remarks:** None

---

---

Acceptance of this document is subject to review of forms and contents

<b>GENERAL INFORMATION SHEET (GIS)</b> FOR THE YEAR <u>2024</u> <b>STOCK CORPORATION</b>			
<b>GENERAL INSTRUCTIONS:</b> 1. FOR USER CORPORATION: THIS GIS SHOULD BE SUBMITTED WITHIN THIRTY (30) CALENDAR DAYS FROM THE DATE OF THE ANNUAL STOCKHOLDERS' MEETING. <b>DO NOT LEAVE ANY ITEM BLANK.</b> WRITE "N.A." IF THE INFORMATION REQUIRED IS NOT APPLICABLE TO THE CORPORATION OR "NONE" IF THE INFORMATION IS NON-EXISTENT. IF THE ANNUAL STOCKHOLDERS' MEETING IS HELD ON A DATE OTHER THAN THAT STATED IN THE BY-LAWS, THE GIS SHALL BE SUBMITTED WITHIN THIRTY (30) CALENDAR DAYS AFTER THE ELECTION OF THE DIRECTORS, TRUSTEES AND OFFICERS OF THE CORPORATION AT THE ANNUAL MEMBERS' MEETING. 2. IF NO MEETING IS HELD, THE CORPORATION SHALL SUBMIT THE GIS NOT LATER THAN JANUARY 30 OF THE FOLLOWING YEAR. HOWEVER, SHOULD AN ANNUAL STOCKHOLDERS' MEETING BE HELD THEREAFTER, A NEW GIS SHALL BE SUBMITTED/FILED. 3. THIS GIS SHALL BE ACCOMPLISHED IN ENGLISH AND CERTIFIED AND SWORN TO BY THE <b>CORPORATE SECRETARY</b> OF THE CORPORATION. 4. THE SEC SHOULD BE TIMELY APPRISED OF RELEVANT CHANGES IN THE SUBMITTED INFORMATION AS THEY ARISE. FOR CHANGES RESULTING FROM ACTIONS THAT AROSE BETWEEN THE ANNUAL MEETINGS, THE CORPORATION SHALL SUBMIT AMENDED GIS CONTAINING THE NEW INFORMATION TOGETHER WITH A COVER LETTER SIGNED THE CORPORATE SECRETARY OF THE CORPORATION. THE AMENDED GIS AND COVER LETTER SHALL BE SUBMITTED WITHIN SEVEN (7) DAYS AFTER SUCH CHANGE OCCURED OR BECAME EFFECTIVE. 5. SUBMIT FOUR (4) COPIES OF THE GIS TO THE RECEIVING SECTION AT THE SEC MAIN OFFICE, OR TO SEC SATELLITE OFFICES OR EXTENSION OFFICES. ALL COPIES SHALL UNIFORMLY BE ON A4 OR LETTER-SIZED PAPER. THE PAGES OF ALL COPIES SHALL USE ONLY ONE SIDE 6. <b>ONLY THE GIS ACCOMPLISHED IN ACCORDANCE WITH THESE INSTRUCTIONS SHALL BE CONSIDERED AS HAVING BEEN FILED.</b> 7. THIS GIS MAY BE USED AS EVIDENCE AGAINST THE CORPORATION AND ITS RESPONSIBLE DIRECTORS/OFFICERS FOR ANY VIOLATION OF EXISTING LAWS, RULES AND REGULATIONS			
===== PLEASE PRINT LEGIBLY =====			
<b>CORPORATE NAME:</b> <div style="text-align: center;">MERRYMART CONSUMER CORP.</div>			<b>DATE REGISTERED:</b> <div style="text-align: center;">9/9/2009</div>
<b>BUSINESS/TRADE NAME:</b> <div style="text-align: center;">MERRYMART CONSUMER CORP.</div>			<b>FISCAL YEAR END:</b> <div style="text-align: center;">December 31</div>
<b>SEC REGISTRATION NUMBER:</b> <div style="text-align: center;">CS200930125</div>			
<b>DATE OF ANNUAL MEETING PER BY-LAWS:</b> <div style="text-align: center;">November 11</div>			<b>CORPORATE TAX IDENTIFICATION NUMBER (TIN)</b> <div style="text-align: center;">281-768-124</div>
<b>ACTUAL DATE OF ANNUAL MEETING:</b> <div style="text-align: center;">DECEMBER 16, 2024</div>			<b>WEBSITE/URL ADDRESS:</b> <div style="text-align: center;"><a href="http://www.merrymart.com.ph">www.merrymart.com.ph</a></div>
<b>COMPLETE PRINCIPAL OFFICE ADDRESS:</b> <div style="text-align: center;">9th Floor Tower 1 Doubledragon Plaza, DD Meridian Park Macapagal Ave. Cor. Edsa Ext. Pasay City</div>			<b>E-MAIL ADDRESS:</b> <div style="text-align: center;">N/A</div>
<b>COMPLETE BUSINESS ADDRESS:</b> <div style="text-align: center;">9th Floor Tower 1 Doubledragon Plaza, DD Meridian Park Macapagal Ave. Cor. Edsa Ext. Pasay City</div>			<b>FAX NUMBER:</b> <div style="text-align: center;">N/A</div>
<b>OFFICIAL E-MAIL ADDRESS</b> <a href="mailto:jacqueline.gomez@merrymart.com.ph">jacqueline.gomez@merrymart.com.ph</a>	<b>ALTERNATE E-MAIL ADDRESS</b> <a href="mailto:jay.ugalingan@merrymart.com.ph">jay.ugalingan@merrymart.com.ph</a>	<b>OFFICIAL MOBILE NUMBER</b> <div style="text-align: center;">0917-560-7273</div>	<b>ALTERNATE MOBILE NUMBER</b> <div style="text-align: center;">0917-061-4456</div>
<b>NAME OF EXTERNAL AUDITOR &amp; ITS SIGNING PARTNER:</b> <div style="text-align: center;">KPMG R.G.MANABAT&amp;Co.</div>		<b>SEC ACCREDITATION NUMBER (if applicable):</b>	<b>TELEPHONE NUMBER(S):</b> <div style="text-align: center;">(02)8743-1111</div>
<b>PRIMARY PURPOSE/ACTIVITY/INDUSTRY PRESENTLY ENGAGED IN:</b> <div style="text-align: center;">Supermart/Food Shop</div>		<b>INDUSTRY CLASSIFICATION:</b> <div style="text-align: center;">Retail Trade</div>	<b>GEOGRAPHICAL CODE:</b> <div style="text-align: center;">PHILIPPINES</div>
===== INTERCOMPANY AFFILIATIONS =====			
<b>PARENT COMPANY</b>	<b>SEC REGISTRATION NO.</b>	<b>ADDRESS</b>	
Injap Investment Inc.	CS200725757	Fuentes St. Iloilo City	
<b>SUBSIDIARY/AFFILIATE</b>	<b>SEC REGISTRATION NO.</b>		
Merrymart Grocery Centers Inc.	CS201821883	9th Floor Tower 1 Doubledragon Plaza, DD Meridian Park Macapagal Ave. Cor. Edsa Ext. Pasay City	
Carlos Drugs-Lucena Inc.	A200209264	Enriquez Corner Tagarao Street, Brgy.4 Lucena City	
MM Consumer Technologies Corp.	202105001498601	9th Floor Tower 1 Doubledragon Plaza, DD Meridian Park Macapagal Ave. Cor. Edsa Ext. Pasay City	
NOTE: USE ADDITIONAL SHEET IF NECESSARY			



## GENERAL INFORMATION SHEET

## STOCK CORPORATION

===== PLEASE PRINT LEGIBLY =====

Corporate Name:

Merrymart Consumer Corp.

**A. Is the Corporation a covered person under the Anti Money Laundering Act (AMLA), as amended? (Rep. Acts. 9160/9164/10167/10365)** ☐ Yes ☒ No

Please check the appropriate box:

1.

- ☐ a. Banks  
☐ b. Offshore Banking Units  
☐ c. Quasi-Banks  
☐ d. Trust Entities  
☐ e. Non-Stock Savings and Loan Associations  
☐ f. Pawnshops  
☐ g. Foreign Exchange Dealers  
☐ h. Money Changers  
☐ i. Remittance Agents  
☐ j. Electronic Money Issuers  
☐ k. Financial Institutions which Under Special Laws are subject to Bangko Sentral ng Pilipinas' (BSP) supervision and/or regulation, including their subsidiaries and affiliates.

2.

- ☐ a. Insurance Companies  
☐ b. Insurance Agents  
☐ c. Insurance Brokers  
☐ d. Professional Reinsurers  
☐ e. Reinsurance Brokers  
☐ f. Holding Companies  
☐ g. Holding Company Systems  
☐ h. Pre-need Companies  
☐ i. Mutual Benefit Association  
☐ j. All Other Persons and entities supervised and/or regulated by the Insurance Commission (IC)

3.

- ☐ a. Securities Dealers  
☐ b. Securities Brokers  
☐ c. Securities Salesman  
☐ d. Investment Houses  
☐ e. Investment Agents and Consultants  
☐ f. Trading Advisors  
☐ g. Other entities managing Securities or rendering similar services  
☐ h. Mutual Funds or Open-end Investment Companies  
☐ i. Close-end Investment Companies  
☐ j. Common Trust Funds or Issuers and other similar entities  
☐ k. Transfer Companies and other similar entities  
☐ l. Other entities administering or otherwise dealing in currency, commodities or financial derivatives based there on  
☐ m. Entities administering or otherwise dealing in valuable objects  
☐ n. Entities administering or otherwise dealing in cash Substitutes and other similar monetary instruments or property supervised and/or regulated by the Securities and Exchange Commission (SEC)

4. ☐ Jewelry dealers in precious metals, who, as a business, trade in precious metals

5. ☐ Jewelry dealers in precious stones, who, as a business, trade in precious stone

6. Company service providers which, as a business, provide any of the following services to third parties:

- ☐ a. acting as a formation agent of juridical persons  
☐ b. acting as (or arranging for another person to act as) a director or corporate secretary of a company, a partner of a partnership, or a similar position in relation to other juridical persons  
☐ c. providing a registered office, business address or accommodation, correspondence or administrative address for a company, a partnership or any other legal person or arrangement  
☐ d. acting as (or arranging for another person to act as) a nominee shareholder for another person

7. Persons who provide any of the following services:

- ☐ a. managing of client money, securities or other assets  
☐ b. management of bank, savings or securities accounts  
☐ c. organization of contributions for the creation, operation or management of companies  
☐ d. creation, operation or management of juridical persons or arrangements, and buying and selling business entities

8. ☐ None of the above

Describe  
nature of  
business:

**B. Has the Corporation complied with the requirements on Customer Due Diligence (CDD) or Know Your Customer (KYC), record-keeping, and submission of reports under the AMLA, as amended, since the last filing of its GIS?**

☐ Yes ☒ No



# GENERAL INFORMATION SHEET

## STOCK CORPORATION

===== PLEASE PRINT LEGIBLY =====

**CORPORATE NAME:** MerryMart Consumer Corp.

### CAPITAL STRUCTURE

#### AUTHORIZED CAPITAL STOCK

	TYPE OF SHARES *	NUMBER OF SHARES	PAR/STATED VALUE	AMOUNT (PhP) (No. of shares X Par/Stated Value)
	COMMON	24,000,000,000	0.05	1,200,000,000.00
<b>TOTAL</b>		<b>24,000,000,000</b>	<b>TOTAL P</b>	<b>1,200,000,000.00</b>

#### SUBSCRIBED CAPITAL

FILIPINO	NO. OF STOCK-HOLDERS	TYPE OF SHARES *	NUMBER OF SHARES	NUMBER OF SHARES IN THE HANDS OF THE PUBLIC **	PAR/STATED VALUE	AMOUNT (PhP)	% OF OWNERSHIP
	26	COMMON	7,558,546,407		0.05	377,927,320.35	99.52
<b>TOTAL</b>			<b>7,558,546,407</b>	<b>TOTAL</b>	<b>TOTAL P</b>	<b>377,927,320.35</b>	<b>99.52</b>

FOREIGN (INDICATE BY NATIONALITY)	NO. OF STOCK-HOLDERS	TYPE OF SHARES *	NUMBER OF SHARES	NUMBER OF SHARES IN THE HANDS OF THE PUBLIC **	PAR/STATED VALUE	AMOUNT (PhP)	% OF OWNERSHIP
	1	COMMON	36,390,302		0.05	1,819,515.10	0.48
<b>Percentage of Foreign Equity :</b>		<b>TOTAL</b>	<b>36,390,302</b>	<b>TOTAL</b>	<b>TOTAL P</b>	<b>1,819,515.10</b>	<b>0.48</b>
<b>TOTAL SUBSCRIBED P</b>						<b>379,746,835.45</b>	<b>100.00</b>

#### PAID-UP CAPITAL

FILIPINO	NO. OF STOCK-HOLDERS	TYPE OF SHARES *	NUMBER OF SHARES	PAR/STATED VALUE	AMOUNT (PhP)	% OF OWNERSHIP
	26	COMMON	7,558,546,407	0.05	377,927,320.35	99.52
<b>TOTAL</b>			<b>7,558,546,407</b>	<b>TOTAL P</b>	<b>377,627,357.70</b>	<b>99.52</b>
FOREIGN (INDICATE BY NATIONALITY)	NO. OF STOCK-HOLDERS	TYPE OF SHARES *	NUMBER OF SHARES	PAR/STATED VALUE	AMOUNT (PhP)	% OF OWNERSHIP
	1	COMMON	36,390,302	0.05	1,819,515.10	0.48
<b>TOTAL</b>			<b>36,390,302</b>	<b>TOTAL P</b>	<b>1,819,515.10</b>	<b>0.48</b>
<b>TOTAL PAID-UP P</b>					<b>379,746,835.45</b>	<b>100.00</b>

NOTE: USE ADDITIONAL SHEET IF NECESSARY

\* Common, Preferred or other classification

\*\* Other than Directors, Officers, Shareholders owning 10% of outstanding shares.

# GENERAL INFORMATION SHEET

STOCK CORPORATION

PLEASE PRINT LEGIBLY

<b>CORPORATE NAME:</b> MerryMart Consumer Corp.								
<b>DIRECTORS / OFFICERS</b>								
NAME/CURRENT RESIDENTIAL ADDRESS	NATIONALITY	INC'R	BOARD	GENDER	STOCK HOLDER	OFFICER	EXEC. COMM.	TAX IDENTIFICATION NUMBER
1. EDGAR J. SIA II [REDACTED]	FILIPINO	Y	C	M	Y	CHAIRMAN /CEO	N/A	[REDACTED]
2. FERDINAND J. SIA [REDACTED]	FILIPINO	Y	M	M	Y	PRESIDENT	N/A	[REDACTED]
3. MARRIANA H. YULO [REDACTED]	FILIPINO	N	M	F	Y	CFO/CIO	N/A	[REDACTED]
4. VICTORIA R. TAMAYAO [REDACTED]	FILIPINO	N	I	F	Y	INDEPENDENT DIRECTOR	N/A	[REDACTED]
5. GARY P. CHENG [REDACTED]	FILIPINO	N	I	M	Y	INDEPENDENT DIRECTOR	N/A	[REDACTED]
6. JACQUELINE ANN MARIE O. GOMEZ [REDACTED]	FILIPINO	N	M	F	Y	CORPORATE SECRETARY	N/A	[REDACTED]
7. JOSE ROELPH E. DESALES [REDACTED]	FILIPINO	N	M	M	Y	Asst. Corp. Secretary	N/A	[REDACTED]
8.								
9.								
10.								
11.								
12.								
13.								
14.								
15.								
<b>INSTRUCTION:</b> FOR SEX COLUMN, PUT "F" FOR FEMALE, "M" FOR MALE. FOR BOARD COLUMN, PUT "C" FOR CHAIRMAN, "M" FOR MEMBER, "I" FOR INDEPENDENT DIRECTOR. FOR INC'R COLUMN, PUT "Y" IF AN INCORPORATOR, "N" IF NOT. FOR STOCKHOLDER COLUMN, PUT "Y" IF A STOCKHOLDER, "N" IF NOT. FOR OFFICER COLUMN, INDICATE PARTICULAR POSITION IF AN OFFICER, FROM VP UP INCLUDING THE POSITION OF THE TREASURER, SECRETARY, COMPLIANCE OFFICER AND/OR ASSOCIATED PERSON. FOR EXECUTIVE COMMITTEE, INDICATE "C" IF MEMBER OF THE COMPENSATION COMMITTEE; "A" FOR AUDIT COMMITTEE; "N" FOR NOMINATION AND ELECTION COMMITTEE. ADDITIONALLY WRITE "C" AFTER SLASH IF CHAIRMAN AND "M" IF MEMBER.								



**GENERAL INFORMATION SHEET**  
STOCK CORPORATION

===== PLEASE PRINT LEGIBLY =====						
<b>CORPORATE NAME:</b>		MerryMart Consumer Corp.				
<b>TOTAL NUMBER OF STOCKHOLDERS:</b>		27		<b>NO. OF STOCKHOLDERS WITH 100 OR MORE SHARES EACH:</b>		
<b>TOTAL ASSETS BASED ON LATEST AUDITED FINANCIAL STATEMENTS:</b>		8,304,476,427.00				
STOCKHOLDER'S INFORMATION						
NAME, NATIONALITY AND CURRENT RESIDENTIAL ADDRESS	SHARES SUBSCRIBED				AMOUNT PAID (PhP)	TAX IDENTIFICATION NUMBER
	TYPE	NUMBER	AMOUNT (PhP)	% OF OWNERSHIP		
1. INJAP INVESTMENTS, INC. (lodged under PCD NOMINEE CORP. (F) FILIPINO [REDACTED]	COMMON	5,999,989,995	299,999,499.75	79.00%	299,999,499.75	
	<b>TOTAL</b>	<b>5,999,989,995</b>	<b>299,999,499.75</b>			
	2. PCD NOMINEE CORP. (F) FILIPINO [REDACTED]	COMMON	1,556,748,797	77,837,439.85	20.49%	77,837,439.85
<b>TOTAL</b>		<b>1,556,748,797</b>	<b>77,837,439.85</b>			
3. PCD NOMINEE (NF) FILIPINO [REDACTED]		COMMON	36,390,302	1,819,515.10	0.49%	1,819,515.10
	<b>TOTAL</b>	<b>36,390,302</b>	<b>1,819,515.10</b>			
	4. OTHER STOCKHOLDERS FILIPINO	COMMON	1,807,615	90,380.75	0.02%	90,380.75
<b>TOTAL</b>		<b>1,807,615</b>	<b>90,380.75</b>			
5.		COMMON				
	<b>TOTAL</b>					
	6.	COMMON				
<b>TOTAL</b>						
7.		COMMON				
	<b>TOTAL</b>					
	<b>TOTAL AMOUNT OF SUBSCRIBED CAPITAL</b>			<b>100.00%</b>	<b>379,746,835.45</b>	
<b>TOTAL AMOUNT OF PAID-UP CAPITAL</b>						

INSTRUCTION: SPECIFY THE TOP 20 STOCKHOLDERS AND INDICATE THE REST AS OTHERS
<i>Note: For PDTC Nominee included in the list, please indicate further the beneficial owners owning more than 5% of any class of the company's voting securities. Attach separate sheet, if necessary.</i>

**GENERAL INFORMATION SHEET**  
STOCK CORPORATION

===== PLEASE PRINT LEGIBLY =====

<b>CORPORATE NAME:</b>		MerryMart Consumer Corp.				
<b>TOTAL NUMBER OF STOCKHOLDERS:</b>		27		<b>NO. OF STOCKHOLDERS WITH 100 OR MORE SHARES EACH:</b>		
<b>TOTAL ASSETS BASED ON LATEST AUDITED FS:</b>		8,304,476,427.00				
STOCKHOLDER'S INFORMATION						
NAME, NATIONALITY AND CURRENT RESIDENTIAL ADDRESS	SHARES SUBSCRIBED				AMOUNT PAID (Php)	TAX IDENTIFICATION NUMBER
	TYPE	NUMBER	AMOUNT (Php)	% OF OWNER- SHIP		
8.	COMMON					
	<b>TOTAL</b>					
9.	COMMON					
	<b>TOTAL</b>					
10.	COMMON					
	<b>TOTAL</b>					
11.	COMMON					
	<b>TOTAL</b>					
12.	COMMON					
	<b>TOTAL</b>					
13.	COMMON					
	<b>TOTAL</b>					
14.	COMMON					
	<b>TOTAL</b>					
<b>TOTAL AMOUNT OF SUBSCRIBED CAPITAL</b>				<b>0.00%</b>	<b>0.00</b>	
<b>TOTAL AMOUNT OF PAID-UP CAPITAL</b>						
INSTRUCTION: SPECIFY THE TOP 20 STOCKHOLDERS AND INDICATE THE REST AS OTHERS						
<i>Note: For PDTC Nominee included in the list, please indicate further the beneficial owners owning more than 5% of any class of the company's voting securities. Attach separate sheet, if necessary.</i>						

**GENERAL INFORMATION SHEET**  
STOCK CORPORATION

===== PLEASE PRINT LEGIBLY =====

<b>CORPORATE NAME:</b>		MerryMart Consumer Corp.				
<b>TOTAL NUMBER OF STOCKHOLDERS:</b>		27		<small>NO. OF STOCKHOLDERS WITH 100 OR MORE SHARES EACH:</small>		
<b>TOTAL ASSETS BASED ON LATEST AUDITED FS:</b>		8,304,476,427.00				
STOCKHOLDER'S INFORMATION						
NAME, NATIONALITY AND CURRENT RESIDENTIAL ADDRESS	SHARES SUBSCRIBED				AMOUNT PAID (PhP)	TAX IDENTIFICATION NUMBER
	TYPE	NUMBER	AMOUNT (PhP)	% OF OWNER-SHIP		
15.	COMMON					
	<b>TOTAL</b>					
16.	COMMON					
	<b>TOTAL</b>					
17.	COMMON					
	<b>TOTAL</b>					
18.	COMMON					
	<b>TOTAL</b>					
19.	COMMON					
	<b>TOTAL</b>					
20.						
	<b>TOTAL</b>					
21.						
	<b>TOTAL</b>					
<b>TOTAL AMOUNT OF SUBSCRIBED CAPITAL</b>						
<b>TOTAL AMOUNT OF PAID-UP CAPITAL</b>						
INSTRUCTION: SPECIFY THE TOP 20 STOCKHOLDERS AND INDICATE THE REST AS OTHERS						
<small>Note: For PDTC Nominee included in the list, please indicate further the beneficial owners owning more than 5% of any class of the company's voting securities. Attach separate sheet, if necessary.</small>						



# GENERAL INFORMATION SHEET

STOCK CORPORATION

===== PLEASE PRINT LEGIBLY =====			
CORPORATE NAME: MerryMart Consumer Corp.			
1. INVESTMENT OF CORPORATE FUNDS IN ANOTHER CORPORATION	AMOUNT (PhP)	DATE OF BOARD RESOLUTION	
1.1 STOCKS	N/A	N/A	
1.2 BONDS/COMMERCIAL PAPER (Issued by Private Corporations)	N/A	N/A	
1.3 LOANS/ CREDITS/ ADVANCES	N/A	N/A	
1.4 GOVERNMENT TREASURY BILLS	N/A	N/A	
1.5 OTHERS	N/A	N/A	
2. INVESTMENT OF CORPORATE FUNDS IN ACTIVITIES UNDER ITS SECONDARY PURPOSES (PLEASE SPECIFY:)	DATE OF BOARD RESOLUTION	DATE OF STOCKHOLDERS RATIFICATION	
N/A	N/A	N/A	
3. TREASURY SHARES	NO. OF SHARES	% AS TO THE TOTAL NO. OF SHARES ISSUED	
	N/A	N/A	
4. UNRESTRICTED/UNAPPROPRIATED RETAINED EARNINGS AS OF END OF LAST FISCAL YEAR			
5. DIVIDENDS DECLARED DURING THE IMMEDIATELY PRECEDING YEAR:			
TYPE OF DIVIDEND	AMOUNT (PhP)	DATE DECLARED	
5.1 CASH	N/A	N/A	
5.2 STOCK	N/A	N/A	
5.3 PROPERTY	N/A	N/A	
TOTAL	P		
6. ADDITIONAL SHARES ISSUED DURING THE PERIOD:			
DATE	NO. OF SHARES	AMOUNT	
SECONDARY LICENSE/REGISTRATION WITH SEC AND OTHER GOV'T AGENCY:			
NAME OF AGENCY:	SEC	BSP	IC
TYPE OF LICENSE/REGN.	N/A	N/A	N/A
DATE ISSUED:	N/A	N/A	N/A
DATE STARTED OPERATIONS:	N/A	N/A	N/A
TOTAL ANNUAL COMPENSATION OF DIRECTORS DURING THE PRECEDING FISCAL YEAR (in PhP)	TOTAL NO. OF OFFICERS	TOTAL NO. OF RANK & FILE EMPLOYEES	TOTAL MANPOWER COMPLEMENT
N/A			

NOTE: USE ADDITIONAL SHEET IF NECESSARY


I, **JACQUELINE ANN MARIE O. GOMEZ**, Corporate Secretary of **MERRYMART CONSUMER CORP.** declare under penalty of perjury that all matters set forth in this GIS have been made in good faith, duly verified by me and to the best of my knowledge and belief are true and correct.

