COVER SHEET

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S.E.C. Registration Number

MERRYMART CONSUMER CORP. AND

SUBSIDIARY

(Formery Injap Supermart Inc.)

(Company's Full Name)

DD MERIDIAN PARK AREA COR.

MACAPAGAL AVE. AND EDSA EXT.

BLVD. SAN RAFAEL, PASAY CITY

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

Rizza Marie Joy Sia

Contact Person

(02) 8743-1111

Company Telephone Number

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Month	*Day*	FORM TYPE	*Month*	*Day*
			Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes.

SEC No. 200930125
File No. _____

MERRYMART CONSUMER CORP.
(Company's Full Name)

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

(632) 8743-1111
(Telephone Number)

December 31
(Fiscal Year ending)

SEC Form 17-Q for the First Quarter of 2022
(Form Type)

N/A
Amendment Designation

N/A
Period Ended Date

N/A
(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **March 31, 2022**

2. Commission identification number **CS200930125** 3. BIR Tax Identification No. **281-768-124-000**

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

5. Province, country or other jurisdiction of incorporation or organization: **Republic of the Philippines**

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office and Postal Code: **DD Meridian Park Bay Area corner Macapagal Avenue and EDSA Extension Boulevard Brgy 76 Zone 10 San Rafael Pasay City 1302**

8. Issuer's telephone number, including area code: **(632) 8743-1111**

9. Former name, former address and former fiscal year, if changed since last report: **N/A**

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares	**7,594,936,709**

11. Are any or all of the securities listed on a Stock Exchange?
Yes [x] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
Stock Exchange: **Philippine Stock Exchange**
Securities Listed: **Common Shares**

12. Indicate by check mark whether the registrant:

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

Yes [x] No [ ] N/A

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

Yes [x] No [ ] N/A

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

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

a) Unaudited Condensed Consolidated Interim Statements of Comprehensive Income for the three months ended March 31, 2022 and March 31, 2021;

b) Notes to the Unaudited Condensed Consolidated Interim Financial Statement

c) Unaudited Condensed Consolidated Interim Statements of Financial Position as of March 31, 2022 (unaudited) and December 31, 2021 (audited);

d) Unaudited Condensed Consolidated Interim Statements of Changes in Equity for the three months ended March 31, 2022 and March 31, 2021; and

e) Unaudited Condensed Consolidated Interim Statements of Cash Flows for the three months ended March 31, 2022 and March 31, 2021.

MERRYMART CONSUMER CORP. AND SUBSIDIARIES

(Formerly Injap Supermart Inc.)

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
As at March 31, 2022 and December 31, 2021 and
For the Three Months Ended March 31, 2022 and 2021

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

CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

	March 31, 2022 Unaudited PHP	December 31, 2021 Audited PHP
ASSETS		
Current Assets		
Cash and cash equivalents	**P1,850,456,281**	P2,030,327,961
Receivables	**120,549,204**	86,062,063
Inventories	**1,534,404,669**	1,372,727,670
Prepaid expenses and other current assets	**374,786,838**	292,638,800
Total Current Assets	**3,880,196,992**	3,781,756,494
Noncurrent Asset		
Property and equipment	**1,845,420,395**	1,718,685,658
Right-of-use asset	**503,931,125**	449,025,449
Intangible asset	**52,980,877**	54,962,301
Deferred tax asset	**44,112,782**	37,919,270
Other noncurrent assets	**470,045,458**	450,109,053
Total Noncurrent Asset	**2,916,490,637**	2,710,701,731
	P 6,796,687,629	P6,492,458,225
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities	**P978,338,879**	822,473,155
Short-term loans payable	**1,315,000,000**	1,295,000,000
Income tax payable	**12,328,889**	-
Total Current Liabilities	**2,305,667,768**	2,117,473,155
Noncurrent Liability		
Retirement benefits liability	**21,981,680**	9,085,689
Other noncurrent liabilities	**2,580,000**	2,580,000
Loans payable	**1,997,504,516**	1,997,053,555
Lease Liabilities	**467,482,292**	407,535,140
Total Noncurrent Liabilities	**2,489,548,488**	2,416,254,384
Total Liabilities	**4,795,391,613**	4,533,727,539
Equity		
Capital stock	**379,746,835**	379,746,835
Additional paid-up capital	**1,386,292,253**	1,386,292,253
Retained earnings	**191,268,414**	180,339,438
Remeasurement gain on defined benefit	**659,303**	659,303
	1,957,966,805	1,947,037,829
Non Controlling Interest	**43,504,558**	11,692,857
Total Equity	**2,001,471,363**	1,958,730,686
	P6,796,687,629	P6,492,458,225