I hereby attest that all the information in this GIS are being submitted in compliance with the rules and regulations of the Securities and Exchange Commission (SEC) the collection, processing, storage and sharing of said information being necessary to carry out the functions of public authority for the performance of the constitutionally and statutorily mandated functions of the SEC as a regulatory agency.

I further attest that I have been authorized by the Board of Directors/Trustees to file this GIS with the SEC.

I understand that the Commission may place the corporation under delinquent status for failure to submit the reportorial requirements three (3) times, consecutively or intermittently, within a period of five (5) years (*Section 177, RA No. 11232*).

Done this \_\_\_\_ day of JAN 13 2025, 20 \_\_\_\_ in PASAY CITY.

  
**JACQUELINE ANN MARIE O. GOMEZ**  
(Signature over printed name)

**SUBSCRIBED AND SWORN TO** before me in PASAY CITY on JAN 13 2025 by affiant who personally appeared before me and exhibited to me his/her competent evidence of identity consisting of PP No. P6783876A issued at DEA MANILA on APRIL 16, 2018.

Doc. No. 316  
Page No. 65  
Book No. 3  
Series No. 2025



NOTARY PUBLIC

  
**KRISTINE JOY C. TADENA**  
Notary Public for Pasay City  
Until December 31, 2025  
Commission No. 24-20  
Roll No. 79846

PTR No. 8838066; 01-02-2025  
IBP No. 495517; 01-02-2025  
DoubleDragon Headquarters, 10th Floor, Tower 1,  
DoubleDragon Plaza, DD Meridian Park,  
Corner Macapagal Avenue & EDSA Extension,  
Bay Area, Pasay City



## SEC FORM – I-ACGR

### INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

#### GENERAL INSTRUCTIONS

##### A. Use of Form I-ACGR

This SEC Form shall be used as a tool to disclose Publicly-Listed Companies' compliance/non-compliance with the recommendations provided under the Code of Corporate Governance for Publicly-Listed Companies, which follows the "comply or explain" approach, and for harmonizing the corporate governance reportorial requirements of the SEC and the Philippine Stock Exchange (PSE).

##### B. Preparation of Report

These general instructions are not to be filed with the report. The report shall contain the numbers and captions of all items.

The I-ACGR has four columns, arranged as follows:

RECOMMENDED CG PRACTICE/POLICY	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>Contains CG Practices/ Policies, labelled as follows:</p> <p>(1) <b>"Recommendations"</b> – derived from the CG Code for PLCs;</p> <p>(2) <b>"Supplement to Recommendation"</b> – derived from the PSE CG Guidelines for Listed Companies;</p> <p>(3) <b>"Additional Recommendations"</b> – CG Practices not found in the CG Code for PLCs and PSE CG Guidelines but are expected already of PLCs; and</p> <p>(4) <b>"Optional Recommendation"</b> – practices taken from the ASEAN Corporate Governance Scorecard</p> <p><b>*Items under (1) – (3) must be answered/disclosed by the PLCs following the "comply or explain" approach. Answering of items under (4) are left to the discretion of PLCs.</b></p>	<p>The company shall <b>indicate compliance or non-compliance</b> with the recommended practice.</p>	<p>The company shall provide additional information to <b>support their compliance</b> with the recommended CG practice</p>	<p>The PLCs shall <b>provide the explanations for any non-compliance</b>, pursuant to the "comply or explain" approach.</p> <p>Please note that the explanation given should describe the non-compliance and include <b>how the overall Principle being recommended is still being achieved</b> by the company.</p> <p><b>*"Not Applicable" or "None" shall not be considered as sufficient explanation</b></p>



**C. Signature and Filing of the Report**

- a. Three (3) copies of a fully accomplished I-ACGR shall be filed with the Main Office of the Commission **on or before May 30 of the following year for every year that the company remains listed in the PSE:**
- b. At least one (1) complete copy of the I-ACGR shall be duly notarized and shall bear **original and manual** signatures
- c. The I-ACGR shall be signed under oath by: (1) Chairman of the Board; (2) Chief Executive Officer or President; (3) All Independent Directors; (4) Compliance Officer; and (5) Corporate Secretary.
- d. The I-ACGR shall cover all relevant information from January to December of the given year.
- e. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.



## SEC FORM – I-ACGR

### INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **2023**
2. SEC Identification Number **CS200930125**    3. BIR Tax Identification No. **281-768-124**
4. Exact name of issuer as specified in its charter **MerryMart Consumer Corp.**
5. Pasay City, Philippines  
Province, Country or other jurisdiction of  
incorporation or organization
6. (SEC Use Only)   
Industry Classification Code:
7. 9<sup>th</sup> Floor Tower 1 DoubleDragon Plaza  
DD Meridian Park, Macapagal Ave. cor.  
EDSA Extension, Pasay City  
Address of principal office
- 1302  
Postal Code
8. +63(2)8743-1111  
Issuer's telephone number, including area code
9. Not applicable  
Former name, former address, and former fiscal year, if changed since last report.



INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<b>The Board's Governance Responsibilities</b>			
<b>Principle 1:</b> The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
<b>Recommendation 1.1</b>			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	COMPLIANT	Provide information or link/reference to a document containing information on the following:	MerryMart Consumer Corp. is composed of the following directors who possess the knowledge, experience and expertise that are relevant to the company's industry/sector:  1. <b>Edgar J. Sia II</b> – is the Chairman and Chief Executive Officer of Injap Investments Inc. Mr. Sia II is also the Founder of Mang Inasal Philippines, Inc. and various other companies. He obtained his Doctorate Degree from the University of San Agustin Honoris Causa Major in Management in 2012.  2. <b>Ferdinand J. Sia</b> – is the President and Chief Operating Officer of Injap Investments Inc. He also served as Director of Mang Inasal Philippines, Inc. from 2006-2016. He graduated from the University of the Philippines Visayas with a degree in Bachelor of Arts in Political Science and took up law in Arellano University School of Law.
2. Board has an appropriate mix of competence and expertise.	COMPLIANT	1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors	
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	COMPLIANT	2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance	

			<p>3. <b>Marriana H. Yulo-Luccini</b> – is the Chief Financial Officer and Chief Investment Officer of MM from 2020 to present and has been a director of MM from 2020 to present. She also serves as Chief Investment Officer of DD from 2015 to present. She was previously Chief Financial Officer of Alphaland Corporation and Group Chief Financial Officer of PhilWeb Corporation, ISM Communications Corporation, and Atok Big-Wedge Co. Inc. from 2011 to 2014. She graduated in Business Administration</p> <p>– Major in Management at Palawan State University and has a Masters in Business Administration Degree from the University of St. La Salle.</p> <p>4. <b>Jose Roelph E. Desales</b> – is the Assistant Corporate Secretary and director of MM from 2020 to present. He joined III in 2014 to present and was previously with VXI Global Holdings B.V. (Philippines) as Associate Director for Finance from 2010 to 2012. He graduated Bachelor of Science in Accountancy at the University of the Philippines in the Visayas and is a Certified Public Accountant.</p>
--	--	--	---

			<p>5. <b>Atty. Jacqueline Ann Marie O. Gomez</b> – is the Corporate Secretary and director of MM from 2020 to present. She joined III in 2014 to present and was previously an associate at Falgui Law Office from 2009 to 2013. She graduated cum laude from the University of the Philippines – Diliman with an Economics degree and obtained Juris Doctor Degree from the same university in 2008. Atty Gomez was admitted to the Philippine Bar in 2009.</p> <p>6. <b>Gary P. Cheng</b> – is an investment banking professional with over 20 years of corporate finance and capital markets experience. He is currently the Managing Director and co-founder of Fortman Cline Capital Markets Limited since 2007. Dr. Cheng served as the former President/CEO of Amalgamated Investment Bancorporation from 2003 and 2008 and former Vice President of Investment Banking at J.P. Morgan from 1993 to 2001. Dr. Cheng obtained his doctorate in Philosophy from University of Leeds, England in 1991.</p> <p>7. <b>Atty. Victoria R. Tamayao</b> – is an Independent Director of MM from 2020 to present. She is the Senior and Managing Partner of Tamayao &amp; Affiliates, Attorneys-at-Law from 2006 to present and is the Chairman and President of Glory Facilities and Development Inc. from 2019 to present. She obtained her Bachelor of Laws and</p>
--	--	--	---

			Bachelors of Science in Business Economics degrees from the University of the Philippines, Diliman.
--	--	--	---

### Recommendation 1.2

1. Board is composed of a majority of non-executive directors.	<b>COMPLIANT</b>	Identify or provide link/reference to a document identifying the directors and the type of their directorships	The Board is composed of a majority of Non-Executive Directors:	
			<b>NAME OF DIRECTORS</b>	<b>TYPE OF DIRECTORSHIP</b>
			EDGAR J. SIA II	EXECUTIVE DIRECTOR
			FERDINAND J. SIA	EXECUTIVE DIRECTOR
			MARRIANA H. YULO-LUCCINI	EXECUTIVE DIRECTOR
			ATTY. JACQUELINE ANN MARIE O. GOMEZ	NON- EXECUTIVE DIRECTOR
			JOSE ROELPH E. DESALES	NON-EXECUTIVE DIRECTOR
			GARY P. CHENG	INDEPENDENT DIRECTOR
			ATTY. VICTORIA R. TAMAYAO	INDEPENDENT DIRECTOR

### Recommendation 1.3

1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	<b>COMPLIANT</b>	Provide link or reference to the company's Board Charter and Manual on Corporate Governance relating to its policy on training of directors.	ensure that they are appropriately apprised of their duties and responsibilities, before beginning their directorships; <b>and relevant annual continuing for all incumbent directors which will promote an effective board performance and continuing</b>
--	------------------	--	--

			qualification of the directors in carrying-out their duties and responsibilities.
2. Company has an orientation program for first time directors.	<b>COMPLIANT</b>	Provide information or link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered.	<p>The <b>Corporate Governance</b> of MerryMart Consumer Corp. provides that:</p> <p>“MM shall conduct an <b>orientation program for first-time directors to ensure that they are appropriately apprised of their duties and responsibilities, before beginning their directorships</b>; and relevant annual continuing for all incumbent directors which will promote an effective board performance and continuing qualification of the directors in carrying-out their duties and responsibilities</p>
3. Company has relevant annual continuing training for all directors.	<b>COMPLIANT</b>		<p>The <b>Code of Corporate Governance</b> of MerryMart Consumer Corp. provides that:</p> <p>“MM shall conduct an orientation ensure that they are appropriately apprised of their duties and responsibilities, before beginning their directorships; <b>and relevant annual continuing for all incumbent directors which will promote an effective board</b></p>



			<p><b>performance and continuing qualification of the directors in carrying out their duties and responsibilities.</b></p> <p>Aside from the company attendance in continuing orientations held by the Securities Exchange Commission (SEC) and the Philippine Stock Exchange (PSE), MM is exploring service providers of online directorship training programs which are in line with the relevant changes implemented by the SEC and the PSE.</p>
<b>Recommendation 1.4</b>			
1. Board has a policy on board diversity.	<b>COMPLIANT</b>	<p>Provide information on or link/reference to a document containing information on the company's board diversity policy.</p> <p>Indicate gender composition of the board.</p>	<p>The <b>Code of Corporate Governance</b> of MerryMart Consumer Corp. provides:</p> <p>"MM encourages diversity in its Board. Board diversity may refer to distinctions in age, ethnicity, culture, skills, competence, knowledge, gender, among other things. A diverse Board promotes different perspectives and ideas and mitigates groupthink to achieve optimal decision-making."</p> <p>The current Board is composed of four (4) male directors and three (3) female directors.</p>
<b>Optional: Recommendation 1.4</b>			

1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.		<p>Provide information on or link/reference to a document containing the company's policy and measureable objectives for implementing board diversity.</p> <p>Provide link or reference to a progress report in achieving its objectives.</p>	
<b>Recommendation 1.5</b>			
1. Board is assisted by a Corporate Secretary.	<b>COMPLIANT</b>	<p>Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions.</p>	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides that: "The Board, at all times, is assisted in its duties by a Corporate Secretary, who is a separate individual from the Compliance Officer. The Corporate Secretary should annually attend a training on corporate governance and shall likewise be apprised of his duties and responsibilities through continuing training.</p> <p>The Corporate Secretary is primarily responsible to the corporation and its shareholders, and not to the Chairman or President of the Company and has, among others, the following duties and responsibilities.</p>

			<ul style="list-style-type: none"><li>a. Assists the Board and the board committees in the conduct of their meetings, including preparing an annual schedule of Board and committee meetings and the annual board calendar, and assisting the chairs of the Board and its committees to set agendas for those meetings;</li><li>b. Safe keeps and preserves the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the Corporation;</li><li>c. Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the corporation, and advises the Board and the Chairman on all relevant issues as they arise;</li></ul>
--	--	--	--

			<ul style="list-style-type: none"> <li>d. Works fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;</li> <li>e. Advises on the establishment of board committees and their terms of reference;</li> <li>f. Informs members of the Board, in accordance with the by-laws, of the agenda of their meetings at least five working days in advance, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;</li> <li>g. Attends all board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him/her from doing so;</li> <li>h. Performs required administrative functions;</li> <li>i. Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements; and</li> <li>j. Performs such other duties and</li> </ul>
--	--	--	---

responsibilities as may be  
provided by the SEC."

The Corporate Secretary of MerryMart  
Consumer Corp. is Atty. Jacqueline  
Ann Marie O. Gomez

2. Corporate Secretary is a separate individual from the Compliance Officer.	<b>COMPLIANT</b>		<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides that:</p> <p>"The Board, at all times, is assisted in its duties by a Corporate Secretary, <b>who is a separate individual from the Compliance Officer.</b> The Corporate Secretary, should annually attend a training on corporate governance and shall likewise be apprised of his duties and responsibilities through continuing training."</p>
3. Corporate Secretary is not a member of the Board of Directors.	<b>NON - COMPLIANT</b>		<p>The Corporate Secretary is a member of the Board of Directors as allowed under the Board's Charter.</p>
4. Corporate Secretary attends training/s on corporate governance.	<b>COMPLIANT</b>	<p>Provide information or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered</p>	<p>The <b>Corporate Governance</b> of MerryMart Consumer Corp. provides that:</p> <p>"The Board, at all times, is assisted in its duties by a Corporate Secretary, who is a separate individual from the Compliance Officer. The Corporate Secretary <b>should annually attend a training on corporate governance</b> and shall likewise be apprised of his duties and responsibilities through continuing training. "</p> <p>The current Corporate Secretary is <b>Atty. Jacqueline Ann Marie O. Gomez.</b> She has been a member of the Bar since 2009 and has relevant legal and corporate experience. She has attended the Company Disclosure seminar conducted by the PSE</p>

			and regularly attends the SEC webinars since the implementation of the shift to online transactions.
<b>Optional: Recommendation 1.5</b>			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.		Provide proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting	
<b>Recommendation 1.6</b>			
1. Board is assisted by a Compliance Officer.	<b>COMPLIANT</b>	Provide information on or link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions.	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides that:</p> <p>The duties and responsibilities of the Compliance Officer: “</p> <ul style="list-style-type: none"> <li>a. Ensures proper onboarding of new directors (i.e., orientation on the company's business, charter, articles of incorporation and by-laws, among other);</li> <li>b. Monitors, reviews, evaluates and ensures the compliance by the corporation, its officers and directors with the relevant laws, this Code, rules and regulations and all governance issuances of regulatory agencies;</li> <li>c. Reports the matter to the Board if violations are found and recommends the imposition of</li> </ul>

			<p>appropriate disciplinary action;</p> <ul style="list-style-type: none"> <li>d. Ensures the integrity and accuracy of all documentary submissions to regulators;</li> <li>e. Appears before the SEC when summoned in relation to compliance with this Code;</li> <li>f. Collaborates with other departments to properly address compliance issues, which may be subject to investigation;</li> <li>g. Identifies possible areas of compliance issues and works towards the resolution of the same;</li> <li>h. Ensures attendance of Board members and key officers to relevant trainings; and</li> <li>i. Performs such other duties and responsibilities as may be provided by the SEC."</li> </ul> <p>The Compliance Officer is <b>Jose Roelph E. Desales</b>. He is a Certified Public Accountant and is experienced in corporate management and finance.</p>
--	--	--	---



2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	<b>COMPLIANT</b>		The <b>Code of Corporate Governance</b> of MerryMart Consumer Corp., provides that:  "The Board should ensure that it is assisted in its duties by a Compliance Officer, with <b>adequate stature and authority in the MM.</b> "
3. Compliance Officer is not a member of the board.	<b>NON-COMPLIANT</b>		The Compliance Officer is a member of the Board of Directors due to the key role and responsibility accorded to the position. This position is currently under review of the Management.
4. Compliance Officer attends training/s on corporate governance.	<b>COMPLIANT</b>	Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered	MerryMart Consumer Corp. has been updated with the SEC and PSE for the required seminars and orientations.  The latest Company Disclosure Requirements Orientation of the PSE was attended by the Compliance Officer <b>Breaking Barriers to Sustainability Reporting: How Digitalization can help in Sustainability Reporting.</b>

**Principle 2:** The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders

#### Recommendation 2.1

1. Directors act on a fully informed basis,in good faith, with due diligence and care, and in the best interest of the company.	<b>COMPLIANT</b>	Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting)	The <b>Code of Corporate Governance</b> of MerryMart Consumer Corp. provides that:
---	------------------	---	--

			<p>"The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines, should be clearly made known to all directors as well as to shareholders and other stakeholders.</p> <p>The Board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and all shareholders."</p>
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	COMPLIANT	Provide information or link/reference to a document containing information on how the directors performed this function (can include board resolutions, minutes of meeting)  Indicate frequency of review of business objectives and strategy	The <b>Code of Corporate Governance</b> of MerryMart Consumer Corp. provides that:  "The Board should oversee the development of and approve the company's business objectives and strategy, and monitor their implementation, in order to sustain the company's long-term viability and strength."  Review of business objectives will come with the ongoing operations and execution of the strategic objectives of the company.
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	COMPLIANT		
Supplement to Recommendation 2.2			

1. Board has a clearly defined and updated vision, mission and core values.	<b>COMPLIANT</b>	<p>Indicate or provide link/reference to a document containing the company's vision, mission and core values.</p> <p>Indicate frequency of review of the vision, mission and core values.</p>	<p><a href="https://www.merrymart.com.ph/mision-vision-and-values">https://www.merrymart.com.ph/mision-vision-and-values</a></p> <p>The course of the business allows for the update of the visions and mission.</p>
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	<b>COMPLIANT</b>	Provide information on or link/reference to a document containing information on the strategy execution process.	The Board seeks a strategy execution which effectively incorporates corporate governance development of the Management in the course of the business operation for its effective performance.
<b>Recommendation 2.3</b>			
1. Board is headed by a competent and qualified Chairperson.	<b>COMPLIANT</b>	Provide information or reference to a document containing information on the Chairperson, including his/her name and qualifications	<p>The Chairperson is Mr. Edgar J. Sia II.</p> <p>The website includes the Board of Directors, organizational chart and the company disclosures including the prospectus.</p>
<b>Recommendation 2.4</b>			

<p>1. Board ensures and adopts an effective succession planning program for directors, key officers and management.</p>	<p><b>COMPLIANT</b></p>	<p>Disclose and provide information or link/reference to a document containing information on the company's succession planning policies and programs and its implementation</p>	<p>The <b>Code of Corporate Governance</b> of MerryMart Consumer Corp. provides that: The Board should be responsible for ensuring and adopting an effective succession planning program or directors, key officers and management to ensure growth and a continued increase in the shareholders' value. This should include adopting a policy on the retirement age for directors and key officers as part of management succession and to promote dynamism in the corporation"</p> <p style="text-align: center;"><b>Nomination and Succession</b></p> <p>"The Board should have and disclose in its Code a formal and transparent board nomination and election policy that should include how it accepts nominations from minority shareholders and reviews nominated candidates. The policy should also include an assessment of the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a director. In addition, its process of identifying the quality of directors should be aligned</p>
---	-------------------------	--	---

<p>2. Board adopts a policy on the retirement for directors and key officers.</p>	<p><b>COMPLIANT</b></p>		<p>with the strategic direction of the company. For Executive and Non-executive Directors:</p> <p>The election of all Directors is held during each regular stockholders' meeting, unless a vacancy occurred which shall be filled in immediately during a meeting called for the purpose and the person so elected shall serve only the unexpired portion of his predecessor in office.</p> <p>For Independent Directors:</p> <p>1. The nomination of the independent director shall be conducted by the Nomination Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.</p> <p>2. After the nomination, the Nomination Committee shall prepare a final list of candidates which shall contain all the information about all the nominees for the independent directors. The list shall be made available to the SEC and to all the stockholders through the filing and distribution of the Information Statement or Proxy Statement, or in such other reports the Corporation is required to submit to the Commission.</p> <p>3. Only nominees whose names</p>
---	-------------------------	--	--

			<p>Appear on the Final List of Candidates shall be eligible for election as an Independent Director. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual stockholders' meeting.</p> <p>4. The specific slot for independent directors shall not be filled-up by unqualified nominees.</p> <p>5. In case of failure of election for the independent director, the Chairman of the meeting shall call a separate election during the same meeting to fill up the vacancy.</p>
--	--	--	--

--	--	--	--

Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	COMPLIANT	Provide information on or link/reference to a document containing information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance.	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides:</p> <p style="text-align: center;"><b>Remuneration of Directors and Officers</b></p> <p>“The levels of remuneration of MM should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.</p> <p>MM may establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual directors and officers depending on the particular needs of the corporation. No director should participate in deciding on his remuneration.</p> <p>MM's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable</p>
2. Board adopts a policy specifying the relationship between remuneration and performance.	COMPLIANT		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	COMPLIANT		



			<p>compensation that may be paid, directly or indirectly, to its directors and top four (4) management officers during the preceding fiscal year.</p> <p>To protect the funds of MM, the Commission may, in exceptional cases, e.g., when a corporation is under receivership or rehabilitation, regulate the payment of the party compensation, allowances, fees and fringe benefits to its directors and officers."</p>
<b>Optional: Recommendation 2.5</b>			
1. Board approves the remuneration of senior executives.		Provide proof of board approval	
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.		Provide information on or link/reference to a document containing measurable standards to align performance-based remuneration with the long-term interest of the company.	
<b>Recommendation 2.6</b>			

<p>1. Board has a formal and transparent board nomination and election policy.</p>	<p><b>COMPLIANT</b></p>	<p>Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders. Provide proof if minority shareholders have a right to nominate candidates to the board</p> <p>Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.</p>	<p>The company's <b>Code of Governance</b> provides that:</p> <p><b>Nomination and Succession</b></p> <p>"The Board should have and disclose in its Code a formal and transparent board nomination and election policy that should include how it accepts nominations from minority shareholders and reviews nominated candidates. The policy should also include an assessment of the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a director. In addition, its process of identifying the quality of directors should be aligned with the strategic direction of the company.</p> <p><u>For Executive and Non-executive Directors:</u></p> <p>The election of all Directors is held during each regular stockholders' meeting, unless a vacancy occurred which shall be filled in immediately during a meeting called for the purpose and the person so elected shall serve only the unexpired portion of his predecessor in office.</p> <p><u>For Independent Directors:</u></p> <p>1. The nomination of the independent director shall be conducted by the</p>
--	-------------------------	--	--

			<p>Nomination Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.</p> <p>2. After the nomination Committee shall prepare, a final list of candidates which shall contain all the information about all the nominees for the independent directors. The list shall be made available to the SEC and to all the stockholders through the filing and distribution of the Information Statement or Proxy Statement, or in such other reports the Corporation is required to submit to the Commission.</p> <p>3. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as an Independent Director. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual stockholders' meeting.</p> <p>4. The specific slot for independent directors shall not be filled-up by unqualified nominees.</p> <p>5. In case of failure of election for the</p>
--	--	--	---

			<p>independent director, the Chairman of the meeting shall call a separate election during the same meeting to fill up the vacancy."</p> <table><tr><td><b>A. Selection and Election Requirements/Criteria</b></td></tr><tr><td><b>i. Executive Directors</b></td></tr><tr><td><div>1. Holder of at least one (1) share of a capital stock of the Company.</div><div>2. Must be a college graduate or equivalent academic degree.</div><div>3. Must have practical understanding of the business of the Company.</div><div>4. Membership in good standing in relevant industry, business or professional organizations.</div><div>5. Must have previous business experience.</div></td></tr><tr><td><b>ii. Independent Directors</b></td></tr><tr><td><div>1. Holder of at least one (1) share of stock of the corporation.</div><div>2. He shall be at least a college graduate or he shall have been engaged or exposed to the business of the corporation for at least five(5) years.</div><div>3. He shall possess integrity and probity.</div><div>4. He shall be assiduous.</div></td></tr></table>	<b>A. Selection and Election Requirements/Criteria</b>	<b>i. Executive Directors</b>	<div>1. Holder of at least one (1) share of a capital stock of the Company.</div> <div>2. Must be a college graduate or equivalent academic degree.</div> <div>3. Must have practical understanding of the business of the Company.</div> <div>4. Membership in good standing in relevant industry, business or professional organizations.</div> <div>5. Must have previous business experience.</div>	<b>ii. Independent Directors</b>	<div>1. Holder of at least one (1) share of stock of the corporation.</div> <div>2. He shall be at least a college graduate or he shall have been engaged or exposed to the business of the corporation for at least five(5) years.</div> <div>3. He shall possess integrity and probity.</div> <div>4. He shall be assiduous.</div>
<b>A. Selection and Election Requirements/Criteria</b>								
<b>i. Executive Directors</b>								
<div>1. Holder of at least one (1) share of a capital stock of the Company.</div> <div>2. Must be a college graduate or equivalent academic degree.</div> <div>3. Must have practical understanding of the business of the Company.</div> <div>4. Membership in good standing in relevant industry, business or professional organizations.</div> <div>5. Must have previous business experience.</div>								
<b>ii. Independent Directors</b>								
<div>1. Holder of at least one (1) share of stock of the corporation.</div> <div>2. He shall be at least a college graduate or he shall have been engaged or exposed to the business of the corporation for at least five(5) years.</div> <div>3. He shall possess integrity and probity.</div> <div>4. He shall be assiduous.</div>								

			<b>B. Reappointment Requirements/Criteria</b> <b>i. Executive Directors</b> Shall follow the process of nomination of directors. Must have all the qualifications and
			none of the disqualifications of a director as mentioned above. <b>ii. Non-Executive Directors</b> Shall follow the process of nomination of directors. Must have all the qualifications and none of the disqualifications of a director as mentioned above. <b>iii. Independent Directors</b> Shall follow the process of nomination of directors. Must have all the qualifications and none of the disqualifications of a director as mentioned above. <b>C. Permanent Disqualification</b> <b>i. Executive Directors &amp; Independent Directors</b>

			<p>Following the procedural rules of the Corporation Code and the basis for disqualifications under Code of Corporate Governance for Publicly-listed Companies:</p> <p><b>Procedure:</b></p> <p><b>Sec. 28. Corporation Code,</b> Removal of directors or trustees. - Any director or trustee of a corporation may be removed from office by a vote of the stockholders holding or representing at least two thirds (2/3) of the outstanding capital stock. Provided, That such removal shall take place either at a regular meeting of the corporation or at a special meeting called for the purpose, and in either case, after previous</p>
--	--	--	--

			<p>notice to stockholders or members of the corporation of the intention to propose such removal at the meeting. A special meeting of the stockholders or members of a corporation for the purpose of removal of directors or trustees, or any of them, must be called by the secretary on order of the president or on the written demand of the stockholders representing or holding at least a majority of the outstanding capital stock.</p> <p>Should the secretary fail or refuse to call the special meeting upon such demand or fail or refuse to give the notice, or if there is no secretary, the call for the meeting may be addressed directly to the stockholders or members by any stockholder or member of the corporation signing the demand.</p> <p>Notice of the time and place of such meeting, as well as of the intention to propose such removal, must be given by publication or by written notice prescribed in the Corporation Code. Removal may be with or without cause:</p>
--	--	--	---

			<p>Provided, That removal without cause may not be used to deprive minority stockholders or members of the right of representation to which they may be entitled under Section 24 of the Corporation Code.</p> <p><b>Disqualifications:</b></p> <p>Without prejudice to a specific provision of law prescribing disqualifications of a director, the following shall be permanently disqualified of a director:</p> <ol style="list-style-type: none"> <li>1. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that <ol style="list-style-type: none"> <li>(a) involves the purchase and sale of securities as defined in the SRC;</li> <li>(b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading</li> </ol> </li> </ol>
--	--	--	--



			<p>advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi- bank, trust company, investment house or as an affiliated person of any of them.</p> <p>Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final. judgment or order of the Commission or any court or administrative body competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi- bank, trust company, investment house, or investment company (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub- paragraph s (a) and (b) above, or willfully</p>
--	--	--	--

			<p>violating the laws that govern securities and banking activities.</p> <p>3. Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts. Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, SRC or any other law administered by the Commission or BSP or any of its rule, regulation or order.</p> <p>5. Any person earlier elected as independent director who becomes</p>
--	--	--	---

			<p>an officer, employee or consultant of the same corporation.</p> <p>6. Any person judicially declared as insolvent.</p> <p>7. Judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in paragraph s 1 and 5 above.</p> <p>8. Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.</p>
--	--	--	---

				D. Temporary Disqualification
				i. Executive Directors / Non-Executive Directors/ Independent Directors

			<ol style="list-style-type: none"> <li>1. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.</li> <li>2. Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.</li> <li>3. Dismissal or termination for cause as director of any corporation covered by the Corporation Code. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.</li> <li>4. If the beneficial equity ownership of an independent director in</li> </ol>
--	--	--	--

			<p>the corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.</p> <p>5. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final. A temporarily disqualified director shall, within sixty(60) business days from such disqualification, take the appropriate action to remedy or. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p>
			<div></div> <div><b>E. Removal</b></div> <div><b>i. Executive Directors / Non- Executive</b></div>

			<div>Directors/ Independent Directors</div> <div>The procedure of the removal follows Art. 28 of the Corporation Code mentioned, on the basis of possession of the grounds for permanent disqualifications and those provided under applicable laws.</div> <div>F. Reinstatement</div> <div>i. Executive Directors / Non- Executive Directors/ Independent Directors</div>
			<div>The procedure of reinstatement when the director subsequently have all the qualifications and none of the disqualification of a director shall follow the procedure for the Selection and Election Policies mentioned.</div> <div>G. SUSPENSION</div> <div>i. Executive Directors / Non- Executive Directors/ Independent Directors</div> <div>The suspension is dependent on the basis of the disqualification which may be temporary or permanent,</div>
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	COMPLIANT		The Code of Corporate Governance of MerryMart Consumer Corp., provides that:

3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	<b>COMPLIANT</b>		<b>Nomination and Succession</b>  “The Board should have and disclose in its Code a formal and transparent
4. Board nomination and election policy includes how the board shortlists candidates.	<b>COMPLIANT</b>		board nomination and election policy that should include how it accepts nominations from minority shareholders and reviews nominated candidates. The policy should also include an assessment of the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a director. In addition, its process of identifying the quality of directors should be aligned with the strategic direction of the company.  <u>For Executive and Non-executive Directors:</u>  The election of all Directors is held during each regular stockholders' meeting, unless a vacancy occurred which shall be filled in immediately during a meeting called for the purpose and the person so elected shall serve only the unexpired portion of his predecessor in office.  <u>For Independent Directors:</u>  1. The nomination of the independent director shall be conducted by the Nomination Committee prior to a stockholders' meeting. All
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	<b>COMPLIANT</b>		
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	<b>COMPLIANT</b>		



		recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.
--	--	--

			<p>2. After the nomination, the Nomination Committee shall prepare a final list of candidates which shall contain all the information about all the nominees for the independent directors. The list shall be made available to the SEC and to all the stockholders through the filing and distribution of the Information Statement or Proxy Statement, or in such other reports the Corporation is required to submit to the Commission.</p> <p>3. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as an Independent Director. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual stockholders' meeting.</p> <p>4. The specific slot for independent directors shall not be filled-up by unqualified nominees.</p> <p>5. In case of failure of election for the independent director, the Chairman of the meeting shall call a separate election during the same meeting to fill up the vacancy."</p>
--	--	--	---

1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.		Identify the professional search firm used or other external sources of candidates	
<b>Recommendation 2.7</b>			
1. Board has overall responsibility in ensuring that there is a group-wide policy and	<b>COMPLIANT</b>	Provide information on or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs.	<p><b>Corporate Governance</b> of MerryMart Consumer Corp. provides that:</p> <p>"The Board may also organize a Related Party Transaction (RPT) Committee, which should be tasked with reviewing all material related party transaction of the company and should be composed of at least three non-executive directors, two of whom should be independent, including the Chairman."</p> <p>The company has a Conflict of Interest Policy which is in tandem with Related Party Transactions Policy found in the website in the Company Policies section.</p>
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	<b>COMPLIANT</b>		
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	<b>COMPLIANT</b>	Identify transactions that were approved pursuant to the policy.	

			<p>The requisites for approval are: (a) the present of the Director in the Board meeting in which the transaction or contract was approved was not necessary to constitute a quorum for such meeting; (b) That the vote of said Director was not necessary for the approval of the transaction or contract; and (c) that the transaction or contract is fair and reasonable under the circumstances.</p>
2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	<b>COMPLIANT</b>	Provide information on voting system, if any.	Under paragraph 4.4 of the company's <b>Conflict of Interest Policy</b> , the transaction or contract may be ratified by the vote of the shareholders representing at least two-thirds (2/3) of the outstanding capital stock in a meeting called for the purpose, provided that full disclosure of the adverse interest of the Directors/s is made at such meeting.
<b>Recommendation 2.8</b>			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	<b>COMPLIANT</b>	Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management. Identity the Management team appointed	<p>The <b>Code of Corporate Governance</b> of MerryMart Consumer Corp., provides that:</p> <p>"The Board should be responsible for ensuring and adopting an effective succession planning program for directors, key officers and management to</p>

			<p>ensure growth and a continued increase in the shareholders' value. This should include adopting a policy on the retirement age for directors and key officers as part of management succession and to promote dynamism in the corporation."</p> <p>The Management Team composition may be found in the website <a href="https://www.merrymart.com.ph/management">https://www.merrymart.com.ph/management</a>. It is the same team provided and discussed in the prospectus, which was examined by the SEC and PSE.</p>
<p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<b>COMPLIANT</b>	<p>Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management.</p> <p>Provide information on the assessment process and indicate frequency of assessment of performance.</p>	<p>The <b>Code of Corporate Governance</b> of MerryMart Consumer Corp. provides that:</p> <p>"The Board should be responsible for ensuring and adopting an effective succession planning program for directors, key officers and management to ensure growth and a continued increase in the shareholders' value. This should include adopting a policy on the retirement age for directors and key officers as part of management succession and to promote dynamism in the corporation"</p>
<b>Recommendation 2.9</b>			
<p>1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.</p>	<b>COMPLIANT</b>	<p>Provide information on or link/reference to a document containing the Board's performance management framework for management and personnel.</p>	<p>The <b>Code of Corporate Governance</b> of MerryMart Consumer Corp. provides that:</p> <p>"The Board should formulate the</p>

2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	<b>COMPLIANT</b>		<p>corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.</p> <p>And that they:</p> <p>"Provide sound strategic policies and guidelines to the corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance."</p>
<b>Recommendation 2.10</b>			
1. Board oversees that an appropriate internal control system is in place.	<b>COMPLIANT</b>	Provide information on or link/reference to a document showing the Board's responsibility for overseeing that an appropriate internal control system is in	The <b>Code of Corporate Governance</b> of MerryMart Consumer Corp. provides that:

<p>2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.</p>	<p><b>COMPLIANT</b></p>	<p>place and what is included in the internal control system</p>	<p>“The control environment of the corporation consists of (a) the Board which ensures that the corporation is properly and effectively managed and supervised; (b) a Management that actively manages and operates the corporation in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.</p> <p>(i) The minimum internal control mechanisms for the performance of the Board's oversight responsibility may include:</p> <p>a. Definition of the duties and responsibilities of the President and CEO who is ultimately</p>
--	-------------------------	--	--

			<p>accountable for the corporation's organizational and operational controls;</p> <ul style="list-style-type: none"> <li>b. Selection of the person who possesses the ability, integrity and expertise essential for the position of President and CEO;</li> <li>c. Evaluation of proposed senior management appointments;</li> <li>d. Selection and appointment of qualified and competent management officers; and</li> <li>e. Review of the corporation's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.</li> </ul> <p>(ii) The scope and particulars of the systems of effective organizational and operational controls may differ among corporations depending on, among others, the following factors: nature and complexity of the business and the business culture; volume, size and complexity of transactions; degree of risks involved; degree of centralization and delegation of authority; extent and effectiveness of information technology; and</p>
--	--	--	---



			extent of regulatory compliance.”
3. Board approves the Internal Audit Charter.	<b>COMPLIANT</b>	Provide reference or link to the company's Internal Audit Charter	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides that:</p> <p>“MM may establish an internal audit system that can reasonably assure the Board, Management and stockholders that its key organizational and operational controls are faithfully complied with. The Board may appoint an Internal Auditor to perform the audit function, and may require him to report to a level in the organization that allows the internal audit activity to fulfill its mandate. The Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing.”</p>
<b>Recommendation 2.11</b>			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	<b>COMPLIANT</b>	Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides that:</p> <p><b>“XII. Strengthening the Internal Control System and Enterprise Risk Management Framework</b></p> <p><b>C. Enterprise Management System</b></p>
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	<b>COMPLIANT</b>	Provide proof of effectiveness of risk management strategies, if any.	

			<p>MM shall establish a separate, efficient enterprise risk management function to identify, assess and monitor key risk exposures. The risk management function involves the following activities, among others:</p> <ul style="list-style-type: none"> <li>a. Defining a risk management strategy;</li> <li>b. Identifying and analyzing key risk exposures relating to economic, environmental, social and governance (EESG) factors and the achievement of the organization's strategic objectives;</li> <li>c. Evaluating and categorizing each identified risk using the Company's predefined risk categories and parameters;</li> <li>d. Establishing a risk register with clearly defined, prioritized and residual risks;</li> <li>e. Developing a risk mitigation plan for the most important risks to the Company, as defined by the risk management strategy;</li> <li>f. Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Board Risk Oversight Committee; and</li> </ul>
--	--	--	---

			g. Monitoring and evaluating the effectiveness of the organization's risk management process.
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	COMPLIANT	Provide link to the company's website where the Board Charter is disclosed.	<a href="https://www.merrymart.com.ph/committee-charters">https://www.merrymart.com.ph/committee-charters</a>
2. Board Charter serves as a guide to the directors in the performance of their functions.	COMPLIANT		
3. Board Charter is publicly available and posted on the company's website.	COMPLIANT		
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	COMPLIANT	Provide information on or link/reference to a document showing company's insider trading policy.	<a href="https://merrymart.com.ph/insider-trading.pdf">https://merrymart.com.ph/insider-trading.pdf</a>
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.		Provide information on or link/reference to a document showing company's policy on granting loans to directors, if any.	
2. Company discloses the types of decision requiring board of directors' approval.		Indicate the types of decision requiring board of directors' approval and where there are disclosed.	
Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.			

Recommendation 3.1			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	<b>COMPLIANT</b>	Provide information or link/reference to a document containing information on all the board committees established by the company.	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides that:</p> <p>“ III. Establishing Board Committees</p> <p>The Board shall constitute the proper committees to assist it in good corporate governance.</p> <ul style="list-style-type: none"> <li>i. The Executive Committee;</li> <li>ii. The Audit Committee;</li> <li>iii. Nomination Committee;</li> <li>iv. Compensation and Personnel Committee;</li> </ul> <p>The Board may also organize the following:</p> <ul style="list-style-type: none"> <li>v. Corporate Governance Committee;</li> <li>vi. Board Risk Oversight Committee;</li> <li>vii. Related Party Transaction Committee.</li> </ul>
Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	<b>COMPLIANT</b>	<p>Provide information or link/reference to a document containing information on the Audit Committee, including its functions.</p> <p>Indicate if it is the Audit Committee's responsibility to recommend the</p>	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides that:</p>

		<p>appointment and removal of the company's external auditor.</p>	<p>"The Audit Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit Committee should be an independent director. The committee shall have the following functions:</p> <p>a. Recommends the approval the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;</p> <p>b. Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy</p>
--	--	---	---

			<p>and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;</p> <p>c. Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;</p> <p>d. Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee;</p> <p>e. Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;</p> <p>f. Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;</p> <p>g. Evaluates and determines the non-</p>
--	--	--	--

			audit work, if any, of the External
--	--	--	-------------------------------------

			<p>Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report;</p> <p>h. Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:</p> <ul style="list-style-type: none"> <li>• Any change/s in accounting policies and practices</li> <li>• Areas where a significant amount of judgment has been exercised</li> <li>• Significant adjustments resulting from the audit</li> <li>• Going concern assumptions</li> <li>• Compliance with accounting standards</li> <li>• Compliance with tax, legal and regulatory requirements</li> </ul> <p>i. Reviews the disposition of the recommendations in the External Auditor's management letter;</p>
--	--	--	--



			<p>j. Performs oversight functions over the corporation's Internal and External Auditors. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;</p> <p>k. Coordinates, monitors and facilitates compliance with laws, rules and regulations;</p> <p>l. Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders."</p> <p>The Audit Committee meets with the Board without the presence of the CEO and periodically meets with the head of the internal audit.</p>
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	<b>NON-COMPLIANT</b>	Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship.	<p>The <b>Code of Corporate Governance</b> of MerryMart Consumer Corp. provides that:</p>

<p>3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p>	<p><b>COMPLIANT</b></p>	<p>Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.</p>	<p>“The Audit Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit Committee should be an independent director.</p> <p>The members of the Audit Committee are:</p> <ol style="list-style-type: none"> <li>1. Mr. Gary P. Cheng (Chairman);</li> <li>2. Mr. Ferdinand J. Sia (Member); and</li> <li>3. Ms. Marriana H. Yulo (Member).</li> </ol> <p><b>Gary P. Cheng</b> is an investment banking professional with over 20 years of corporate finance and capital markets experience. He is currently the Managing Director and co-founder of Fortman Cline Capital Markets Limited since 2007. Dr. Cheng served as the former President/CEO of Amalgamated Investment Bancorporation from 2003 and 2008 and former Vice President of Investment Banking at J.P. Morgan from 1993 to 2001. Dr. Cheng obtained his doctorate in Philosophy from University of Leeds, England in 1991.</p> <p><b>Ferdinand J. Sia</b> – is the President and Chief Operating Officer of Injap Investments Inc. He also served as Director of Mang Inasal Philippines, Inc.</p>
---	-------------------------	--	---

			<p>from 2006-2016. He graduated from the University of the Philippines Visayas with a degree in Bachelor of Arts in Political Science and took up law in Arellano University School of Law.</p> <p><b>Mariana H. Yulo-Luccini</b> – is the Chief Financial Officer and Chief Investment Officer of MM from 2020 to present and has been a director of MM from 2020 to present. She also serves as Chief Investment Officer of DD from 2015 to present. She was previously Chief Financial Officer of Alphaland Corporation and Group Chief Financial Officer of PhilWeb Corporation, ISM Communications Corporation, and Atok Big-Wedge Co. Inc. from 2011 to 2014. She graduated in Business Administration</p> <p>– Major in Management at Palawan State University and has a Masters in Business Administration</p>
--	--	--	--

Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	<b>COMPLIANT</b>	Provide proof that the Audit Committee approved all non-audit services conducted by the external auditor.	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides that the Audit Committee:</p> <p>“Evaluates and determines that non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporations’ overall consultancy expenses. The committee should disallow any non- audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation’s Annual Report and Annual Corporate Governance Report.”</p>
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	<b>COMPLIANT</b>	Provide proof that the Audit Committee conducted regular meetings and dialogues with the external audit team without anyone from management present.	There is non-interference from the management when it comes to the meetings periodically done by the Audit Committee regarding the external audit team.
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.		Indicate the number of Audit Committee meetings during the year and provide proof	

2. Audit Committee approves the appointment and removal of the internal auditor.		Provide proof that the Audit Committee approved the appointment and removal of the internal auditor.	
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	NON-COMPLIANT	Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.	The company has yet to establish the Corporate Governance Committee.
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	NON-COMPLIANT	Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship.	
3. Chairman of the Corporate Governance Committee is an independent director.	NON-COMPLIANT	Provide information or link/reference to a document containing information on the Chairman of the Corporate Governance Committee.	
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.		Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof.	
Recommendation 3.4			

1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	<b>NON-COMPLIANT</b>	Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions	The company has yet to establish the Board Risk Oversight Committee (BROC).
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	<b>NON-COMPLIANT</b>	Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	<b>NON-COMPLIANT</b>	Provide information or link/reference to a document containing information on the Chairman of the BROC	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	<b>NON-COMPLIANT</b>	Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROC.	
<b>Recommendation 3.5</b>			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	<b>NON-COMPLIANT</b>	Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.	The company has yet to establish the Related Party Transaction (RPT) Committee.

2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	<b>NON-COMPLIANT</b>	Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship.	
<b>Recommendation 3.6</b>			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	<b>COMPLIANT</b>	Provide information on or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides that:</p> <p><b>(i) The Executive Committee</b></p> <p>The Executive Committee shall consist of at least (3) members of the Board. Members of the Committee shall be appointed by the Board, who shall also appoint a Committee Chairperson and Committee Secretary. In accordance with this, members of the Committee may be removed or replaced, and any vacancies in the Committee shall be filled by the Board.</p> <p>The Executive Committee's primary purpose is to function when the Board is not in session. The Committee shall have all the power and authority of the Board in the governance, management and direction of the business and affairs of the Company except for those</p>
2. Committee Charters provide standards for evaluating the performance of the Committees.	<b>COMPLIANT</b>		

			<p>matters expressly provided for in Section 35 of the Corporation Code, the Company's By-Laws and other pertinent laws, rules or regulations.</p> <p>The Executive Committee shall have the following duties and responsibilities:</p> <ul style="list-style-type: none"><li>a. Assist the Board in overseeing the implementation of strategies and sustaining the Corporation's long-term success and competitiveness in a manner consistent with its mission/ vision;</li><li>b. Review of major issues facing the organization;</li><li>c. Monitoring of the operating activities of each business group;</li><li>d. Defining and monitoring the Company's performance improvement goals;</li><li>e. Defining group-wide policies and actions and overseeing their implementation;</li><li>f. Fostering the sharing of information in all areas of the business group; and</li><li>g. Performs other duties and responsibilities as the Committee may deem appropriate within the scope</li></ul>
--	--	--	---



			<p>of its primary functions or as may be assigned by the Board.</p> <p><b>(ii) The Audit Committee</b></p> <p>The Audit Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit Committee should be an independent director. The committee shall have the following functions:</p> <p>a. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal, and other risks of the Corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities;</p> <p>b. Recommends the approval the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;</p>
--	--	--	---

			<p>c. Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data and information technology security, and (d) ensure compliance with applicable laws and regulations;</p> <p>d. Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services</p> <p>e. Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee</p>
--	--	--	---

			<p>f. Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;</p> <p>g. Review the annual internal audit plan to ensure its conformity with the objectives of the Corporation. The plan shall include the audit scope, resources, and budget necessary to implement it;</p> <p>h. Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;</p> <p>i. Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance</p>
--	--	--	--

			<p>Report;</p> <p>j. Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:</p> <ul style="list-style-type: none"> <li>• Any change/s in accounting policies and practices</li> <li>• Areas where a significant amount of judgment has been exercised</li> <li>• Significant adjustments resulting from the audit</li> <li>• Going concern assumptions</li> <li>• Compliance with accounting standards</li> <li>• Compliance with tax, legal and regulatory requirements</li> </ul> <p>k. Reviews the disposition of the recommendations in the External Auditor's management letter;</p> <p>l. Performs oversight functions over the corporation's Internal and External Auditors, including the review of reports submitted by them. It ensures the independence of Internal and External Auditors, and</p>
--	--	--	---

			<p>that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;</p> <p>m. Coordinates, monitors and facilitates compliance with laws, rules and regulations;</p> <p>n. Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders.</p> <p>The Audit Committee meets with the Board without the presence of the CEO and periodically meets with the head of the internal audit.</p> <p><b>(ii) The Nomination Committee</b></p> <p>The Nomination Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent</p>
--	--	--	---

		<p>director and another with audit experience.</p> <p>The Nomination Committee shall review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and shall assess the effectiveness of the Board's processes and procedures in the election or replacement of</p> <p><b>(iii) The Compensation and Personnel Committee</b></p> <p>The Compensation and Personnel Committee shall consist of at least three (3) directors, one of whom shall be an independent director.</p> <p>The Compensation and Personnel Committee shall establish a <b>formal</b> and transparent procedure for developing a policy for remuneration of directors and officers to ensure that</p> <p><b>(iv) The Compensation and Personnel Committee</b></p> <p>(a) The Board may also organize the following committees</p> <p>(1) A Corporate Governance Committee that should be tasked to assist the Board in the performance of its corporate governance</p>
--	--	---

			<p>responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee. It should be composed of at least three members, all of whom should be independent directors, including the Chairman thereof.</p> <p>(2) A separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness. The BROC should be composed of at least three members, the majority of whom should be independent directors, including the Chairman thereof. The Chairman should not be the Chairman of the Board or of any other committee. At least one member of the committee must have relevant thorough knowledge and experience on risk and risk management.</p> <p>(3) A Related Party Transaction (RPT) Committee, which should be tasked with reviewing all material related party transactions of the company and should be composed of at least three non-executive directors, two of whom should be independent, including the Chairman.</p>
--	--	--	---

3. Committee Charters were fully disclosed on the company's website.	<b>COMPLIANT</b>	Provide link to company's website where the Committee Charters are disclosed.	<a href="https://www.merrymart.com.ph/corporate-governance?section=board-committees-27">https://www.merrymart.com.ph/corporate-governance?section=board-committees-27</a>
--	------------------	---	---

**Principle 4:** To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.

**Recommendation 4.1**

1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	<b>COMPLIANT</b>	<p>Provide information or link/reference to a document containing information on the process and procedure for tele/videoconferencing board and/or committee meetings.</p> <p>Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee and shareholders' meetings.</p>	<p>The <b>Code of Corporate Governance</b> of MerryMart Consumer Corp. provides that:</p> <p>"To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business. The directors should attend and actively participate in all meetings of the Board Committees, and Shareholders, in person or through tele-/videoconferencing, conducted in accordance with the rules and regulations of the Commission, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so. In Board and Committee meetings, the director should review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations."</p>
2. The directors review meeting materials for all Board and Committee meetings.	<b>COMPLIANT</b>		



3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	<b>COMPLIANT</b>	Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors	The members of the Board are permitted to raise questions on items presented before them. There are no impediments that prevent them from doing so.
---	------------------	---	---

#### Recommendation 4.2

1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	<b>COMPLIANT</b>	<p>Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.</p> <p>Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies</p>	<p><b><u>Guidelines:</u></b></p> <p>Multiple Board Seats</p> <p>The Board may consider the adoption of guidelines on the number of directorship that its members can hold in stock and non-stock corporations. The optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities.</p> <p>The Chief Executive Officer (CEO) and other directors may be covered by a lower indicative limit for membership in other boards. A similar limit may apply to independent who, at the same time, serve as full-time executives in other corporations. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve should not be compromised.</p>
--	------------------	--	--

#### Recommendation 4.3

1. The directors notify the company's board before accepting a directorship in another company.	<b>NON - COMPLIANT</b>	Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed.	The company has yet to form a policy requiring directors to notify the company's Board before accepting a directorship in another company.
<b>Optional: Principle 4</b>			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.			
2. Company schedules board of directors' meetings before the start of the financial year.			
3. Board of directors meet at least six times during the year.		Indicate the number of board meetings during the year and provide proof	
4. Company requires as minimum quorum of at least 2/3 for board decisions.		Indicate the required minimum quorum for board decisions	
<b>Principle 5:</b> The board should endeavor to exercise an objective and independent judgment on all corporate affairs			
<b>Recommendation 5.1</b>			
1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	<b>NON - COMPLIANT</b>	Provide information or link/reference to a document containing information on the number of independent directors in the board	The Board has two (2) independent directors.
<b>Recommendation 5.2</b>			

<p>1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.</p>	<p><b>COMPLIANT</b></p>	<p>Provide information or link/reference to a document containing information on the qualifications of the independent directors.</p>	<p>MerryMart Consumer Corp. has two (2) independent directors, namely:</p> <p>1. <b>Gary P. Cheng</b> – is an investment banking professional with over 20 years of corporate finance and capital markets experience. He is currently the Managing Director and co-founder of Fortman Cline Capital Markets Limited since 2007. Dr.Cheng served as the former President/CEO of Amalgamated Investment Bancorporation from 2003 and 2008 and former Vice President of Investment Banking at J.P. Morgan from 1993 to 2001. Dr. Cheng obtained his doctorate in Philosophy from University of Leeds, England in 1991.</p> <p>2. <b>Atty. Victoria R. Tamayao</b> – is an Independent Director of MM from 2020 to present. She is the Senior and Managing Partner of Tamayao &amp; Associates, Attorneys-at-Law from 2006 to present and is the Chairman and President of Glory Facilities and Development Inc. from 2019 to present. She obtained her Bachelor of Laws and Bachelors of Science in Business Economics degrees from the University of the Philippines, Diliman.</p>
---	-------------------------	---	--

1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	<b>COMPLIANT</b>	Provide link/reference to a document containing information that directors are not constrained to vote independently.	No shareholders agreement with independent directors.
<b>Recommendation 5.3</b>			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2020).	<b>COMPLIANT</b>	Provide information or link/reference to a document showing the years IDs have served as such.	The Independent Directors are:  a) Mr. Gary P. Cheng who served as such for two (2) years; and  (b) Atty. Victoria R. Tamayao who served as such for two (2) years.
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	<b>COMPLIANT</b>	Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director	The current set of independent directors served for two (2) years.
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	<b>COMPLIANT</b>	Provide reference to the meritorious justification and proof of shareholders' approval during the annual shareholders' meeting.	No independent director has served for more than nine (9) years.
<b>Recommendation 5.4</b>			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	<b>NON - COMPLIANT</b>	Identify the company's Chairman of the Board and Chief Executive Officer	The Chairman of the Board and Chief Executive Officer is Edgar J. Sia II.
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	<b>NON - COMPLIANT</b>	Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer.  Identify the relationship of Chairman and CEO.	

Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	NON-COMPLIANT	Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any.  Indicate if Chairman is independent.	The company has yet to establish the Corporate Governance Committee and has yet to incorporate its Code of Governance regarding this policy.
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation	NON-COMPLIANT	Provide proof of abstention, if this was the case	The company currently does not have a policy in the Code of Corporate Governance requiring directors with
abstain from taking part in the deliberations on the transaction.			material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	NON-COMPLIANT	Provide proof and details of said meeting, if any.  Provide information on the frequency and attendees of meetings.	The <b>Code of Corporate Governance</b> provides: Audit Committee meet with the external auditor and the head of the Corporation's internal audit to discuss interim and annual financial statements of the Corporation at least twice a year to discuss the audit plan and audit results.  The company has yet to incorporate its Code of Governance regarding this policy.
2. The meetings are chaired by the lead independent director.	COMPLIANT		
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	COMPLIANT	Provide proof of self-assessments conducted for the whole board, the	The Code of Corporate Governance of MerryMart Consumer Corp.

2. The Chairman conducts a self-assessment of his performance.	<b>COMPLIANT</b>	individual members, the Chairman and the Committees	<p>provides that:</p> <p><b>Assessing Board Performance</b></p> <p>The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.</p> <p><b>A. Board Evaluation</b></p> <p>(i) The Board should conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. Every three years, the assessment should be supported by an external facilitator.</p> <p>(ii) The Board should have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system should allow for a feedback mechanism from the shareholders.</p>
3. The individual members conduct a self-assessment of their performance.	<b>COMPLIANT</b>		
4. Each committee conducts a self-assessment of its performance.	<b>COMPLIANT</b>		
5. Every three years, the assessments are supported by an external facilitator.	<b>COMPLIANT</b>	Identify the external facilitator and provide proof of use of an external facilitator.	
<b>Recommendation 6.2</b>			

1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	<b>COMPLIANT</b>	Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides that:</p> <p><b>Assessing Board Performance</b></p> <p>The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.</p> <p><b>A. Board Evaluation</b></p> <p>(i) The Board should conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. Every three years, the assessment should be supported by an external facilitator.</p> <p>(ii) The Board should have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system should allow for a feedback mechanism from the shareholders.</p>
2. The system allows for a feedback mechanism from the shareholders.	<b>COMPLIANT</b>		
<b>Principle 7:</b> Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			

1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.		Provide information on or link/reference to the company's Code of Business Conduct and Ethics.	
2. The Code is properly disseminated to the Board, senior management and employees.	<b>COMPLIANT</b>	Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees.	
3. The Code is disclosed and made available to the public through the company website.	<b>COMPLIANT</b>	Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/ disclosed.	



**Supplement to Recommendation 7.1**

1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.		Provide information on or link/reference to a document containing information on the company's policy and procedure on curbing and penalizing bribery	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides:</p> <p><b><u>DISQUALIFICATION OF DIRECTORS</u></b></p> <p>Permanent Disqualification</p> <p>The following shall be grounds for the permanent disqualification of a director:</p> <p>xxx                      xxx</p> <p>(iii) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;."</p>
--	--	---	--

**Recommendation 7.2**

1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	<b>COMPLIANT</b>	<p>Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.</p> <p>Indicate who are required to comply with</p>	<p>The company's Code of Ethics is firmly ensconced in the company. Publication of policies internally and externally holds the directors and personnel accountable to the Code.</p>
---	------------------	---	--

2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	<b>COMPLIANT</b>	the Code of Business Conduct and Ethics and any findings on non-compliance.	Everyone affiliated with the company is required to comply with the Code.
---	------------------	---	---

### Disclosure and Transparency

**Principle 8:** The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

#### Recommendation 8.1

1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	<b>COMPLIANT</b>	Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides:</p> <p><b><u>"DISCLOSURE AND TRANSPARENCY</u></b></p> <p><b>VIII. Enhancing Company Disclosure Policies and Procedures</b></p> <p>The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.</p>
--	------------------	--	--

			<p>(i) The Board should establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.</p> <p>(ii) The Company should have a policy requiring all directors and officers to disclose/report to the company any dealings in the company's shares within three business days.</p> <p>The Board should fully disclose all relevant and material information on individual board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p> <p>(iv) The company should provide a clear disclosure of its policies and procedure for setting Board and executive remuneration, as well as the level and mix of the same in the Annual Corporate Governance Report. Also, companies should disclose the remuneration on an individual basis, including termination and retirement provisions.</p>
--	--	--	--

--	--	--	--

			<p>(v) The company should disclose its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance. The material or significant RPTs reviewed and approved during the year should be disclosed in its Annual Corporate Governance Report.</p> <p>(vi) The company should make a full, fair, accurate and timely disclosure to the public of every material fact or event that occurs, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders. Moreover, the Board of the offeree company should appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.</p> <p>(vii) The company's corporate governance policies, programs and procedures should be contained in its Manual on Corporate Governance, which should be submitted to the regulators and posted on the company's website."</p> <p>Please see disclosures on the website.</p>
--	--	--	---

			<a href="http://www.merrymart.com.ph">www.merrymart.com.ph</a>
1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.	<b>COMPLIANT</b>	Indicate the number of days within which the consolidated and interim reports were published, distributed or made available from the end of the fiscal year and end of the reporting period, respectively.	The consolidated financial statements of MerryMart Consumer Corp. are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period, as required by the SEC.
2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	<b>COMPLIANT</b>	Provide link or reference to the company's annual report where the following are disclosed: <ol style="list-style-type: none"> <li>1. principal risks to minority shareholders associated with the identity of the company's controlling shareholders;</li> <li>2. cross-holdings among company affiliates; and</li> <li>3. any imbalances between the controlling shareholders' voting power and overall equity position in the company.</li> </ol>	MerryMart Consumer Corp.'s Annual Report shall be published in the website which will be submitted on its first year with this report. The link prepared is as follow under Company Disclosures.  <a href="http://www.merrymart.com.ph">www.merrymart.com.ph</a>
<b>Recommendation 8.2</b>			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	<b>COMPLIANT</b>	Provide information on or link/reference to the company's policy requiring directors and officers to disclose their dealings in the company's share.	The Code of Corporate Governance of MerryMart Consumer Corp., provides:

<p>2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.</p>	<p><b>COMPLIANT</b></p>	<p>Indicate actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction.</p>	<p><b><u>"DISCLOSURE AND TRANSPARENCY</u></b></p> <p><b>VIII. Enhancing Company Disclosure Policies and Procedures</b></p> <p>The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations</p> <p>(ii) The Company should have a policy requiring all directors and officers to disclose/report to the company any dealings in the company's shares within three business days."</p>
<p><b>Supplement to Recommendation 8.2</b></p>			
<p>1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).</p>	<p><b>COMPLIANT</b></p>	<p>Provide information on or link/reference to the shareholdings of directors, management and top 100 shareholders.</p> <p>Provide link or reference to the company's Conglomerate Map.</p>	<p>The monthly reports, the Top 100 shareholders, any purchase or shareholdings of the Directors and officers are indicated in the Public Ownership report and Form 23 filed at the PSE and/or SEC as required.</p> <p><a href="https://www.merrymart.com.ph/consumer-corp">https://www.merrymart.com.ph/consumer-corp</a></p>
<p><b>Recommendation 8.3</b></p>			

1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.	This is provided currently in the Prospectus of the company.  <a href="https://www.merrymart.com.ph/company-disclosures-prospectus">https://www.merrymart.com.ph/company-disclosures-prospectus</a>
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	Provide link or reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.	
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	COMPLIANT	Disclose or provide link/reference to the company policy and practice for setting board remuneration	The Code of Corporate Governance of MerryMart Consumer Corp., provides:  <b><u>REMUNERATION OF DIRECTORS AND OFFICERS</u></b>  The levels of remuneration of MM should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance. MM may establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual directors and
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	COMPLIANT	Disclose or provide link/reference to the company policy and practice for determining executive remuneration	



			<p>officers depending on the particular needs of the corporation. No director should participate in deciding on his remuneration.</p> <p>MM's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its directors and top four (4) management officers during the preceding fiscal year.</p> <p>To protect the funds of MM, the Commission may, in exceptional cases, e.g., when a corporation is under receivership or rehabilitation, regulate the payment of the compensation, allowances, fees and fringe benefits to its directors and officers.</p>
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	<b>COMPLIANT</b>	Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.	The remuneration of the Directors is shown on the Annual Report to be submitted with this Report.
<b>Recommendation 8.5</b>			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	<b>COMPLIANT</b>	<p>Disclose or provide reference/link to company's RPT policies</p> <p>Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction.</p>	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides:</p> <p><b><u>"DISCLOSURE AND TRANSPARENCY</u></b></p>

		<p><b>VIII. Enhancing Company Disclosure Policies and Procedures</b></p> <p>The company should disclose its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance. The material or significant RPTs reviewed and approved during the year should be disclosed in its Annual Corporate Governance Report."</p>
--	--	---

<p>2. Company discloses material or significant RPTs reviewed and approved during the year.</p>	<p><b>COMPLIANT</b></p>	<p>Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs:</p> <ol style="list-style-type: none"> <li>1. name of the related counterparty;</li> <li>2. relationship with the party;</li> <li>3. transaction date;</li> <li>4. type/nature of transaction;</li> <li>5. amount or contract price;</li> <li>6. terms of the transaction;</li> <li>7. rationale for entering into the transaction;</li> <li>8. the required approval (i.e., names of the board of directors approving, names and percentage of shareholders who approved) based on the company's policy; and</li> <li>9. other terms and conditions</li> </ol>	<p>The Financial Statement also has a discussion on Related Party Transactions.</p>
---	-------------------------	---	---

Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	<b>COMPLIANT</b>	Indicate where and when directors disclose their interests in transactions or any other conflict of interests.	Directors disclose their interest on a particular transaction to prevent conflict of interest.
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.		Provide link or reference where this is disclosed, if any	
Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	<b>COMPLIANT</b>	Provide link or reference where this is disclosed	Any remuneration of the Directors is shown on the Annual Report to be submitted with this Report.
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	<b>COMPLIANT</b>	Identify independent party appointed to evaluate the fairness of the transaction price  Disclose the rules and procedures for evaluating the fairness of the transaction price, if any.	The company is aware of market values of properties acquired through third party agents and different property appraisers to ensure fairness of the transaction.
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	<b>COMPLIANT</b>	Provide link or reference where these are disclosed.	The company has no investment and shareholders agreement for disclosure.
Recommendation 8.7			

1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	<b>COMPLIANT</b>	Provide link to the company's website where the Manual on Corporate Governance is posted.	<a href="https://www.merrymart.com.ph/corporate-governance?section=manual-on-corporate-governance-24">https://www.merrymart.com.ph/corporate-governance?section=manual-on-corporate-governance-24</a>
2. Company's MCG is submitted to the SEC and PSE.	<b>COMPLIANT</b>		

3. Company's MCG is posted on its company website.	<b>COMPLIANT</b>		
--	------------------	--	--

#### Supplement to Recommendation 8.7

1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	<b>COMPLIANT</b>	Provide proof of submission.	The Company submitted the Code of Corporate Governance on January 24, 2020. There is no update yet on the Code.
---	------------------	------------------------------	---

#### Optional: Principle 8

1. Does the company's Annual Report disclose the following information:	<b>COMPLIANT</b>	Provide link or reference to the company's Annual Report containing the said information.	The Annual Report submitted with this Report discloses the information indicated including the Risk factors and will be provided under the company disclosures on the website.
a. Corporate Objectives	<b>COMPLIANT</b>		
b. Financial performance indicators	<b>COMPLIANT</b>		
c. Non-financial performance indicators	<b>COMPLIANT</b>		
d. Dividend Policy	<b>COMPLIANT</b>		
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	<b>COMPLIANT</b>		

f. Attendance details of each director in all directors meetings held during the year	<b>COMPLIANT</b>		
g. Total remuneration of each member of the board of directors	<b>COMPLIANT</b>		
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	<b>COMPLIANT</b>	Provide link or reference to where this is contained in the Annual Report	
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	<b>COMPLIANT</b>	Provide link or reference to where this is contained in the Annual Report	
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	<b>COMPLIANT</b>	Provide link or reference to where this is contained in the Annual Report	
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	<b>COMPLIANT</b>	Provide link or reference to where these are contained in the Annual Report	

**Principle 9:** The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

#### **Recommendation 9.1**

1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	<b>COMPLIANT</b>	Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor.	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides:</p> <p><b><u>INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT FRAMEWORK</u></b></p> <p><b>IX. Strengthening the External Auditor's Independence and Improving Audit Quality</b></p> <p>The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.</p> <p>“(A) External Auditor</p>
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	<b>COMPLIANT</b>	Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor.	

		<p>The Audit Committee should have a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditor. The appointment, reappointment, removal, and fees of the external auditor should be recommended by the Audit Committee, approved by the Board and ratified by the shareholders. For removal of the external auditor, the reasons for removal or change should be disclosed to the regulators and the public through the company website and required disclosures.</p> <p>The Audit Committee Charter should include the Audit Committee's responsibility on assessing the integrity and independence of external auditors and exercising effective oversight to review and monitor the</p>
--	--	--



			<p>external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. The Charter should also contain the Audit Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p> <p>The company should disclose the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest. The Audit Committee should be alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity."</p>
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	<b>COMPLIANT</b>	Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor.	The same external auditor is retained prior to and in the first year from listing.
<b>Supplement to Recommendation 9.1</b>			
1. Company has a policy of rotating the lead audit partner every five years.	<b>COMPLIANT</b>	Provide information on or link/reference to a document containing the policy of rotating the lead audit partner every five years.	The lead auditor of the company which audited the financial statements of the company changed last 2014 and it is still the current lead auditor of the company.
<b>Recommendation 9.2</b>			

<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> <li>i. assessing the integrity and independence of external auditors;</li> <li>ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and</li> <li>iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</li> </ul>	<b>COMPLIANT</b>	Provide link/reference to the company's Audit Committee Charter	<p>The <b>Code of Corporate Governance</b> Of MerryMart Consumer Corp. provides that:</p> <p>"The Audit Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit Committee should be an independent director. The committee shall have the following functions:</p> <ul style="list-style-type: none"> <li>a. Recommends the approval the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;</li> <li>b. Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in</li> </ul>
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	<b>COMPLIANT</b>	Provide link/reference to the company's Audit Committee Charter	

			<p>place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;</p> <p>c. Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;</p> <p>d. Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee;</p> <p>e. Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;</p> <p>f. Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to</p>
--	--	--	---

			<p>secure proper coverage and minimize duplication of efforts;</p> <p>g. Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report;</p> <p>h. Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:</p> <ul style="list-style-type: none"> <li>• Any change/s in accounting policies and practices</li> <li>• Areas where a significant amount of judgment has been exercised</li> <li>• Significant adjustments resulting from the audit</li> <li>• Going concern assumptions</li> <li>• Compliance with accounting standards</li> </ul>
--	--	--	---

			<ul style="list-style-type: none"> <li>• Compliance with tax, legal and regulatory requirements</li> </ul> <p>i. Reviews the disposition of the recommendations in the External Auditor's management letter;</p> <p>j. Performs oversight functions over the corporation's Internal and External Auditors. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;</p> <p>k. Coordinates, monitors and facilitates compliance with laws, rules and regulations;</p> <p>l. Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders."</p> <p>The Audit Committee meets with the Board without the presence of the CEO and periodically meets with the</p>

			head of the internal audit.
Supplement to Recommendations 9.2			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and	COMPLIANT	Provide link/reference to the company's Audit Committee Charter	The <b>Code of Corporate Governance</b> of MerryMart Consumer Corp. provides that:

valuations of such transactions.

**(ii) The Audit Committee**

The Audit Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit Committee should be an independent director. The committee shall have the following functions:

c. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal, and other risks of the Corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities;

d. Recommends the approval the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;

k. Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data and information technology security, and (d) ensure compliance with applicable laws and regulations;

l. Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services

m. Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee



n. Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;

o. Review the annual internal audit plan to ensure its conformity with the objectives of the Corporation. The plan shall include the audit scope, resources, and budget necessary to implement it;

p. Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;

q. Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate

			<p>Governance Report;</p> <p>r. Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:</p> <ul style="list-style-type: none"><li>• Any change/s in accounting policies and practices</li><li>• Areas where a significant amount of judgment has been exercised</li><li>• Significant adjustments resulting from the audit</li><li>• Going concern assumptions</li></ul> <p>Compliance with accounting standards</p>
--	--	--	---

<p>2. Audit Committee ensures that the external auditor has adequate quality control procedures.</p>	<p><b>COMPLIANT</b></p>	<p>Provide link/reference to the company's Audit Committee Charter</p>	<p>The <b>Code of Corporate Governance</b> of MerryMart Consumer Corp. provides that:</p> <p>“The Audit Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit</p>
--	-------------------------	--	---

		<p>and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;</p> <p>c. Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;</p> <p>d. Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee;</p> <p>e. Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;</p> <p>f. Prior to the commencement of the</p>
--	--	--

			audit, discusses with the External
--	--	--	------------------------------------

		<ul style="list-style-type: none"><li>• Going concern assumptions</li><li>• Compliance with accounting standards</li><li>• Compliance with tax, legal and regulatory requirements</li></ul> <p>k. Reviews the disposition of the recommendations in the External Auditor's management letter;</p> <p>l. Performs oversight functions over the corporation's Internal and External Auditors, including the review of reports submitted by them. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;</p> <p>o. Coordinates, monitors and facilitates compliance with laws, rules and regulations;</p> <p>p. Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner</p>
--	--	---

		<p>by which the financial statements should be prepared and presented to the stockholders.</p> <p>The Audit Committee meets with the Board without the presence of the CEO and periodically meets with the head of the internal audit.</p> <ul style="list-style-type: none"><li>• <a href="https://merrymart.com.ph/audit-charter.pdf">https://merrymart.com.ph/audit- charter.pdf</a></li></ul>
--	--	---

Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	<b>COMPLIANT</b>	Disclose the nature of non-audit services performed by the external auditor, if any.	There are no non-audit services performed by the external auditor.
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	<b>COMPLIANT</b>	Provide link or reference to guidelines or policies on non-audit services	<p>The <b>Code of Corporate Governance</b> Of MerryMart Consumer Corp. provides that the Audit Committee:</p> <p>“Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report.”</p>
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	<b>COMPLIANT</b>	Provide information on audit and non-audit fees paid.	The Audit Fees and Audit Related Fees of the External Auditor outweigh the all other fees.

#### Additional Recommendation to Principle 9



1. Company's external auditor is duly accredited by the SEC under Group A category.	<b>COMPLIANT</b>	<p>Provide information on company's external auditor, such as:</p> <ol style="list-style-type: none"> <li>1. Name of the audit engagement partner;</li> <li>2. Accreditation number;</li> <li>3. Date Accredited;</li> <li>4. Expiry date of accreditation; and</li> <li>5. Name, address, contact number of the audit firm.</li> </ol>	<p>The company's external auditor is:</p> <ol style="list-style-type: none"> <li>1. Darwin P. Virocel of R.G. Manabat &amp; Co. (KPMG);</li> <li>2. With Accreditation no. of 08-001987-031-2022</li> <li>3. Date Accredited: 2022</li> <li>4. Expiry Date of Accreditation: valid until June 27, 2025</li> <li>5. Name of Audit Firm: R.G. Manabat &amp; Co., Address: The KPMG Center, 6787 Ayala Ave, Makati Contact Number: (02) 885 7000</li> </ol>
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	<b>COMPLIANT</b>	<p>Provide information on the following:</p> <ol style="list-style-type: none"> <li>1. Date it was subjected to SOAR inspection, if subjected;</li> <li>2. Name of the Audit firm; and</li> <li>3. Members of the engagement team inspected by the SEC.</li> </ol>	<p>Since R.G. Manabat &amp; Co., audits listed companies it is subject to the SEC's SOAR inspection. However, it has yet to receive notification from the SEC for this matter.</p>

**Principle 10:** The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

#### **Recommendation 10.1**

1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	<b>COMPLIANT</b>	Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides that:</p> <p><b>“Increasing Focus on Non-Financial and Sustainability Reporting</b></p> <p>MM ensures that the material and reportable non-financial and sustainability issues are disclosed. The Board should have a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.”</p>
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	<b>COMPLIANT</b>	Provide link to Sustainability Report, if any. Disclose the standards used.	<a href="https://merrymart.com.ph/social-responsibility.pdf">https://merrymart.com.ph/social-responsibility.pdf</a>

**Principle 11:** The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

**Recommendation 11.1**

1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	<b>COMPLIANT</b>	Disclose and identify the communication channels used by the company (i.e., website, Analyst's briefing, Media briefings /press conferences, Quarterly reporting, Current reporting, etc.). Provide links, if any.	<a href="https://www.merrymart.com.ph/news">https://www.merrymart.com.ph/news</a>
---	------------------	--	---

Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	COMPLIANT	Provide link to company website	<a href="http://www.merrymart.com.ph">www.merrymart.com.ph</a>  Company disclosures there include: a. Financial Statements b. Press Releases c. Annual Report d. Notices and Minutes of ASM ( currently has a ready link in preparation for the conduct of the ASM). e. Company's Articles of Incorporation
a. Financial statements/reports (latest quarterly)	COMPLIANT		
b. Materials provided in briefings to analysts and media	COMPLIANT		
c. Downloadable annual report	COMPLIANT		
d. Notice of ASM and/or SSM	NON-COMPLIANT		
e. Minutes of ASM and/or SSM	NON-COMPLIANT		
f. Company's Articles of Incorporation and By-Laws	COMPLIANT		
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	COMPLIANT		Pursuant to SEC Memorandum Circular No. 11 Series of 2014 providing for the template for publicly-listed companies' website, MM has complied with such and its website is:  <a href="https://www.merrymart.com.ph/">https://www.merrymart.com.ph/</a>
Internal Control System and Risk Management Framework			
<b>Principle 12:</b> To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			

<p>1. Company has an adequate and effective internal control system in the conduct of its business.</p>	<p><b>COMPLIANT</b></p>	<p>List quality service programs for the internal audit functions.</p> <p>Indicate frequency of review of the internal control system</p>	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides:</p> <p><b>“XII. Strengthening the Internal Control System and Enterprise Risk Management Framework</b></p> <p>A. To ensure the integrity, transparency and proper governance</p>
---	-------------------------	---	---

			<p>in the conduct of its affairs, MM shall have a strong and effective internal control system and enterprise risk management framework. MM shall observe the following:</p> <p>ii. MM shall have in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations. The following are the functions of the internal audit, among others:</p> <p>a. Provides an independent risk-based assurance service to the Board, Audit Committee and Management, focusing on reviewing the effectiveness of the governance and control processes in (1) promoting the right values and ethics, (2) ensuring effective performance management and accounting in the organization, (3) communicating risk and control information, and (4) coordinating the activities and information among the Board, external and internal auditors, and Management;</p> <p>b. Performs regular and special audit as contained in the annual audit plan and/or based on the company's risk assessment;</p>
--	--	--	--

			<p>c. Performs consulting and advisory services related to governance and control as appropriate for the organization;</p> <p>d. Performs compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;</p> <p>e. Reviews, audits and assesses the efficiency and effectiveness of the internal control system of all areas of the company;</p> <p>f. Evaluates operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned;</p> <p>g. Evaluates specific operations at the request of the Board or Management, as appropriate; and</p> <p>h. Monitors and evaluates governance processes."</p> <p>During the course of the company operations, the frequency of the review will be determined for this policy.</p>
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	<b>COMPLIANT</b>	Identify international framework used for Enterprise Risk Management	The Code of Corporate Governance of MerryMart Consumer Corp., provides:

		<p>Provide information or reference to a document containing information on:</p> <ol style="list-style-type: none"><li>1. Company's risk management procedures and processes</li><li>2. Key risks the company is currently facing</li><li>3. How the company manages the key risks</li></ol> <p>Indicate frequency of review of the enterprise risk management framework.</p>	<p><b>C. Enterprise Management System</b></p> <p>MM shall establish a separate, effective enterprise risk management function to identify, assess and monitor key risk exposures. The risk management function involves the following activities, among others:</p> <ol style="list-style-type: none"><li>a. Defining a risk management strategy;</li><li>b. Identifying and analyzing key risk exposures relating to economic, environmental, social and governance (EESG) factors and the achievement of the organization's strategic objectives;</li><li>c. Evaluating and categorizing each identified risk using the</li></ol>
--	--	---	---

			<p>Company's predefined risk categories and parameters;</p> <p>d. Establishing a risk register with clearly defined, prioritized and residual risks;</p> <p>e. Developing a risk mitigation plan for the most important risks to the Company, as defined by the risk management strategy;</p> <p>f. Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Board Risk Oversight Committee; and</p> <p>g. Monitoring and evaluating the effectiveness of the organization's risk management processes.</p>
<b>Supplement to Recommendations 12.1</b>			
<p>1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.</p>	<b>COMPLIANT</b>	<p>Provide information on or link/ reference to a document containing the company's compliance program covering compliance with laws and relevant regulations.</p> <p>Indicate frequency of review.</p>	<p>The company is complying with the SEC Rules on all the requirements to be submitted by a publicly-listed corporation (e.g. submission of the Annual Corporate Governance Report).</p>



<b>Optional: Recommendation 12.1</b>			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.	<b>COMPLIANT</b>	Provide information on IT governance process	<p>The company has an IT governance process providing that for any disruption, there is an immediate troubleshoot to the company's servers/systems as well as assist and inform the users. For disaster recovery, the IT department of the company has a daily back-up using Net backup and a High Availability Disaster Recovery (HADR) which is located at PLDT E-Vitro in Pasig to avoid any data loss. For the company email, Equicom is a third-party service provider for troubleshooting and data security for all the emails.</p> <p>For any cyber-related issues there are web protection and security application to every computer issued by the company to restrict and avoid any malicious websites.</p>
<b>Recommendation 12.2</b>			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	<b>COMPLIANT</b>	Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm.	The internal audit is in-house.
<b>Recommendation 12.3</b>			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	<b>COMPLIANT</b>	Identify the company's Chief Audit Executive (CAE) and provide information	The Chief Audit Executive is Ms. Alona Gison. Her responsibility is to monitor

		on or reference to a document containing his/her responsibilities.	and evaluate the adequacy of effectiveness of the company's internal control system, integrity of financial reporting, and security of physical and information assets.
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	<b>COMPLIANT</b>		
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	<b>COMPLIANT</b>	Identify qualified independent executive or senior management personnel, if applicable.	The qualified independent executive is Ms. Alona Gison.
<b>Recommendation 12.4</b>			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	<b>COMPLIANT</b>	Provide information on company's risk management function.	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides:</p> <p><b>"Enterprise Management System</b></p> <p>MM shall establish a separate, effective enterprise risk management function to identify, assess and monitor key risk exposures. The risk management function involves the following activities, among others:</p> <ul style="list-style-type: none"> <li>a. Defining a risk management strategy;</li> <li>b. Identifying and analyzing key risk exposures relating to economic, environmental,</li> </ul>

			<p>social and governance (EESG) factors and the achievement of the organization's strategic objectives;</p> <p>c. Evaluating and categorizing each identified risk using the Company's predefined risk categories and parameters;</p> <p>d. Establishing a risk register with clearly defined, prioritized and residual risks;</p> <p>e. Developing, a risk mitigation plan for the most important risks to the Company, as defined by the risk management strategy;</p> <p>f. Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Board Risk Oversight Committee; and</p> <p>g. Monitoring and evaluating the effectiveness of the organization's risk management processes. "</p>
<b>Supplement to Recommendation 12.4</b>			
1. Company seeks external technical support in risk management when such competence is not available internally.	<b>COMPLIANT</b>	Identify source of external technical support, if any.	The company seeks external technical support such as the Traffic Impact Assessment Study and Asian Appraisal should the project requires it.
<b>Recommendation 12.5</b>			

1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	NON - COMPLIANT	Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.	Currently, the Company has not designated a Chief Risk Officer. However, the Company's Code of Corporate Governance provides that the Company shall have a Risk Officer-in-Charge who is the ultimate champion of Enterprise Risk Management (ERM) and has adequate authority, stature, resources and support to fulfill his/her responsibilities, subject to company's size, risk profile and complexity of operations.
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	NON - COMPLIANT		
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	NON - COMPLIANT	Provide link to CEO and CAE's attestation	In this I-ACGR, the CEO AND CAE assure that there is a sound internal audit, control and compliance system that is in place and working effectively.
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	COMPLIANT	Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed.	The Code of Corporate Governance of MerryMart Consumer Corp., provides:  "Promoting Shareholder Rights

			<p>MM shall treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.</p> <p>(i) It shall be the duty of the Board to promote shareholder rights, remove impediments to the exercise of shareholder rights and allow possibilities to seek redress for violation of their rights. The Board shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. The Board shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The Board shall pave the way for electronic filing and distribution of shareholder information necessary to make informed decisions, subject to legal constraints.</p> <p>(ii) In addition to the sending of notices, open communications shall be maintained with stockholders to encourage them to personally attend the stockholders' meeting. If they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy. The Board shall encourage active shareholder participation by sending the Notice of Annual and</p>
--	--	--	---

			<p>Special Shareholders' Meeting with sufficient and relevant information at least twenty eight (28) business days before the meeting.</p> <p>(iii) The Board shall encourage active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting shall be available on the Company website within five (5) business days from the end of the meeting.</p> <p>(iv) The Board shall commit to respect the following rights of the stockholders:</p> <ul style="list-style-type: none"> <li>a. Voting Rights</li> <li>b. Pre-emptive Right</li> <li>c. Right of Inspection</li> <li>d. Right to Information</li> <li>e. Right to Dividend</li> <li>f. Appraisal Right</li> </ul> <p>(v) It is the responsibility of the Board of Directors to establish an alternative dispute resolution system to settle intra-corporate disputes in an amicable and effective manner. As such, the Board of Directors normally engages the services of a neutral third party to assist in the resolution of issues</p>
--	--	--	---

		<p>between MM and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as MM and the circumstances sees fit. Consideration is given to the need to promote candor through confidentiality of the process, the policy of fostering prompt, economical, and amicable resolution of disputes in accordance with the principles of integrity of determination by the parties, and the policy that the decision-making authority in the process rests with the parties.</p> <p>(vi) MM shall establish an Investor Relations Office (IRO) to facilitate constant engagement with its shareholders. The IRO shall be present at every shareholders' meeting.</p> <p><b><u>DUTIES TO STAKEHOLDERS</u></b></p> <p><b>IV. Respecting Rights of Stakeholders and Effective Address for Violation of Stakeholder's Rights</b></p> <p>The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders'</p>
--	--	---

			<p>rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.</p> <p>(i) The Board should identify the company's various stakeholders and promote cooperation between them and the company in creating wealth, growth and sustainability.</p> <p>(ii) The Board should establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p> <p>(iii) The Board should adopt a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights."</p>
2. Board ensures that basic shareholder rights are disclosed on the company's website.	<b>COMPLIANT</b>	Provide link to company's website	<a href="https://www.merrymart.com.ph/investor-relations?section=investor-relations-program-31">https://www.merrymart.com.ph/investor-relations?section=investor-relations-program-31</a>
<b>Supplement to Recommendation 13.1</b>			
1. Company's common share has one vote for one share.	<b>COMPLIANT</b>		The Company's common share has one (1) vote for one share.
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	<b>COMPLIANT</b>	Provide information on all classes of shares, including their voting rights if any.	There is only one (1) class of shares, enjoying the same voting rights.



3. Board has an effective, secure, and efficient voting system.	<b>NON-COMPLIANT</b>	Provide link to voting procedure. Indicate if voting is by poll or show of hands.	The Board voting system is by poll but the provided on the website once the ASM will be conducted by the Company for this year.
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	<b>NON - COMPLIANT</b>	Provide information on shareholder voting mechanisms such as supermajority or "majority of minority", if any.	There is no voting mechanism that requires "supermajority" or "Majority of minority".
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	<b>COMPLIANT</b>	Provide information on how this was allowed by board (i.e., minutes of meeting, board resolution)	Shareholders meeting, for any purpose or purposes, may be called by any of the following: (a) Board of Directors, at its own instance, or by (b) President.
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	<b>COMPLIANT</b>	Provide information or link/reference to the policies on treatment of minority shareholders	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides:</p> <p style="text-align: center;"><b>Promoting Shareholder Rights</b></p> <p>"MM shall treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights."</p>
7. Company has a transparent and specific dividend policy.	<b>COMPLIANT</b>	<p>Provide information on or link/reference to the company's dividend Policy.</p> <p>Indicate if company declared dividends. If yes, indicate the number of days within which the dividends were paid after declaration. In case the company has offered scrip-dividends, indicate if the</p>	<a href="https://merrymart.com.ph/upload/dividend-policy.pdf">https://merrymart.com.ph/upload/dividend-policy.pdf</a>

		company paid the dividends within 60 days from declaration	
<b>Optional: Recommendation 13.1</b>			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	<b>COMPLIANT</b>	Identify the independent party that counted/validated the votes at the ASM, if any.	
<b>Recommendation 13.2</b>			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	<b>COMPLIANT</b>	<p>Indicate the number of days before the annual stockholders' meeting or special stockholders' meeting when the notice and agenda were sent out</p> <p>Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting.</p> <p>Provide link to the Agenda included in the company's Information Statement (SEC Form 20-IS)</p>	The Code of Corporate Governance of MerryMart Consumer Corp provides twenty-eight (28) days.
<b>Supplemental to Recommendation 13.2</b>			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:	<b>COMPLIANT</b>	Provide link or reference to the company's notice of Annual Shareholders' Meeting	The information mentioned in the recommendation will be included in the Notice of the ASM.
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	<b>COMPLIANT</b>		
b. Auditors seeking appointment/re-appointment	<b>COMPLIANT</b>		

c. Proxy documents	COMPLIANT		
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	COMPLIANT	Provide link or reference to the rationale for the agenda items	The Company Disclosures on the website has a ready link for the upload of the minutes for the conduct of the ASM 2023. <a href="https://merrymart.com.ph/company/disclosures/asm2023">https://merrymart.com.ph/company/disclosures/asm2023</a>
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	COMPLIANT	Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.	The Company Disclosures on the website has a ready link for the upload of the minutes to contain the information.  <a href="https://merrymart.com.ph/company/disclosures/asm2023">https://merrymart.com.ph/company/disclosures/asm2023</a>
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	COMPLIANT	Provide link to minutes of meeting in the company website.  Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes.  Indicate also if the voting on resolutions was by poll.  Include whether there was opportunity to ask question and the answers given, if any	
Supplement to Recommendation 13.3			

1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	<b>COMPLIANT</b>	Indicate if the external auditor and other relevant individuals were present during the ASM and/or special meeting	Yes. The external auditor and other relevant individuals were present during the ASM.
<b>Recommendation 13.4</b>			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	<b>COMPLIANT</b>	Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes	<p>The <b>Code of Corporate Governance</b> of MerryMart Consumer Corp., provides:</p> <p><b>General Responsibility</b></p> <p>"Establish and maintain an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities."</p> <p><b>Promoting Shareholder Rights</b></p> <p>"It is the responsibility of the Board of Directors to establish an alternative dispute resolution system to settle intra-corporate disputes in an amicable and effective manner. As such, the Board of Directors normally engages the services of a neutral third party to assist in the resolution of issues between MM and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any</p>
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	<b>COMPLIANT</b>	Provide link/reference to where it is found in the Manual on Corporate Governance	

			combination thereof, as MM and the circumstances sees fit. Consideration is given to the need to promote candor through confidentiality of the process, the policy of fostering prompt, economical, and amicable resolution of disputes in accordance with the principles of integrity of determination by the parties, and the policy that the decision-making authority in the process rests with the parties."
<b>Recommendation 13.5</b>			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	<b>COMPLIANT</b>	Disclose the contact details of the officer/office responsible for investor relations, such as: 1. Name of the person 2. Telephone number 3. Fax number 4. E-mail address	1. Marriana H. Yulo 2.+632 8743 1111 3. +632 8743 1111 4. mhy@merrymart.com.ph
2. IRO is present at every shareholder's meeting.	<b>COMPLIANT</b>	Indicate if the IRO was present during the ASM.	Yes, the IRO was present during the ASM.
<b>Supplemental Recommendations to Principle 13</b>			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	<b>COMPLIANT</b>	Provide information on how anti-takeover measures or similar devices were avoided by the board, if any.	The anti-takeover measures or similar devices were avoided by allowing stockholders to participate and exercise their voting rights and their right to be voted upon, as well as increase their shareholdings.
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	<b>NON-COMPLIANT</b>	Indicate the company's public PTR.	20.79% (as of December 31, 2023)
<b>Optional: Principle 13</b>			

1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting		Disclose or provide link/reference to policies and practices to encourage shareholders' participation beyond ASM	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.		Disclose the process and procedure for secure electronic voting in absentia, if any.	

#### Duties to Stakeholders

**Principle 14:** The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

#### Recommendation 14.1

1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	<b>COMPLIANT</b>	Identify the company's shareholder and provide information or reference to a document containing information on the company's policies and programs for its stakeholders.	<p>The <b>Code of Corporate Governance</b> of MerryMart Consumer Corp., provides:</p> <p><b>Promoting Shareholder Rights</b></p> <p>"MM shall treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.</p> <p>(i) It shall be the duty of the Board to promote shareholder rights, remove impediments to the exercise of shareholder rights and allow possibilities to seek redress for violation of their rights. The Board shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. The Board shall be instrumental in removing excessive costs</p>
---	------------------	---	--

		<p>and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The Board shall pave the way for electronic filing and distribution of shareholder information necessary to make informed decisions, subject to legal constraints.</p> <p>(ii) In addition to the sending of notices, open communications shall be maintained with stockholders to encourage them to personally attend the stockholders' meeting. If they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy. The Board shall encourage active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least twenty eight (28) business days before the meeting.</p> <p>(iii) The Board shall encourage active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting shall be available on the Company website within five (5) business days from the end of the meeting.</p> <p>(iv) The Board shall commit to respect the following rights of the stockholders:</p>
--	--	---

			<p>a. Voting Rights  b. Pre-emptive Right  c. Right of Inspection  d. Right to Information  e. Right to Dividend  f. Appraisal Right</p> <p>(v) It is the responsibility of the Board of Directors to establish an alternative dispute resolution system to settle intra-corporate disputes in an amicable and effective manner. As such, the Board of Directors normally engages the services of a neutral third party to assist in the resolution of issues between MM and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as MM and the circumstances sees fit. Consideration is given to the need to promote candor through confidentiality of the process, the policy of fostering prompt, economical, and amicable resolution of disputes in accordance with the principles of integrity of determination by the parties, and the policy that the decision-making authority in the process rests with the parties.</p> <p>(vi) shall establish an Investor Relations Office (IRO) to facilitate constant engagement with its shareholders. The IRO shall be present at every shareholders' meeting.</p>
--	--	--	---



			<p><b>DUTIES TO STAKEHOLDERS</b></p> <p><b>Respecting Rights of Stakeholders and Effective Redress for Violation of Stakeholder's Rights</b></p> <p>"The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.</p> <p>(i) The Board should identify the company's various stakeholders and promote cooperation between them and the company in creating wealth, growth and sustainability.</p> <p>(ii) The Board should establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p> <p>(iii) The Board should adopt a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights."</p>
Recommendation 14.2			

<p>1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p>	<p><b>COMPLIANT</b></p>	<p>Identify policies and programs for the protection and fair treatment of company's stakeholders</p>	<p>The <b>Code of Corporate Governance</b> of MerryMart Consumer Corp. provides:</p> <p><b>Promoting Shareholder Rights</b></p> <p>“MM shall treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.</p> <p>(i) It shall be the duty of the Board to promote shareholder rights, remove impediments to the exercise of shareholder rights and allow possibilities to seek redress for violation of their rights. The Board shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. The Board shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The Board shall pave the way for electronic filing and distribution of shareholder information necessary to make informed decisions, subject to legal constraints.</p> <p>(ii) In addition to the sending of notices, open communications shall be maintained with stockholders to encourage them to personally attend the stockholders' meeting. If they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy. The Board shall</p>
--	-------------------------	---	---

		<p>encourage active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least twenty eight (28) business days before the meeting.</p> <p>(iii) The Board shall encourage active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting shall be available on the Company website within five (5) business days from the end of the meeting.</p> <p>(iv) The Board shall commit to respect the following rights of the stockholders:</p> <ul style="list-style-type: none"> <li>a. Voting Rights</li> <li>b. Pre-emptive Right</li> <li>c. Right of Inspection</li> <li>d. Right to Information</li> <li>e. Right to Dividend</li> <li>f. Appraisal Right</li> </ul> <p>(v) It is the responsibility of the Board of Directors to establish an alternative dispute resolution system to settle intra-corporate disputes in an amicable and effective manner. As such, the Board of Directors normally engages the services of a neutral</p>
--	--	--

			third party to assist in the resolution of issues
--	--	--	---

		<p>between MM and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as MM and the circumstances sees fit. Consideration is given to the need to promote candor through confidentiality of the process, the policy of fostering prompt, economical, and amicable resolution of disputes in accordance with the principles of integrity of determination by the parties, and the policy that the decision-making authority in the process rests with the parties.</p> <p>(vi) MM shall establish an Investor Relations Office (IRO) to facilitate constant engagement with its shareholders. The IRO shall be present at every shareholders' meeting."</p> <p><b>DUTIES TO STAKEHOLDERS</b></p> <p><b>Respecting Rights of Stakeholders and Effective Redress for Violation of Stakeholder's Rights</b></p> <p>The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of</p>
--	--	--

			<p>their rights.</p> <p>(i) The Board should identify the company's various stakeholders and promote cooperation between them and the company in creating wealth, growth and sustainability.</p> <p>(ii) The Board should establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p> <p>(iii) The Board should adopt a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights."</p>
--	--	--	--

Recommendation 14.3			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	<b>COMPLIANT</b>	<p>Provide the contact details (i.e., name of contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights.</p> <p>Provide information on whistleblowing policy, practices and procedures for stakeholders</p>	<p>The Investor Relations Department with contact number +632 8743 1111</p> <p>The policy on Whistle-blowing adopted is published on the website, as follows:</p> <p><a href="https://merrymart.com.ph/whistleblowing-policy.pdf">https://merrymart.com.ph/whistleblowing-policy.pdf</a></p>

### Supplement to Recommendation 14.3

1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	<b>COMPLIANT</b>	Provide information on the alternative dispute resolution system established by the company.	<p>The <b>Code of Corporate Governance</b> of MerryMart Consumer Corp., provides that:</p> <p>"It is the responsibility of the Board of Directors to establish an alternative dispute resolution system to settle intra-corporate disputes in an amicable and effective manner. As such, the Board of Directors normally engages the services of a neutral third party to assist in the resolution of issues between MM and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as MM and the circumstances sees fit. Consideration is given to the need to promote candor through confidentiality of the process, the policy of fostering prompt, economical, and amicable resolution of disputes in accordance with the principles of integrity of determination by the parties, and the policy that the decision-making authority in the process rests with the parties."</p>
--	------------------	--	--

### Additional Recommendations to Principle 14

1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	<b>COMPLIANT</b>	Disclose any requests for exemption by the company and the reason for the request.	
2. Company respects intellectual property rights.	<b>COMPLIANT</b>	Provide specific instances, if any.	
<b>Optional: Principle 14</b>			
1. Company discloses its policies and practices that address customers' welfare	<b>COMPLIANT</b>	Identify policies, programs and practices that address customers' welfare or provide link/reference to a document containing the same.	Concerns of customers can be conveyed to the company through its Customer Care.
2. Company discloses its policies and practices that address supplier/contractor selection procedures	<b>COMPLIANT</b>	Identify policies, programs and practices that address supplier/contractor selection procedures or provide link/reference to a document containing the same.	The company has adopted a policy on the accreditation and selection of suppliers and contractors through bidding.
<b>Principle 15:</b> A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
<b>Recommendation 15.1</b>			



<p>1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.</p>	<p><b>COMPLIANT</b></p>	<p>Provide information on or link/reference to company policies, programs and procedures that encourage employee participation.</p>	<p>The <b>Code of Corporate Governance</b> of provides:</p> <p><b>Encouraging Employees' Participation</b></p> <p>"A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.</p> <p>(i) The Board should establish policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.</p> <p>(ii) The Board should set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct. Further, the Board should disseminate the policy and program to employees across the organization through trainings to embed them in the company's culture.</p> <p>(iii) The Board should establish a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns. The</p>
---	-------------------------	---	--

			Board should be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement."
<b>Supplement to Recommendation 15.1</b>			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	<b>NON-COMPLIANT</b>	Disclose if company has in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders.	.
2. Company has policies and practices on health, safety and welfare of its employees.	<b>COMPLIANT</b>	Disclose and provide information on policies and practices on health, safety and welfare of employees. Include statistics and data, if any.	<a href="https://merrymart.com.ph/Health&amp;Safety.pdf">https://merrymart.com.ph/Health&amp;Safety.pdf</a>
3. Company has policies and practices on training and development of its employees.	<b>COMPLIANT</b>	Disclose and provide information on policies and practices on training and development of employees. Include information on any training conducted or attended.	The company facilitates training and Development of employees through update of skills and knowledge.  <a href="https://merrymart.com.ph/safety-training.pdf">https://merrymart.com.ph/safety-training.pdf</a>
<b>Recommendation 15.2</b>			

1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	<b>COMPLIANT</b>	Identify or provide link/reference to the company's policies, programs and practices on anti-corruption	<p>The <b>Code of Corporate Governance</b> of MerryMart Consumer Corp., provides:</p> <p><b>Encouraging Employees' Participation</b></p> <p>"The Board should set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct. Further, the Board should disseminate the policy and program to employees across the organization through trainings to embed them in the company's culture."</p>
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	<b>COMPLIANT</b>	Identify how the board disseminated the policy and program to employees across the organization	The initial policy against receipt of gifts for third parties and the need to surrender of any Christmas gifts to the Human Resources was disseminated through the organization through electronic mail.
<b>Supplement to Recommendation 15.2</b>			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	<b>COMPLIANT</b>	Identify or provide link/reference to the company policy and procedures on penalizing employees involved in corrupt practices. Include any finding of violations of the company policy.	<p>The Code of Business Ethics provides on receiving gifts from third parties that:</p> <p>"Every employee must perform his duties in accordance with the highest ethical and professional standards of the Company with diligence of a good father of a family. Further, receipt of gifts from third parties must at all times be dealt with in a prudent manner."</p> <p><a href="https://merrymart.com.ph/code-of-ethics.pdf">https://merrymart.com.ph/code-of-ethics.pdf</a></p>
<b>Recommendation 15.3</b>			

1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	<b>COMPLIANT</b>	<p>Disclose or provide link/reference to the company whistle-blowing policy and procedure for employees.</p> <p>Indicate if the framework includes procedures to protect the employees from retaliation.</p> <p>Provide contact details to report any illegal or unethical behavior.</p>	<p>Section 5 of the Whistle-Blowing Policy provides that:</p> <p>“PROTECTION OF AND REMEDIES OF A WHISTLE-BLOWER</p> <p>5.1 For this policy to be effective, the concerned parties must be adequately assured that the information given will be treated in a confidential manner and, above all, that they will be protected against retaliation from within or without the Company. The Company will maintain as confidential the whistle-blower's identity unless: xxxx</p> <p>5.2 Retaliation against any whistleblower shall not be permitted.”</p> <p>Section 2 , on Purpose of the Policy, provides:</p> <p>“ xxxx The other aims if this Policy are:</p> <p>a) To provide an avenue for raising concerns related to corruption, fraud and other misconduct.”</p> <p>Further, in Section 5, the Policy commits to the whistle-blower the help of the President and the Managing Director under certain circumstances:</p> <p>“xxxxx the President or his duly authorized representative, subject to the Company's rules and regulations, shall guarantee the confidentiality of the identity an individual who submits a</p>
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	<b>COMPLIANT</b>		
3. Board supervises and ensures the enforcement of the whistleblowing framework.	<b>COMPLIANT</b>	Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.	

			<p>whistle-blowing complaint or is a witness in an investigation; xxxxx</p> <p>c) Where a party external to the Company reasonably believes he or she is threatened with retaliation because he or she assisted in an investigation or an audit by the Company, the Managing Director, on the recommendation of the President or his duly authorized representative, shall commit the Company to provide reasonable and appropriate assistance to secure that party's protection."</p>
--	--	--	--

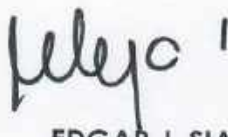
<p><b>Principle 16:</b> The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.</p>			
<p><b>Recommendation 16.1</b></p>			

1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	<b>COMPLIANT</b>	Provide information or reference to a document containing information on the company's community involvement and environment-related programs.	<p>The Code of Corporate Governance</p> <p>"The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.</p> <p>The company should recognize and place an importance on the interdependence between business and society, and promote a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates."</p>
<b>Optional: Principle 16</b>			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	<b>COMPLIANT</b>	Identify or provide link/reference to policies, programs and practices to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development.	<a href="https://merrymart.com.ph/social-responsibility.pdf">https://merrymart.com.ph/social-responsibility.pdf</a>
2. Company exerts effort to interact positively with the communities in which it operates	<b>COMPLIANT</b>	Identify or provide link/reference to policies, programs and practices to	The Company has signed a Corporate Social Responsibility Partnership deal with

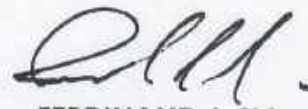
		interact positively with the communities in which it operates.	Jollibee Group Foundation on June 27, 2019 to support its programs, primarily the Farmer Entrepreneurship Program. This program aims to increase the capabilities of smallholder farmers as well as enhance their income by linking them to the supply chain of institutional markets such as Jollibee and MerryMart. All MerryMart supermarkets nationwide will also host the foundation's coin banks for its Busog Lusog Talino school feeding program across the country
--	--	--	---

Pursuant to the requirement of the Securities and Exchange Commission (SEC), this Integrated Annual Corporate Governance Report of the MerryMart Consumer Corp.(Company) is signed by the undersigned in **CITY OF MAKATI** on

22 MAY 2024



EDGAR J. SIA II  
Chairman



FERDINAND J. SIA  
President

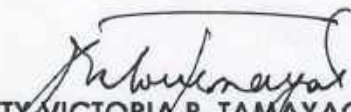


JOSE ROELPH E. DESALES  
Compliance Officer




ATTY. JACQUELINE ANN MARIE O. GOMEZ  
Corporate Secretary




  
ATTY. VICTORIA R. TAMAYAO  
Independent Director

  
GARY P. CHENG  
Independent Director

SUBSCRIBED AND SWORN to before me this  22 MAY 2024, Affiants  
exhibited to me the following competent evidence of Identity, as follows:

Name	Passport/ID	Valid Until	Issued At
EDGAR J. SIA II	P8371489B	Dec. 2, 2031	DFA Manila
FERDINAND J. SIA	P7882199A	July 10, 2028	DFA Manila
JOSE ROELPH E. DESALES	F04-95-027676	April 2, 2024	LTO Manila
JACQUELINE ANN MARIE O. GOMEZ	P6783876A	April 16, 2028	DFA Manila
VICTORIA R. TAMAYAO	P7676941A	June 25, 2028	DFA Manila
GARY P. CHENG	P7178698A	May 15, 2028	DFA Manila

Doc. No. 282  
Page No. 58  
Book No. 14  
Series of 2024

  
ATTY. ROMEO M. MONFORT  
NOTARY PUBLIC CITY OF MAKATI  
UNTIL DECEMBER 31, 2025  
APPOINTMENT NO. M-032 (2024-2025)  
PTR NO. 10073906 JAN. 2, 2024 MAKATI CITY  
IBP NO. 391330-JAN. 3, 2024  
MCLE NO. VII-0027570 ROLL NO. 27932  
SOLO STREET, LEGASPI VILLAGE  
MAKATI CITY

## SUSTAINABILITY REPORT

### Contextual Information

Company Details	
Name of Organization	<b>MerryMart Consumer Corp.</b> (“MM” or the “Company”)
Location of Headquarters	9th Floor, Tower 1, DoubleDragon Plaza, EDSA Extension corner Macapagal Avenue, Pasay City
Location of Operations	Various places around the Philippines (Annex A)
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	MerryMart Grocery Centers, Inc.
Business Model, including Primary Activities, Brands, Products, and Services	MERRYMART is composed of company-owned and franchised retail stores and wholesale/distribution centers. The business model is to shift existing local and traditional groceries to modern branded retail chain network using online digital network and applications, in line with the future developments of the country.
Reporting Period	January 1, 2024- December 31, 2024
Highest Ranking Person responsible for this report	Jose Roelph Desales

*\*If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

## Materiality Process

### Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.<sup>1</sup>

The experience brought in by key executive and managerial personnel of the Company complemented by interaction and close dealings with customers, regulators, suppliers and other stakeholders (collectively “stakeholders”) contributed largely to the determination of the factors which are key to the operations of the Company.

The following steps were undertaken:

- Understanding the Sustainability Context.
- Consultations and Dialogue with Stakeholders.
- Identifying Material Topics.
- Measuring Performance and Defining Management Approaches.

We referred to the UN Sustainable Development Goals as our reference to evaluate our impact to environment, economy, and society is linked to delivering on specific SDG targets.

## ECONOMIC

MERRYMART is committed to the **12-12-12 Vision** 2030 with the goal of rolling out a total of 1,200 MERRYMART branches nationwide. This number and volume will achieve the Php 120 Billion in systemwide sales revenue envisioned, and eyes a timetable to achieve the set targets within 12 years from listing in the year of 2020. MM’s aims and ensures that it will have all the essential goods in one place or just a digital click away to help guarantee this mission and vision.

## Economic Performance

### Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	7,805,172,354.00	PhP
Direct economic value distributed:		
a. Operating costs	951,158,028.00	PhP
b. Employee wages and benefits	328,482,160.00	PhP
c. Payments to suppliers, other operating costs	6,403,358,100.00	Php

d. Dividends given to stockholders and interest payments to loan providers	700,774,896.00	PhP
e. Taxes given to government	202,551,035.00	PhP
f. Investments to community (e.g. donations, CSR)	47,200.00	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>The Company will continue growing its store network.</p> <p>The company will continue to innovate in the distribution centers and online order and system.</p>	<p>Employees, Community, Suppliers, Investors, Creditors, Government</p>	<p>The Company continues to prioritize inclusive growth and building the network to sustainably connect the products to the end-user.</p>

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p>The current risks identified are market competition, weather catastrophes that causes disruption in the chain of delivery of consumer goods and logistical challenges racing along with the e-commerce.</p> <p>MM will continue to increase and improve its flow of goods has a fixed capacity in terms of storage, sale and delivery. The Annual Report contains the discussion of the risks identified during the operations.</p>	Employees, Suppliers, Investors, Government	<p>The MM management will continue to use its advantage of nimble execution to fully respond to the current conditions of the market. It will continue its approach of ably fine-tuning its execution to mitigate any risks and challenges during the operations.</p> <p>The management already prioritizes digital innovations for faster distribution of goods, in response to the needs of the customers especially in the areas with limited movement programs.</p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p>The significant opportunity highlighted by the pandemic experience is the need for a larger and more robust and responsive essential goods service network. The need to focus on better delivery of service was a clear takeaway from the company's experience.</p>	Employees, Suppliers, Investors, the Community and Government	<p>Along with the continuous move towards automation of processes, and online presence. The management will pursue collaborative opportunities with the local government to serve and help the specific needs of each community, and on the precise moment they need it.</p>

### Climate-related risks and opportunities<sup>2</sup>

MM will continue to find opportunities to lessen the negative impact of operations on the climate.

MM is aware that climate-related risks are manifested as natural catastrophes. The Company will align with initiatives to help the general welfare, locally and nationally. The operations team have experienced the effect of several typhoons but have never shut down operations. These challenges provide the team with invaluable scenarios to apply and set the best-practice protocol to future-proof the MM operations.

MM will further study and apply sustainable practices in the course of its operations.

---

<sup>2</sup> Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

## Procurement Practices

### Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	Not yet monitored	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>MM continues to provide fresh capital in this expansion stage by investing in more areas nationwide. It redounds to the benefit and advantage of the localities of its stores and centers.</p> <p>MM continues in its plan to support and expand the development of every locality in which it operates the business.</p>	Suppliers and contractors	The Company's accreditation process requires or supports the proper registration of business entities and yearly reporting (e.g. SEC and DTI Registration, BIR registration, Business Permits, Audited Financial Statements). The local pool of suppliers and contractors are tapped for provisions of the sites.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Logistic delays, availability of goods based on demand, and damage to the quality of goods that may occur due to the nature or the items, are risks identified in the distribution of the supplies.	Employees, Suppliers, and Customers.	<p>The Company continues to learn, innovate and set the protocols and standards of its operations through policies and make sure that all stakeholders will be able to comply with it.</p> <p>MM values the best approaches learned through experience and being part of the industry, it uses the industry standards as the guidelines for the Company Policies and Conduct within its organization and highlighted during the relevant orientation of the stakeholders.</p>

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p>New channels for business such as better and more sustainable materials for packaging to ensure uniform standard of goods, service and delivery.</p> <p>Better synergy with the suppliers and customers with the use of technology and the online network for faster, consistent, uniform and efficient routine transactions.</p>	Employees, Suppliers, and Customer.	The Company monitors and checks the system of sourcing and collaboration with the providers regularly. This will ensure competitive edge in the industry.

## Anti-corruption

### Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	N/A	%
Percentage of employees that have received anti-corruption training	100	%

MM's has a strict policy against corruption.

This policy is likewise discussed in every orientation for new employees and annual employee general assembly.

The company will continue to review the policies aimed to prevent and deter corruption.

- Conflict of Interest
- Conduct of Business and Fair Dealings
- Prohibition on Solicitation/Receipt of Gifts from Third Parties
- Compliance with Laws and Regulations
- Respect for Trade Secrets/Use of Non-public Information
- Protection of Data Privacy
- Use of Company Funds and Assets
- Employment and Labor Laws and Policies
- Whistleblowing
- Related Party Transactions



What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
MM knows the impact and effects of Corruption is inconsistent with its priorities and vision. Unfair practices will be implemented once corruption is in the system, Corrupt practices will erode the goals set to achieve the common vision of the Company.	Employees, Suppliers, Government Regulators	<p>The Company has the above policies to keep employees and other stakeholders aware of the proper actions in transactions and dealings. These policies are either posted in the Company's website and incorporated in various contracts entered by the Company.</p> <p>The Company ensures to keep the implementation of anti-corrupt practices consistent from top to bottom of the company and give it the proper importance, educating all the stakeholders to be mindful in everyday dealings.</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Stakeholders will only lookout for themselves and their immediate concern. The net benefit to the company and all the stakeholders will be diminished and delay the growth potential of the company.	Employees, Suppliers, Investors	The Company ensures the standards set in the Policies are always given importance by the employees, and suppliers. Programs are continuously being developed to keep everyone educated of the proper way in doing transactions to avoid corrupt practices.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
No significant opportunities identified.		

#### Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#



<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
There was no case of corruption within or against the Company in the reporting year.	Employees, Suppliers and Government	The Company continues as practice, introduces the Anti-corruption policies to all the stakeholders, especially the employees. Then the internal controls and monitoring put in place in the daily transactions strengthens it during implementation of tasks and dealings.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The risk will be always present as the Company continually grows, develops and evolves for its needs.	Employees, Suppliers and Government	<p>The Company will always make the Policies a priority during the selection and hiring of new employees, and regularly conduct re-orientation programs.</p> <p>As the Company uses more technologically advanced tools for more efficiency and responsive actions for the needs of the times, the management will ensure that checks and balances will be in place to ensure and comply with the Anti-Corruption Policies.</p>
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company implements and continuously finds ways to advance with technology. There is an opportunity to integrate applications and securities as check and balances for corruption.	Employees, Suppliers and Government.	The Company will allocate enough resources to ensure that the Policies will be given the same advancement through technology.

## ENVIRONMENT

### Resource Management

#### Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	N/ A	GJ
Energy consumption (gasoline)	2,948.78	liters
Energy consumption (LPG)	N/ A	GJ
Energy consumption (diesel)	349,582.33	liters
Energy consumption (electricity)	~5,526,649.76	~Kwh

#### Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	N/ A	liters
Energy reduction (LPG)	N/ A	GJ
Energy reduction (diesel)	-36,508.86	liters
Energy reduction (electricity)	N/ A	kWh

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>It is to be expected that there is a continuous increase in the Company's energy consumption and dependency on the grid because of it is in its fast- growing stage of its business operations.</p> <p>The Company bears in minds and keeps sustainable practices in the use of resources as it continues to build more establishments and sites.</p>	Employees, suppliers and customers	The management explores ways to implement sustainable practices in the operations. It keeps abreast of advancements and best practices for future implementation within the organization.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No identified significant risks yet.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There is a greater push to increase online presence through online stores, online payment and better logistic delivery systems. This would help in the efficient use of energy and resources to deliver the items to the consumers.	Landlords if any, suppliers, and customers.	The Company will continue to align with programs to ensure reduction of energy consumption. In the business operations, sustainable practices will be given priority in the planning and execution of these plans.

#### Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	N/A	Cubic meters
Water consumption	N/A	Cubic meters
Water recycled and reused	N/A	Cubic meters

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<p>The Company continues and only sources its water supply from compliant water companies and providers. We do not use water from unregulated suppliers exploiting underground water causing water depletion.</p> <p>The Company continues to adhere to safety and pollution controls in the efficient use of its water supply.</p>	Suppliers, customers, employees and community	The management has already put in place and continue the program on water conservation education in areas where water is used in each department. The employees are trained to keep these conservation policies in each location. Each site has the pollution control officers ensure that each location is compliant on the level required by the government
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Water depletion and shortage.	Suppliers, employees, customers, the community and the Company itself.	<p>The Company will prioritize water haulers/suppliers with proper government accreditation and safe practices.</p> <p>The Company will align its contracts and Policies towards mitigating these risks.</p>
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The developments towards use of technology and the digital network will provide an opportunity for less consumption of the water resource.	Suppliers, employees, customers, the community and the Company itself.	The Company may explore avenues to use less and contribute in keep our underground water with enough levels to sustain the future needs.

### Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
• renewable	N/A	kg/liters
• non-renewable	N/A	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	N/A	%

The Company is located in malls with properly government- accredited garbage haulers. And the Company will only contract with haulers who are compliant with government standards.

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
N/A	N/A	N/A
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
N/A	N/A	N/A
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
N/A	N/A	N/A

### Ecosystems and bio

(whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A	
Habitats protected or restored	N/A	ha
IUCN <sup>3</sup> Red List species and national conservation list species with habitats in areas affected by operations	N/A	

---

<sup>3</sup> International Union for Conservation of Nature

None of the Company's operational sites are located within protected areas.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	N/A	N/A

## Environmental impact management

### Air Emissions

#### GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	No available data	Tonnes CO <sub>2</sub> e
Energy indirect (Scope 2) GHG Emissions	No available data	Tonnes CO <sub>2</sub> e
Emissions of ozone-depleting substances (ODS)	N/A	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>The scope 1 GHG emissions are the result of operation of generator sets, which are provided by the malls.</p> <p>The Company's impact is only in places prone to temporary power outage.</p>	Landlords (malls, and other sites), customers and the community.	The Company is participating in trainings and seminars of the Department of Energy and Natural Resources on reduction of emission of Greenhouse Gases. Planning ahead of announced power outage will limit the operations reliance on the power given by the generator sets.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No significant risk identified yet.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
No significant opportunities identified yet.		

#### Air pollutants

Disclosure	Quantity	Units
NO <sub>x</sub>	N/A	kg
SO <sub>x</sub>	N/A	kg
Persistent organic pollutants (POPs)	N/A	kg
Volatile organic compounds (VOCs)	N/A	kg
Hazardous air pollutants (HAPs)	N/A	kg
Particulate matter (PM)	N/A	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company is not yet operating any generator sets causing air pollution. So far the impact of the company is insignificant.	Employees, customers and community.	The Company will comply with the standards set by the government for clean air emissions.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No significant risks identified yet.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
No significant opportunities yet.		

## **Solid and Hazardous Wastes**

### **Solid Waste**

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Total solid waste generated	N/A	kg
Reusable	N/A	kg
Recyclable	N/A	kg
Composted	N/A	kg
Incinerated	N/A	kg
Residuals/Landfilled	N/A	kg

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company observes proper disposition of waste before it is collected by accredited waste disposal contractors. This practice gives the haulers a more efficient way to recycle the waste materials.	Contractors, customers, and the community.	The management will strengthen pollution controls in the business operations. Pollution Control training will be conducted by the officers sent by the company for training with the Department of Environment and Natural Resources.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
No significant risks are identified yet.		



What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
No significant opportunities are identified yet.		

#### Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	N/A	kg
Total weight of hazardous waste transported	N/A	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company knows and observes the proper waste disposal of hazardous materials. It ensures that the collection of these materials will be compliant to the proper process.	Suppliers, customers and community.	The Company ensures that hazardous waste is hauled by a contracted waste disposal contractor duly accredited by the DENR which dispose it in landfills duly identified by the government. .
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No significant risks are identified yet.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
No significant opportunities identified yet.		

## Effluents

Disclosure	Quantity	Units
Total volume of water discharges	N/A	Cubic meters
Percent of wastewater recycled	N/A	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company knows that the proper way of disposal of waste water is through waste water treatment facilities. The Company requires and asks that its landlords which are usually the malls, to make sure it observes waste water treatment.	Community, suppliers , employees and government	The Company ensures that its wastewater treatment facilities comply with the regulatory requirements set by the DENR. It prioritizes the importance of safety of the stakeholders in the community.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No significant risks are identified yet.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
No significant opportunities are identified yet.		

## Environmental compliance

### Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	N/A	#
No. of cases resolved through dispute resolution mechanism	N/A	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The company studies and complies the government standards in the use of the natural resources. The Policies being put in place considers the standards set by the government for compliance of the Company thereby reducing unlawful use of water, and other resources.	Employees, the Company and community.	The Company ensures compliance of environmental laws and standards on all of its sites and units.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No significant risks identified yet.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
No significant opportunities identified yet.		

## SOCIAL

### Employee Management

#### Employee Hiring and Benefits

##### Employee data

Disclosure	Quantity	Units
Total number of employees <sup>4</sup>	400	
a. Number of female employees	225	#
b. Number of male employees	175	#
Attrition rate%	1.55%	Ave Rate
Ratio of lowest paid employee against minimum wage	1:1	

##### Employee benefits

List of Benefits	Y/N	% of employees female who availed for the year	% of male employees who availed for the year
SSS	Y	100%	100%
PhilHealth	Y	100%	100%
Pag-IBIG	Y	100%	100%
Parental leaves	Y	7%	3%
Vacation leaves	Y	100%	100%
Sick leaves	Y	100%	100%

Sustainability Report for 2024

Medical benefits (aside from PhilHealth))	Y	HMO -52%	HMO - %
Housing assistance (aside from Pag-IBIG)	N		
Retirement fund (aside from SSS)	Y		
Further education support	Y		
Company stock options	N		
Telecommuting	Y		
Flexible-working Hours	Y		
(Others) Life Insurance	N		

\*\*\*All employees are covered by mandatory benefits set by law.

MM is fully compliant to mandatory benefits, minimum wage and the labor standards set by law. The Company also provides additional benefits and perks based on industry standards to provide and take care of its employees..

---

<sup>4</sup> Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

<sup>5</sup> Attrition are = (no. of new hires - no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

## Workplace Safety

Company had no incidents resulting to deaths, nor serious injuries involving permanent or probationary employees. The Company will continue to monitor and ensure that work safety standards in place are maintained to keep the safety of employees a priority.

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
<p>The Company provides and or renovates its sites to be a safe environment in each locality, following the prescribed standards of its consultants and the building and accessibility laws.</p> <p>The impact on the over-all surroundings of the employees generate a healthier and safer work environment.</p>	<p>MM provides in addition to the basic employee benefits mandated by law, competitive compensation and benefit package which are higher than the minimum. The Company also provides ample amount of commutable leave credits, health card availment, so that prevention of sickness will be available for the employees and others.</p>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
<p>The safety of employees in the business. The Company still prioritizes the employee's well-being.</p>	<p>MM puts importance in employee welfare. Subsidies for essentials are provided.</p>

What are the Opportunity/ies Identified?	Management Approach
MM will explore more advanced tools to limit the risk exposures in the frontlines.	MM will continuously improve in providing adequate automated facilities and tools for its employees.

#### Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	1,800	hours
b. Male employees	1,400	hours
Average training hours provided to employees		
a. Female employees	8	hours/employee
b. Male employees	8	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
MM is newly-expanding company and knows the need to train and develop employee skills and supporting career development. By providing opportunities for training and development, the Company hopes that the employees will also quickly adapt to new challenges.	<p>The Company, throughout the pandemic continued hiring. The team still provided departmental immersion and safety compliance during training of the new hires.</p> <p>Selected key employees continue to attend certification training such as Basic Occupational Health and Safety Training.</p>

What are the Risk/s Identified?	Management Approach
The need for safety compliance and social distancing has provided challenges for the team in providing relevant experience training and orientation.	Through Management support and priority, the team provides online materials and training seminars for the employees.
What are the Opportunity/ies Identified?	Management Approach
<p>The Company has established training materials and development program that will continue to address the competency requirements of the employees to increase productivity and improve engagement in the workplace.</p> <p>The Company will continue to develop online or materials based training.</p>	The Company has implemented Performance Review process and will continue to provide baseline reference to create learning and development programs.

#### Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
MM management continues its vital role of harmonious labor-management relations. As the Company continues on its growth, the employees are given greater chance to contribute in the company policies and plans through feedbacks and suggestions.	<p>The management implements a consultative and open-door approach to raise concerns and gather feedback from our employees.</p> <p>These concerns whether business or personal related are addressed and given priority during Policy changes..</p>

What are the Risk/s Identified?	Management Approach
No material risks identified yet.	
What are the Opportunity/ies Identified?	Management Approach
No opportunities identified yet.	

#### Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	56	%
% of male workers in the workforce	44	%
Number of employees from indigenous communities and/or vulnerable sector*	2	#

\*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company does not discriminate its employees on the basis of personal characteristics, such as but not limited to, race, sex, religion, gender orientation, political opinion, and others. In fact, the company has more or less an equal number of male and female employees.	<p>The Company promotes equal employment opportunity to applicants, without discrimination on the basis of race, sex, religion, gender orientation, or other personal characteristics.</p> <p>The Company also ensures to comply with Philippine labor laws related to diversity; including policies on discrimination and harassment, and unfair treatment in the workplace.</p>
What are the Risk/s Identified?	Management Approach
No significant risks identified yet.	
What are the Opportunity/ies Identified?	Management Approach
No opportunities identified yet.	



## Workplace Conditions, Labor Standards, and Human Rights

### Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	N/A	Man-hours
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work related ill-health	0	#
No. of safety drills	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p>The Company's designed workplaces follows drawings and designs of consultants to minimize or prevent accidents as well as raise efficiency.</p> <p>Before hiring the employees are physically checked for conditions which may be at risk at work and the annual physical exam is done to keep everyone healthy within the workplace.</p> <p>Because the company allocates resources for proper renovations with workplace safety in mind, the stores in leased premises are identical to company-owned stores. These have passed the standards and inspection of the government agencies.</p>	<p>The Company partners with a Health Maintenance Organization (HMO) and ensures its employees' health and wellness by mandating employees to undergo annual physical examinations. The Company aims to prevent illnesses and/or progress of illnesses.</p> <p>The company supports the training of Safety Officers and First-Aiders and an nurses/doctors, if the number of employees require it, who provide immediate assistance. Moreover, various sites have partnerships with nearby clinics and hospitals. Personnel can assist in taking the employee to a nearby medical facility for treatment.</p> <p>The Company also sends representatives for Basic Occupational Safety &amp; Health Training, as well as first-aid training.</p>
What are the Risk/s Identified?	Management Approach
No risks identified yet.	
What are the Opportunity/ies Identified?	Management Approach
No opportunities identified yet.	

### Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the Company policy
Forced labor	N	While the Company does not have a written policy on these subjects, the Company complies with the provisions of labor laws which prohibits forced labor, child labor and ensures protection of human rights.
Child labor	N	
Human Rights	N	

*For holding companies, the services and products of its subsidiaries may be disclosed.*

## **Relationship with Community**

### **Significant Impacts on Local Communities**

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
No data yet.					

*\*Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available:

### **Not applicable.**

Certificates	Quantity	Units
FPIC process is still undergoing	N/A	#
CP secured	N/A	#

What are the Risk/s Identified?	Management Approach
No significant risks identified yet.	
What are the Opportunity/ies Identified?	Management Approach
MM will support local retail suppliers. It will align with the DTI, for local retailers to have opportunities.	The Company will align with the LGUs and local communities to offer support on programs to strengthen community relationships and bonds.

## **Customer Management**

### **Customer Satisfaction**

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	N/A	N

No survey on customer satisfaction has been conducted by a third party.

### **Health and Safety**

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	N/A	#

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

### **Marketing and labeling**

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labeling	0	#
No. of complaints addressed	0	#

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p>The Company's commitment to compliance with building standards, health and sanitation programs, procedures and facilities ensures that the sites are safe for the customers and employees.</p> <p>The Company ensures that the structures under its management are equipped and safe lessening the over-all risk of accidents in the locality.</p>	<p>The Company endeavors to update itself in the progress of accessible facilities and equipment and other measures for priority persons such as children, senior citizens and the differently-abled persons.</p> <p>The Company participates in fire prevention drills, national disaster coordination and will continue to join the programs of the government in preparation for any disaster.</p>

What are the Risk/s Identified?	Management Approach
<p>Occurrence of situations such as floods, outbreak and pandemic, accidental mishaps and natural disasters cannot be prevented.</p>	<p>The Company will continue to assess, prepare and implement health programs of the government, disaster preparedness and training. The Company will give proper support for the training of the employees.</p>

	Medical and administrative teams at every project will be equipped to handle first aid procedures in case of emergencies, and cooperation with clinics are also on standby for any emergency, and have connections with hospitals near the malls for major emergencies.
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
No Opportunities identified yet.	

#### Customer privacy

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	N/A	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

#### Data Security

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
No. of data breaches, including leaks, thefts and losses of data	0	#

#### Data Privacy and Security

MM collects personal data of its customers, clients and other individuals the Company has transactions depending on the type of information the law requires to support and complete a particular transaction. The data is processed in local servers equipped with access controls and logs through specific and designated computers. MM ensures that it contracts IT and data services only with reputable and credible companies .

## UN SUSTAINABLE DEVELOPMENT GOALS

### Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Essential Goods Supply and Distribution Through Stores  Creation of Online Order and Sustainable Delivery Systems	The Company provides an accessible and safe way to respond to the current needs of the customers. It contributes to a faster, more efficient and safer operation to support an increased economic activity and promote job creation in the areas where our businesses are located.	Use of non-sustainable packaging.	The Company will endeavor to use sustainable packaging and consider best practices towards this goal.
Distribution Centers in Other Localities of the Philippines  Partnerships with Online Distribution Companies	Decentralizing supply centers will help keep more supplies for localities and decongest the ports and roads due to frequent need for stocking and deliveries. It will help empower the localities because of the sufficient supply of goods in the area.	These centers will be large structures had a negative effect with the use on raw materials and smoke emissions during construction.	The Company will explore avenues to throughout its operations to provide positive impact in the locality.

\* None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.

# Annex D1 - MANAGEMENT REPORT

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025

### September 30, 2025 versus September 30, 2024 Results of Operations

#### MERRYMART CONSUMER CORP. AND SUBSIDIARIES

#### UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

For the nine months ended September 30, 2025 and September 30, 2024

	September 30, 2025	September 30, 2024	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2025	2024
<b>REVENUES</b>						
Sale of goods	₱5,209,877,645	₱5,661,086,546	(₱451,208,901)	(8.0%)	97.1%	98.3%
Display rental	17,907,172	17,029,103	878,069	5.2%	0.3%	0.3%
Other operating income	135,855,853	79,714,807	56,141,046	70.4%	2.5%	1.4%
	<b>5,363,640,670</b>	<b>5,757,830,456</b>	<b>(394,189,786)</b>	<b>(6.8%)</b>	<b>100.0%</b>	<b>100.0%</b>
<b>COST OF SALES</b>	<b>4,337,900,966</b>	<b>4,813,932,602</b>	<b>(476,031,636)</b>	<b>(9.9%)</b>	<b>80.9%</b>	<b>83.6%</b>
<b>GROSS PROFIT</b>	<b>1,025,739,704</b>	<b>943,897,854</b>	<b>81,841,850</b>	<b>8.7%</b>	<b>19.1%</b>	<b>16.4%</b>
<b>OPERATING EXPENSES</b>	<b>970,394,323</b>	<b>890,313,083</b>	<b>80,081,240</b>	<b>9.0%</b>	<b>18.1%</b>	<b>15.5%</b>
<b>INCOME FROM OPERATIONS</b>	<b>55,345,381</b>	<b>53,584,771</b>	<b>1,760,610</b>	<b>3.3%</b>	<b>1.0%</b>	<b>0.9%</b>
INTEREST EXPENSE	(27,670,959)	(26,856,531)	(814,428)	3.0%	(0.5%)	(0.5%)
INTEREST INCOME	1,214,971	741,846	473,125	63.8%	0.0%	0.0%
<b>INCOME BEFORE TAX</b>	<b>28,889,393</b>	<b>27,470,086</b>	<b>1,419,307</b>	<b>5.2%</b>	<b>0.5%</b>	<b>0.5%</b>
<b>INCOME TAX EXPENSE</b>	<b>7,600,775</b>	<b>6,789,648</b>	<b>811,127</b>	<b>11.9%</b>	<b>0.1%</b>	<b>0.1%</b>
<b>NET INCOME</b>	<b>₱21,288,618</b>	<b>₱20,680,438</b>	<b>₱608,180</b>	<b>2.9%</b>	<b>0.4%</b>	<b>0.4%</b>
NET INCOME TO PARENT	16,219,163	7,826,216	8,392,947	107.2%	0.3%	0.1%
NCI NET INCOME	5,069,455	12,854,222	(7,784,767)	(60.6%)	0.1%	0.2%
<b>NET INCOME/ TOTAL COMPREHENSIVE INCOME</b>	<b>₱21,288,618</b>	<b>₱20,680,438</b>	<b>₱608,180</b>	<b>2.9%</b>	<b>0.4%</b>	<b>0.4%</b>

### Nine months Ended September 30, 2025 compared to Nine months Ended September 30, 2024

For the nine months ended September 30, 2025, the Group's consolidated gross profit amounted to ₱1,025.7 million, an 8.7% increase from ₱943.9 million in nine months of 2024, driven by higher margin and other operating income.

For the nine months ended September 30, 2025, the Group earned a consolidated revenue of ₱5,363.6 million compared to ₱5,757.8 million in the same period in 2024 mainly due to decrease in sale of goods for the period as in preparation for its expansion the company have made systems and branch upgrade.

For the nine months ended September 30, 2025, sale of goods contributes 97.1% of the total revenue.

Other operating income for the nine months ended September 30, 2025 amounted to ₱135.86 million, compared to ₱79.71 million for the nine months ended September 30, 2024, the increase was mainly due to higher trade supports and rebates from suppliers and other income.

For the nine months ended September 30, 2025, the Group's cost of sale is ₱4,337.9 million, compared to ₱4,813.9 million for the nine months ended September 30, 2024, which is in line with the movement in the sale of goods.

Operating expenses increased by ₱80.1 million or 9.0% from the ₱890.3 million in the nine months ended September 30, 2024 to ₱970.4 million in the nine months ended September 30, 2025. The additional operating expenses are mainly attributable to the increase in rental expense from branches, depreciation and salaries.

Interest expense amounted to ₱27.7 million for the nine months ended September 30, 2025. Interest expense mainly pertains to the accounting adjustment for the adoption of PFRS 16.

Increase in interest income of ₱0.5 million or 63.8% was primarily from higher interest income from cash deposits and short-term placements.

Income tax expense for the first nine months of 2025 amounted to ₱7.6 million, an increase of 11.9% from first nine months of 2024 mainly due to higher taxable income.

For the nine months ended September 30, 2025, the Group earned a consolidated net income of ₱21.3 million, an increase of 2.9% from ₱20.7 million in nine months ended September 30, 2024. The increase is mainly from higher operating income for the period.



# MERRYMART CONSUMER CORP. AND SUBSIDIARIES

## UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

For the quarter ended September 30, 2025 and September 30, 2024

			Horizontal Analysis		Vertical Analysis	
	September 30, 2025	September 30, 2024	Increase (Decrease)		2025	2024
<b>REVENUES</b>						
Sale of goods	₱1,735,339,364	₱1,917,848,374	(₱182,509,010)	(9.5%)	95.4%	98.3%
Display rental	7,279,020	7,352,192	(73,172)	(1.0%)	0.4%	0.4%
Other operating income	76,305,333	25,597,394	50,707,939	198.1%	4.2%	1.3%
	<b>1,818,923,717</b>	<b>1,950,797,960</b>	<b>(131,874,243)</b>	<b>(6.8%)</b>	<b>100.0%</b>	<b>100.0%</b>
<b>COST OF SALES</b>	1,446,363,718	1,629,664,899	(183,301,181)	(11.2%)	79.5%	83.5%
<b>GROSS PROFIT</b>	<b>372,559,999</b>	<b>321,133,061</b>	<b>51,426,938</b>	<b>16.0%</b>	<b>20.5%</b>	<b>16.5%</b>
<b>OPERATING EXPENSES</b>	373,130,886	307,174,555	65,956,331	21.5%	20.5%	15.7%
<b>INCOME FROM OPERATIONS</b>	<b>(570,887)</b>	<b>13,958,506</b>	<b>(14,529,393)</b>	<b>(104.1%)</b>	<b>(0.0%)</b>	<b>0.7%</b>
INTEREST EXPENSE	(8,916,005)	(8,035,963)	(880,042)	11.0%	(0.5%)	(0.4%)
INTEREST INCOME	376,405	192,818	183,587	95.2%	0.0%	0.0%
<b>INCOME BEFORE TAX</b>	<b>(9,110,487)</b>	<b>6,115,361</b>	<b>(15,225,848)</b>	<b>(249.0%)</b>	<b>(0.5%)</b>	<b>0.3%</b>
<b>INCOME TAX EXPENSE (BENEFIT)</b>	<b>(13,741,395)</b>	<b>1,508,936</b>	<b>(15,250,331)</b>	<b>(1010.7%)</b>	<b>(0.8%)</b>	<b>0.1%</b>
<b>NET INCOME</b>	<b>₱4,630,908</b>	<b>₱4,606,425</b>	<b>₱24,483</b>	<b>0.5%</b>	<b>0.3%</b>	<b>0.2%</b>
<b>NET INCOME (LOSS) TO PARENT</b>	2,991,300	5,172,509	(2,181,209)	(42.2%)	0.2%	0.3%
<b>NCI NET INCOME (LOSS)</b>	1,639,608	(566,084)	2,205,692	(389.6%)	0.1%	(0.0%)
<b>NET INCOME/ TOTAL COMPREHENSIVE INCOME</b>	<b>₱4,630,908</b>	<b>₱4,606,425</b>	<b>₱24,483</b>	<b>0.5%</b>	<b>0.3%</b>	<b>0.2%</b>
<b>NET INCOME TO PARENT</b>	2,991,300	5,172,509	(2,181,209)	(42.2%)	0.2%	0.3%
<b>NCI NET INCOME (LOSS)</b>	1,639,608	(566,084)	2,205,692	(389.6%)	0.1%	(0.0%)
<b>NET COMPREHENSIVE INCOME</b>	<b>₱4,630,908</b>	<b>₱4,606,425</b>	<b>₱24,483</b>	<b>0.5%</b>	<b>0.3%</b>	<b>0.2%</b>

### Quarter Ended September 30, 2025 compared to Quarter Ended September 30, 2024

For the quarter ended September 30, 2025, the Group's consolidated gross profit amounted to ₱372.6 million, a 16.0% increase from ₱321.1 million in third quarter of 2024, driven by higher operating profit and other operating income.

For the quarter ended September 30, 2025, the Group earned a consolidated revenue of ₱1,818.9 million, and ₱1,950.8 million in the same period in 2024, mainly due to decrease in sale of goods for the period as in preparation for its expansion the company have made systems and branch upgrade.

For the quarter ended September 30, 2025, sale of goods contributes 95.4% of the total revenue.

Other operating income for the quarter ended September 30, 2025 amounted to ₱76.31 million, compared to ₱25.60 million for the same quarter in 2024, the increase was mainly due to higher trade supports and rebates from suppliers and other income.

For the quarter ended September 30, 2025, the Group's cost of sale is ₱1,446.4 million, compared to ₱1,629.7 million for the quarter ended September 30, 2024, which is in line with the movement in the sales of goods.

Operating expenses increased by ₱66.0 million or 21.5% from the ₱307.2 million in the quarter ended September 30, 2024 to ₱373.1 million in the quarter ended September 30, 2025. The additional operating expenses are mainly attributable to the increase in rental expense, depreciation and salaries.

The increase in interest expense of ₱0.9 million or 11.0% from ₱8.0 million in the quarter ended September 30, 2024 to ₱8.9 million in third quarter of 2025 was mainly due to higher interest expense from lease liability for the period.

Increase in interest income of ₱0.2 million or 95.2% primarily from higher interest income from cash deposits and short-term placements.

Income tax benefit for the third quarter of 2025 amounted to ₱13.7 million from ₱1.5 million income tax expense for third quarter of 2024 mainly due to higher deferred tax components for deferred tax assets such as carry over losses.

The Group earned a consolidated net income of ₱4.6 million for the quarter ended September 30, 2025.

### **September 30, 2025 versus December 31, 2024 Statements of Financial Position**

# MERRYMART CONSUMER CORP. AND SUBSIDIARIES

## UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

As at September 30, 2025 and December 31, 2024

	September 30, 2025	December 31, 2024	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2025	2024
ASSETS						
Current Assets						
Cash and cash equivalents	₱1,331,767,404	₱2,436,030,006	(₱1,104,262,602)	(45.3%)	9.2%	16.4%
Receivables	153,836,986	152,319,905	1,517,081	1.0%	1.1%	1.0%
Inventories	3,294,588,540	2,860,665,532	433,923,008	15.2%	22.7%	19.3%
Prepaid expenses and other current assets	802,749,046	731,765,092	70,983,954	9.7%	5.5%	4.9%
Total Current Assets	₱5,582,941,976	₱6,180,780,535	(597,838,559)	(9.7%)	38.4%	41.6%
Noncurrent Assets						
Property and equipment - net	₱5,053,395,931	₱4,707,604,841	₱345,791,090	7.3%	34.8%	31.7%
Right-of-use asset	508,071,224	565,171,478	(57,100,254)	(10.1%)	3.5%	3.8%
Intangible asset	2,848,279,166	2,852,149,469	(3,870,303)	(0.1%)	19.6%	19.2%
Deferred tax asset	155,813,010	134,779,869	21,033,141	15.6%	1.1%	0.9%
Other noncurrent assets	391,613,423	399,426,484	(7,813,061)	(2.0%)	2.7%	2.7%
Total Noncurrent Assets	₱8,957,172,754	₱8,659,132,141	298,040,613	3.4%	61.6%	58.4%
	₱14,540,114,730	₱14,839,912,676	(₱299,797,946)	(2.0%)	100.0%	100.0%
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and other current liabilities	₱1,671,017,199	₱1,766,000,132	(₱94,982,933)	(5.4%)	11.5%	11.9%
Short-term loans payable	3,796,000,000	3,286,000,000	510,000,000	15.5%	26.1%	22.1%
Total Current Liabilities	₱5,467,017,199	₱5,052,000,132	415,017,067	8.2%	37.6%	34.0%
Noncurrent Liabilities						
Retirement liability	₱49,469,457	₱48,056,089	1,413,368	2.9%	0.3%	0.3%
Lease liability	479,016,664	512,992,555	(33,975,891)	(6.6%)	3.3%	3.5%
Long-term loans payable	4,126,005,722	4,816,034,937	(690,029,215)	(14.3%)	28.4%	32.5%
Other noncurrent liabilities	2,580,000	16,091,893	(13,511,893)	(84.0%)	0.0%	0.1%
Total Noncurrent Liabilities	₱4,657,071,843	₱5,393,175,474	(736,103,631)	(13.6%)	32.0%	36.3%
Total Liabilities	₱10,124,089,042	₱10,445,175,606	(321,086,564)	(3.1%)	69.6%	70.4%
Equity						
Capital stock	₱379,746,835	₱379,746,835	-	0.0%	2.6%	2.6%
Additional paid-in capital	1,386,292,253	1,386,292,253	-	0.0%	9.5%	9.3%
Retained earnings	1,236,416,324	1,220,197,161	16,219,163	1.3%	8.5%	8.2%
Reserve on defined benefit plan	(253,586)	(253,586)	-	0.0%	(0.0%)	(0.0%)
Non Controlling Interest	1,413,823,862	1,408,754,407	5,069,455	0.4%	9.7%	9.5%
Total Equity	₱4,416,025,688	₱4,394,737,070	21,288,618	0.5%	30.4%	29.6%
Total Liabilities and Equity	₱14,540,114,730	₱14,839,912,676	(299,797,946)	(2.0%)	100.0%	100.0%

### As of September 30, 2025 vs December 31, 2024

Total assets as at September 30, 2025 stands at ₱14,540.1 million compared to ₱14,839.9 million as at December 31, 2024.

#### Current Assets

As at September 30, 2025 and December 31, 2024, total current assets amounted to ₱5,582.9 million or 38.4% of total assets, and ₱6,180.8 million or 41.6% of total assets, respectively.

Cash and cash equivalents stands at ₱2,436.0 million as at December 31, 2024 to ₱1,331.8 million as at September 30, 2025 primarily due to cash used in operations, and construction of branches.

Receivables accounts for 1.1% of the total assets as at September 30, 2025. It increased by 1.0% from ₱152.3 million as at December 31, 2024 to ₱153.8 million as at September 30, 2025 mainly due to trade receivables from credit card transactions that are settled within 1-3 days from transaction date and receivables from wholesale and corporate customers.

Inventories increased by 15.2% from ₱2,860.7 million as at December 31, 2024 to ₱3,294.6 million as at September 30, 2025 mainly due to additional merchandise inventories and supplies for stores and branches. Inventories accounts for 22.7% of the total assets as of September 30, 2025.

Prepaid expenses and other current assets increased by 9.7% from ₱ 731.8 million as at December 31, 2024 to ₱802.7 million as at September 30, 2025 primarily due to increase in input vat, prepaid expenses and creditable withholding taxes.

### ***Noncurrent Assets***

As at September 30, 2025 and December 31, 2024, total noncurrent assets amounted to ₱8,957.2 million or 61.6% of total assets, and ₱8,659.1 million or 58.4% of total assets, respectively, for an increase of ₱298.0 million or 3.4%.

Property and equipment increased by 7.3% from ₱4,707.6 million as at December 31, 2024 to ₱5,053.4 million as at September 30, 2025 due primarily to the increase in construction in progress and leasehold improvements of stores, as well as acquisition of store equipment.

Right-of-Use is in relation to the adoption of PFRS 16 in 2019. Right-of-Use Assets amounted to ₱508.1 million as at September 30, 2025, which is 3.5% of total assets and ₱565.2 million as at December 31, 2024. The decrease is due to depreciation recognized for the period.

Intangible Assets decreased by ₱3.9 million from ₱2,852.1 million as at December 31, 2024 to ₱2,848.3 million as at September 30, 2025.

Deferred tax assets increased by 15.6% from ₱134.8 million as at December 31, 2024 to ₱155.8 million as at September 30, 2025 due to increase in the deferred tax component of NOLCO from subsidiaries.

Other noncurrent assets mainly pertain to the deposits made by the Group for new lease for its new and upcoming stores. Other noncurrent assets decreased by ₱7.8 million or 2.0% from ₱399.4 million as at December 31, 2024 to ₱391.6 million in September 30, 2025.

### ***Current Liabilities***

As at September 30, 2025 and December 31, 2024, total current liabilities amounted to ₱5,467.0 million or 37.6% of total assets, and ₱5,052.0 million or 34.0% of total assets, respectively, for an increase of ₱415.0 million or 8.2%.

Accounts payable and other current liabilities decreased by 5.4% to ₱1,671.0 million as at September 30, 2025 from ₱1,766.0 million as at December 31, 2024, primarily due to payment of existing obligations with trade suppliers.

Short-term loans payable amounted to ₱3,796.0 million as at September 30, 2025, and ₱3,286.0 million as at December 31, 2024. The increase is due to additional short term loans availed and reclassification of current portion of long term loan during the period.

### ***Noncurrent Liabilities***

As at September 30, 2025 and December 31, 2024, total noncurrent liabilities amounted to ₱4,657.1 million or 32.0% of total assets, and ₱5,393.2 million or 36.3% of total assets, respectively, for a decrease of ₱736.1 million or 13.6%.

Retirement benefits liability increased by ₱1.4 million or 2.9% from ₱48.1 million as at December 31, 2024 to ₱49.5 million as at September 30, 2025.

Long-term loans payable amounted to ₱4,126.0 million on September 30, 2025 and ₱4,816.0 million on December 31, 2024. The decrease was due to reclassification to current portion of long term loans during the period.

Lease liability pertains to the contractual lease liability recognized by the MM Group for its stores and office space in relation to the PFRS 16 adoption amounting to ₱479.0 million as at September 30, 2025, a decrease of ₱34.0 million or 6.6% from ₱513.0 million as at December 31, 2024 due to reclassification to current lease liabilities.

Other noncurrent liabilities amounted to ₱2.6 million as at September 30, 2025 and ₱16.1 million on December 31, 2024. The decrease is due to payment of retention payables.

### ***Equity***

As at September 30, 2025 and December 31, 2024, total equity amounted to ₱4,416.0 million or 30.4% of total assets, and ₱4,394.7 million or 29.6% of total assets, respectively, for an increase of ₱21.3 million or 0.5%. The increase in equity is due to the net income for the period.

## Key Performance Indicators of the Company

	<b>Unaudited September 30, 2025</b>	<b>Audited December 31, 2024</b>
Current Ratio	1.02	1.22
Asset to Equity	3.29	3.38
Debt to Equity Ratio	1.79	1.84
Acid Test Ratio	0.27	0.51

	<b>Unaudited period ending September 30, 2025</b>	<b>Unaudited period ending September 30, 2024</b>
Return on Equity	0.55%	0.27%
Net Income to Revenue	0.30%	0.14%
Net Income Growth	2.94%	178.84%
Solvency Ratio	0.032	0.033

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

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

8. Solvency Ratio  $\frac{\text{Net Income} + \text{Depreciation and Amortization}}{\text{Total Liabilities}}$

### **Liquidity & Capital Resources**

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

### **Material Events and Uncertainties**

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

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

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

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

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

MM Group also has no unconsolidated subsidiaries.

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

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

## **ANNEX D-2**

### **UNAUDITED INTERIM FINANCIAL STATEMENTS as of SEPTEMBER 30, 2025**



# MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025

## September 30, 2025 versus September 30, 2024 Results of Operations

### MERRYMART CONSUMER CORP. AND SUBSIDIARIES

#### UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

For the nine months ended September 30, 2025 and September 30, 2024

			Horizontal Analysis		Vertical Analysis	
	September 30, 2025	September 30, 2024	Increase (Decrease)		2025	2024
<b>REVENUES</b>						
Sale of goods	₱5,209,877,645	₱5,661,086,546	(₱451,208,901)	(8.0%)	97.1%	98.3%
Display rental	17,907,172	17,029,103	878,069	5.2%	0.3%	0.3%
Other operating income	135,855,853	79,714,807	56,141,046	70.4%	2.5%	1.4%
	<b>5,363,640,670</b>	<b>5,757,830,456</b>	<b>(394,189,786)</b>	<b>(6.8%)</b>	<b>100.0%</b>	<b>100.0%</b>
<b>COST OF SALES</b>	<b>4,337,900,966</b>	<b>4,813,932,602</b>	<b>(476,031,636)</b>	<b>(9.9%)</b>	<b>80.9%</b>	<b>83.6%</b>
<b>GROSS PROFIT</b>	<b>1,025,739,704</b>	<b>943,897,854</b>	<b>81,841,850</b>	<b>8.7%</b>	<b>19.1%</b>	<b>16.4%</b>
<b>OPERATING EXPENSES</b>	<b>970,394,323</b>	<b>890,313,083</b>	<b>80,081,240</b>	<b>9.0%</b>	<b>18.1%</b>	<b>15.5%</b>
<b>INCOME FROM OPERATIONS</b>	<b>55,345,381</b>	<b>53,584,771</b>	<b>1,760,610</b>	<b>3.3%</b>	<b>1.0%</b>	<b>0.9%</b>
INTEREST EXPENSE	(27,670,959)	(26,856,531)	(814,428)	3.0%	(0.5%)	(0.5%)
INTEREST INCOME	1,214,971	741,846	473,125	63.8%	0.0%	0.0%
<b>INCOME BEFORE TAX</b>	<b>28,889,393</b>	<b>27,470,086</b>	<b>1,419,307</b>	<b>5.2%</b>	<b>0.5%</b>	<b>0.5%</b>
<b>INCOME TAX EXPENSE</b>	<b>7,600,775</b>	<b>6,789,648</b>	<b>811,127</b>	<b>11.9%</b>	<b>0.1%</b>	<b>0.1%</b>
<b>NET INCOME</b>	<b>₱21,288,618</b>	<b>₱20,680,438</b>	<b>₱608,180</b>	<b>2.9%</b>	<b>0.4%</b>	<b>0.4%</b>
<b>NET INCOME TO PARENT</b>	<b>16,219,163</b>	<b>7,826,216</b>	<b>8,392,947</b>	<b>107.2%</b>	<b>0.3%</b>	<b>0.1%</b>
<b>NCI NET INCOME</b>	<b>5,069,455</b>	<b>12,854,222</b>	<b>(7,784,767)</b>	<b>(60.6%)</b>	<b>0.1%</b>	<b>0.2%</b>
<b>NET INCOME/ TOTAL COMPREHENSIVE INCOME</b>	<b>₱21,288,618</b>	<b>₱20,680,438</b>	<b>₱608,180</b>	<b>2.9%</b>	<b>0.4%</b>	<b>0.4%</b>

## Nine months Ended September 30, 2025 compared to Nine months Ended September 30, 2024

For the nine months ended September 30, 2025, the Group's consolidated gross profit amounted to ₱1,025.7 million, an 8.7% increase from ₱943.9 million in nine months of 2024, driven by higher margin and other operating income.

For the nine months ended September 30, 2025, the Group earned a consolidated revenue of ₱5,363.6 million compared to ₱5,757.8 million in the same period in 2024 mainly due to decrease in sale of goods for the period as in preparation for its expansion the company have made systems and branch upgrade.

For the nine months ended September 30, 2025, sale of goods contributes 97.1% of the total revenue.

Other operating income for the nine months ended September 30, 2025 amounted to ₱135.86 million, compared to ₱79.71 million for the nine months ended September 30, 2024, the increase was mainly due to higher trade supports and rebates from suppliers and other income.

For the nine months ended September 30, 2025, the Group's cost of sale is ₱4,337.9 million, compared to ₱4,813.9 million for the nine months ended September 30, 2024, which is in line with the movement in the sale of goods.

Operating expenses increased by ₱80.1 million or 9.0% from the ₱890.3 million in the nine months ended September 30, 2024 to ₱970.4 million in the nine months ended September 30, 2025. The additional operating expenses are mainly attributable to the increase in rental expense from branches, depreciation and salaries.

Interest expense amounted to ₱27.7 million for the nine months ended September 30, 2025. Interest expense mainly pertains to the accounting adjustment for the adoption of PFRS 16.

Increase in interest income of ₱0.5 million or 63.8% was primarily from higher interest income from cash deposits and short-term placements.

Income tax expense for the first nine months of 2025 amounted to ₱7.6 million, an increase of 11.9% from first nine months of 2024 mainly due to higher taxable income.

For the nine months ended September 30, 2025, the Group earned a consolidated net income of ₱21.3 million, an increase of 2.9% from ₱20.7 million in nine months ended September 30, 2024. The increase is mainly from higher operating income for the period.

**MERRYMART CONSUMER CORP. AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME**  
For the quarter ended September 30, 2025 and September 30, 2024

	September 30, 2025	September 30, 2024	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2025	2024
<b>REVENUES</b>						
Sale of goods	₱1,735,339,364	₱1,917,848,374	(₱182,509,010)	(9.5%)	95.4%	98.3%
Display rental	7,279,020	7,352,192	(73,172)	(1.0%)	0.4%	0.4%
Other operating income	76,305,333	25,597,394	50,707,939	198.1%	4.2%	1.3%
	<b>1,818,923,717</b>	<b>1,950,797,960</b>	<b>(131,874,243)</b>	<b>(6.8%)</b>	<b>100.0%</b>	<b>100.0%</b>
<b>COST OF SALES</b>	1,446,363,718	1,629,664,899	(183,301,181)	(11.2%)	79.5%	83.5%
<b>GROSS PROFIT</b>	<b>372,559,999</b>	<b>321,133,061</b>	<b>51,426,938</b>	<b>16.0%</b>	<b>20.5%</b>	<b>16.5%</b>
<b>OPERATING EXPENSES</b>	373,130,886	307,174,555	65,956,331	21.5%	20.5%	15.7%
<b>INCOME FROM OPERATIONS</b>	<b>(570,887)</b>	<b>13,958,506</b>	<b>(14,529,393)</b>	<b>(104.1%)</b>	<b>(0.0%)</b>	<b>0.7%</b>
INTEREST EXPENSE	(8,916,005)	(8,035,963)	(880,042)	11.0%	(0.5%)	(0.4%)
INTEREST INCOME	376,405	192,818	183,587	95.2%	0.0%	0.0%
<b>INCOME BEFORE TAX</b>	<b>(9,110,487)</b>	<b>6,115,361</b>	<b>(15,225,848)</b>	<b>(249.0%)</b>	<b>(0.5%)</b>	<b>0.3%</b>
<b>INCOME TAX EXPENSE (BENEFIT)</b>	<b>(13,741,395)</b>	<b>1,508,936</b>	<b>(15,250,331)</b>	<b>(1010.7%)</b>	<b>(0.8%)</b>	<b>0.1%</b>
<b>NET INCOME</b>	<b>₱4,630,908</b>	<b>₱4,606,425</b>	<b>₱24,483</b>	<b>0.5%</b>	<b>0.3%</b>	<b>0.2%</b>
<b>NET INCOME (LOSS) TO PARENT</b>	2,991,300	5,172,509	(2,181,209)	(42.2%)	0.2%	0.3%
<b>NCI NET INCOME (LOSS)</b>	1,639,608	(566,084)	2,205,692	(389.6%)	0.1%	(0.0%)
<b>NET INCOME/ TOTAL COMPREHENSIVE INCOME</b>	<b>₱4,630,908</b>	<b>₱4,606,425</b>	<b>₱24,483</b>	<b>0.5%</b>	<b>0.3%</b>	<b>0.2%</b>
<b>NET INCOME TO PARENT</b>	2,991,300	5,172,509	(2,181,209)	(42.2%)	0.2%	0.3%
<b>NCI NET INCOME (LOSS)</b>	1,639,608	(566,084)	2,205,692	(389.6%)	0.1%	(0.0%)
<b>NET COMPREHENSIVE INCOME</b>	<b>₱4,630,908</b>	<b>₱4,606,425</b>	<b>₱24,483</b>	<b>0.5%</b>	<b>0.3%</b>	<b>0.2%</b>

### **Quarter Ended September 30, 2025 compared to Quarter Ended September 30, 2024**

For the quarter ended September 30, 2025, the Group's consolidated gross profit amounted to ₱372.6 million, a 16.0% increase from ₱321.1 million in third quarter of 2024, driven by higher operating profit and other operating income.

For the quarter ended September 30, 2025, the Group earned a consolidated revenue of ₱1,818.9 million, and ₱1,950.8 million in the same period in 2024, mainly due to decrease in sale of goods for the period as in preparation for its expansion the company have made systems and branch upgrade.

For the quarter ended September 30, 2025, sale of goods contributes 95.4% of the total revenue.

Other operating income for the quarter ended September 30, 2025 amounted to ₱76.31 million, compared to ₱25.60 million for the same quarter in 2024, the increase was mainly due to higher trade supports and rebates from suppliers and other income.

For the quarter ended September 30, 2025, the Group's cost of sale is ₱1,446.4 million, compared to ₱1,629.7 million for the quarter ended September 30, 2024, which is in line with the movement in the sales of goods.

Operating expenses increased by ₱66.0 million or 21.5% from the ₱307.2 million in the quarter ended September 30, 2024 to ₱373.1 million in the quarter ended September 30, 2025. The additional operating expenses are mainly attributable to the increase in rental expense, depreciation and salaries.

The increase in interest expense of ₱0.9 million or 11.0% from ₱8.0 million in the quarter ended September 30, 2024 to ₱8.9 million in third quarter of 2025 was mainly due to higher interest expense from lease liability for the period.

Increase in interest income of ₱0.2 million or 95.2% primarily from higher interest income from cash deposits and short-term placements.

Income tax benefit for the third quarter of 2025 amounted to ₱13.7 million from ₱1.5 million income tax expense for third quarter of 2024 mainly due to higher deferred tax components for deferred tax assets such as carry over losses.

The Group earned a consolidated net income of ₱4.6 million for the quarter ended September 30, 2025.

## September 30, 2025 versus December 31, 2024 Statements of Financial Position

### MERRYMART CONSUMER CORP. AND SUBSIDIARIES

#### UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

As at September 30, 2025 and December 31, 2024

			Horizontal Analysis		Vertical Analysis	
	September 30, 2025	December 31, 2024	Increase (Decrease)		2025	2024
ASSETS						
Current Assets						
Cash and cash equivalents	₱1,331,767,404	₱2,436,030,006	(₱1,104,262,602)	(45.3%)	9.2%	16.4%
Receivables	153,836,986	152,319,905	1,517,081	1.0%	1.1%	1.0%
Inventories	3,294,588,540	2,860,665,532	433,923,008	15.2%	22.7%	19.3%
Prepaid expenses and other current assets	802,749,046	731,765,092	70,983,954	9.7%	5.5%	4.9%
Total Current Assets	₱5,582,941,976	₱6,180,780,535	(597,838,559)	(9.7%)	38.4%	41.6%
Noncurrent Assets						
Property and equipment - net	₱5,053,395,931	₱4,707,604,841	₱345,791,090	7.3%	34.8%	31.7%
Right-of-use asset	508,071,224	565,171,478	(57,100,254)	(10.1%)	3.5%	3.8%
Intangible asset	2,848,279,166	2,852,149,469	(3,870,303)	(0.1%)	19.6%	19.2%
Deferred tax asset	155,813,010	134,779,869	21,033,141	15.6%	1.1%	0.9%
Other noncurrent assets	391,613,423	399,426,484	(7,813,061)	(2.0%)	2.7%	2.7%
Total Noncurrent Assets	₱8,957,172,754	₱8,659,132,141	298,040,613	3.4%	61.6%	58.4%
	₱14,540,114,730	₱14,839,912,676	(₱299,797,946)	(2.0%)	100.0%	100.0%
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and other current liabilities	₱1,671,017,199	₱1,766,000,132	(₱94,982,933)	(5.4%)	11.5%	11.9%
Short-term loans payable	3,796,000,000	3,286,000,000	510,000,000	15.5%	26.1%	22.1%
Total Current Liabilities	₱5,467,017,199	₱5,052,000,132	415,017,067	8.2%	37.6%	34.0%
Noncurrent Liabilities						
Retirement liability	₱49,469,457	₱48,056,089	1,413,368	2.9%	0.3%	0.3%
Lease liability	479,016,664	512,992,555	(33,975,891)	(6.6%)	3.3%	3.5%
Long-term loans payable	4,126,005,722	4,816,034,937	(690,029,215)	(14.3%)	28.4%	32.5%
Other noncurrent liabilities	2,580,000	16,091,893	(13,511,893)	(84.0%)	0.0%	0.1%
Total Noncurrent Liabilities	₱4,657,071,843	₱5,393,175,474	(736,103,631)	(13.6%)	32.0%	36.3%
Total Liabilities	₱10,124,089,042	₱10,445,175,606	(321,086,564)	(3.1%)	69.6%	70.4%
Equity						
Capital stock	₱379,746,835	₱379,746,835	-	0.0%	2.6%	2.6%
Additional paid-in capital	1,386,292,253	1,386,292,253	-	0.0%	9.5%	9.3%
Retained earnings	1,236,416,324	1,220,197,161	16,219,163	1.3%	8.5%	8.2%
Reserve on defined benefit plan	(253,586)	(253,586)	-	0.0%	(0.0%)	(0.0%)
Non Controlling Interest	1,413,823,862	1,408,754,407	5,069,455	0.4%	9.7%	9.5%
Total Equity	₱4,416,025,688	₱4,394,737,070	21,288,618	0.5%	30.4%	29.6%
Total Liabilities and Equity	₱14,540,114,730	₱14,839,912,676	(299,797,946)	(2.0%)	100.0%	100.0%

### As of September 30, 2025 vs December 31, 2024

Total assets as at September 30, 2025 stands at ₱14,540.1 million compared to ₱14,839.9 million as at December 31, 2024.

#### Current Assets

As at September 30, 2025 and December 31, 2024, total current assets amounted to ₱5,582.9 million or 38.4% of total assets, and ₱6,180.8 million or 41.6% of total assets, respectively.

Cash and cash equivalents stands at ₱2,436.0 million as at December 31, 2024 to ₱1,331.8 million as at September 30, 2025 primarily due to cash used in operations, and construction of branches.

Receivables accounts for 1.1% of the total assets as at September 30, 2025. It increased by 1.0% from ₱152.3 million as at December 31, 2024 to ₱153.8 million as at September 30, 2025 mainly due to trade receivables from credit card transactions that are settled within 1-3 days from transaction date and receivables from wholesale and corporate customers.

Inventories increased by 15.2% from ₱2,860.7 million as at December 31, 2024 to ₱3,294.6 million as at September 30, 2025 mainly due to additional merchandise inventories and supplies for stores and branches. Inventories accounts for 22.7% of the total assets as of September 30, 2025.

Prepaid expenses and other current assets increased by 9.7% from ₱ 731.8 million as at December 31, 2024 to ₱802.7 million as at September 30, 2025 primarily due to increase in input vat, prepaid expenses and creditable withholding taxes.

### ***Noncurrent Assets***

As at September 30, 2025 and December 31, 2024, total noncurrent assets amounted to ₱8,957.2 million or 61.6% of total assets, and ₱8,659.1 million or 58.4% of total assets, respectively, for an increase of ₱298.0 million or 3.4%.

Property and equipment increased by 7.3% from ₱4,707.6 million as at December 31, 2024 to ₱5,053.4 million as at September 30, 2025 due primarily to the increase in construction in progress and leasehold improvements of stores, as well as acquisition of store equipment.

Right-of-Use is in relation to the adoption of PFRS 16 in 2019. Right-of-Use Assets amounted to ₱508.1 million as at September 30, 2025, which is 3.5% of total assets and ₱565.2 million as at December 31, 2024. The decrease is due to depreciation recognized for the period.

Intangible Assets decreased by ₱3.9 million from ₱2,852.1 million as at December 31, 2024 to ₱2,848.3 million as at September 30, 2025.

Deferred tax assets increased by 15.6% from ₱134.8 million as at December 31, 2024 to ₱155.8 million as at September 30, 2025 due to increase in the deferred tax component of NOLCO from subsidiaries.

Other noncurrent assets mainly pertain to the deposits made by the Group for new lease for its new and upcoming stores. Other noncurrent assets decreased by ₱7.8 million or 2.0% from ₱399.4 million as at December 31, 2024 to ₱391.6 million in September 30, 2025.

### ***Current Liabilities***

As at September 30, 2025 and December 31, 2024, total current liabilities amounted to ₱5,467.0 million or 37.6% of total assets, and ₱5,052.0 million or 34.0% of total assets, respectively, for an increase of ₱415.0 million or 8.2%.

Accounts payable and other current liabilities decreased by 5.4% to ₱1,671.0 million as at September 30, 2025 from ₱1,766.0 million as at December 31, 2024, primarily due to payment of existing obligations with trade suppliers.

Short-term loans payable amounted to ₱3,796.0 million as at September 30, 2025, and ₱3,286.0 million as at December 31, 2024. The increase is due to additional short term loans availed and reclassification of current portion of long term loan during the period.

### ***Noncurrent Liabilities***

As at September 30, 2025 and December 31, 2024, total noncurrent liabilities amounted to ₱4,657.1 million or 32.0% of total assets, and ₱5,393.2 million or 36.3% of total assets, respectively, for a decrease of ₱736.1 million or 13.6%.

Retirement benefits liability increased by ₱1.4 million or 2.9% from ₱48.1 million as at December 31, 2024 to ₱49.5 million as at September 30, 2025.

Long-term loans payable amounted to ₱4,126.0 million on September 30, 2025 and ₱4,816.0 million on December 31, 2024. The decrease was due to reclassification to current portion of long term loans during the period.

Lease liability pertains to the contractual lease liability recognized by the MM Group for its stores and office space in relation to the PFRS 16 adoption amounting to ₱479.0 million as at September 30, 2025, a decrease of ₱34.0 million or 6.6% from ₱513.0 million as at December 31, 2024 due to reclassification to current lease liabilities.

Other noncurrent liabilities amounted to ₱2.6 million as at September 30, 2025 and ₱16.1 million on December 31, 2024. The decrease is due to payment of retention payables.

### ***Equity***

As at September 30, 2025 and December 31, 2024, total equity amounted to ₱4,416.0 million or 30.4% of total assets, and ₱4,394.7 million or 29.6% of total assets, respectively, for an increase of ₱21.3 million or 0.5%. The increase in equity is due to the net income for the period.

## Key Performance Indicators of the Company

	Unaudited September 30, 2025	Audited December 31, 2024
Current Ratio	1.02	1.22
Asset to Equity	3.29	3.38
Debt to Equity Ratio	1.79	1.84
Acid Test Ratio	0.27	0.51

	Unaudited period ending September 30, 2025	Unaudited period ending September 30, 2024
Return on Equity	0.55%	0.27%
Net Income to Revenue	0.30%	0.14%
Net Income Growth	2.94%	178.84%
Solvency Ratio	0.032	0.033

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

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

8. Solvency Ratio	$\frac{\text{Net Income} + \text{Depreciation and Amortization}}{\text{Total Liabilities}}$
-------------------	---

### **Liquidity & Capital Resources**

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

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

### **Material Events and Uncertainties**

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

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

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

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

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

MM Group also has no unconsolidated subsidiaries.

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

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



# Annex D-3

## Market Information

### PART I MARKET PRICE AND DIVIDENDS FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS

#### MARKET INFORMATION

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

#### 2025 Prices (in PhP/share)

	High	Low	Close
First Quarter	₱0.67	₱0.45	₱0.45
Second Quarter	₱0.69	₱0.44	₱0.66
Third Quarter	₱0.67	₱0.47	₱0.47

#### 2024 Prices (in PhP/share)

	High	Low	Close
First Quarter	₱1.09	₱0.95	₱0.96
Second Quarter	₱0.96	₱0.80	₱0.81
Third Quarter	₱0.84	₱0.65	₱0.70
Fourth Quarter	₱0.80	₱0.56	₱0.60

#### 2023 Prices (in PhP/share)

	High	Low	Close
First Quarter	₱1.68	₱1.17	₱1.18
Second Quarter	₱1.42	₱1.10	₱1.15
Third Quarter	₱1.19	₱1.01	₱1.12
Fourth Quarter	₱1.27	₱1.00	₱1.03

As of December 31, 2024, the closing price of the Company's common shares was ₱0.60 per share with a total market capitalization of ₱4,556,962,025.

As of September 30, 2025, the closing price of the Company's common shares was ₱0.47 per share with a total market capitalization of ₱3,569,620,253.23.

The price information as of the close of the latest practicable trading date November 21, 2025 is ₱0.41 per share with a total market capitalization of ₱3,113,924,050.69.

## **DIVIDENDS AND DIVIDENDS POLICY**

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

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

### ***Record Date and Payment Date***

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

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

Pursuant to the "Amended Rules Governing Pre-emptive and other Subscription Rights and Declaration of Stock and Cash Dividends" of the SEC, all cash dividends and stock dividends declared by a company shall be remitted to PDTC for immediate distribution to participants not later than 18 trading days after the record date (the "**Payment Date**"); provided that in the case of stock dividends, the credit

of the stock dividend shall be on the Payment Date which in no case shall be later than the stock dividends' listing date. If the stock dividend shall come from an increase in capital stock, all stock shall be credited to PDTC for immediate distribution to its participants not later than 20 trading days from the record date set by the SEC, which in no case shall be later than the stock dividends' listing date.

## PRINCIPAL SHAREHOLDERS

The following table sets forth the Top 20 shareholders of the Company's Common Shares as of October 31, 2025.

	Name	Nationality	No. of Shares	Percentage
1	PCD NOMINEE CORPORATION - FILIPINO	FILIPINO	7,555,172,112	99.4764%
2	PCD NOMINEE CORPORATION - NON FILIPINO	NON FILIPINO	37,171,982	0.4894%
3	DAVID ANGELO BORNILLA	FILIPINO	936,000	0.0123%
4	VILLAGONZALO, RAMESES VICTORIUS G.	FILIPINO	600,000	0.0079%
5	ELIZABETH CHENG OR - LAWRENCE CHENG OR - IVANA HESTER CHENG	FILIPINO	433,000	0.0057%
6	GISELLE JANE ONG TAN	FILIPINO	356,000	0.0047%
7	MARK LOUIE APAO	FILIPINO	200,000	0.0026%
8	MANAOIS, IRISH HAZEL G.	FILIPINO	23,000	0.0003%
9	CORALDE, JOYCE ANNE M.	FILIPINO	5,000	0.0001%
10	MENDOZA, DAPHNE DIANNE D.	FILIPINO	5,000	0.0001%
11	VILLANUEVA, MYRA P.	FILIPINO	5,000	0.0001%
12	VILLANUEVA, MYRNA P.	FILIPINO	5,000	0.0001%
13	CLARISSE C CHAN	FILIPINO	4,600	0.0001%
14	VILLANUEVA, MYRA P.	FILIPINO	4,000	0.0001%
15	OLVIDO, KENNEDY M.	FILIPINO	3,000	0.0000%
16	SIA II, EDGAR J.	FILIPINO	2,000	0.0000%
17	SIA, EDGAR J.	FILIPINO	2,000	0.0000%
18	SIA, FERDINAND J.	FILIPINO	2,000	0.0000%
19	SIA, PACITA J.	FILIPINO	2,000	0.0000%
20	SIA, RIZZA MARIE JOY J.	FILIPINO	2,000	0.0000%

As of October 31, 2025, total number of shareholders owning at least one board lot is 29.

## Recent Sale of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction.

There is no sale of unregistered or exempt securities nor issuance of securities constituting an exempt transaction that took place since the last fiscal year.