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

CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021

	March 31, 2022 Unaudited	March 31, 2021 Unaudited
REVENUE		
Sale of goods	**1,173,046,207**	893,723,334
Display rental	**4,544,471**	6,171,778
Other operating income	**19,669,601**	15,571,237
	1,197,260,279	915,466,349
COST OF SALES	**986,793,095**	804,361,265
GROSS PROFIT	**210,467,184**	111,105,084
OPERATING EXPENSES	**189,078,895**	96,311,087
INCOME FROM OPERATIONS	**21,388,289**	14,793,997
INTEREST EXPENSE	**(5,953,429)**	(2,701,840)
INTEREST INCOME	**832,076**	390,720
INCOME BEFORE TAX	**16,266,936**	12,482,877
INCOME TAX EXPENSE (BENEFIT)		
Current	**(9,568,676)**	(7,316,564)
Deferred	**5,710,699**	4,293,525
	(3,857,977)	(3,023,039)
NET INCOME/TOTAL COMPREHENSIVE INCOME	**12,408,959**	9,459,838
Net income/Total comprehensive income attributable to:		
Equity holders of the Parent Company	**10,928,976**	9,459,838
Non-controlling interest	**1,479,983**	-
	12,408,959	9,459,838

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

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Note	Capital Stock	Additional paid-up capital	Remeasurement loss on defined benefit	Retained Earnings			Non-Controlling Interest	Total
					Unappropriated	Appropriated	Total		
Balance at December 31, 2020		P379,746,835	P1,515,189,874	(P1,456,391)	P17,937,135	P-	P17,937,135	P-	P1,911,417,453
Net income/total comprehensive income for the period		-	-	-	9,459,838	-	9,459,838	-	9,459,838
Balance at March 31, 2021		P379,746,835	P1,515,189,874	(P1,456,391)	P27,396,973	P-	P27,396,973	P-	P1,920,877,290
Balance at December 31, 2021		P379,746,835	P1,386,292,253	P659,303	P180,339,438	P -	P180,339,438	P11,692,857	P1,958,730,686
Net income/total comprehensive income for the period		-	-	-	10,928,976	-	10,928,976	1,479,983	12,408,959
Non controlling interest in incorporated subsidiary		-	-	-	-	-	-	30,331,718	30,331,718
Balance at March 31, 2022		P379,746,835	P1,386,292,253	P659,303	P191,142,235	P-	P191,142,235	P43,504,558	P2,001,471,363

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

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
UNAUDITED

	Three Months Ended March 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**P16,266,936**	P12,482,877
Adjustments for:		
Depreciation and amortization	**44,754,294**	24,126,172
Interest expense	**5,953,429**	2,701,840
Retirement benefits expense	**13,257,463**	-
Interest income	**(832,076)**	(390,720)
Operating income before working capital changes	**79,400,047**	38,920,169
Decrease (increase) in:		
Receivables	**(34,487,141)**	(8,302,108)
Inventories	**(161,676,999)**	(204,701,764)
Other current assets	**(82,148,038)**	(16,046,450)
Increase (decrease) in:		
Accounts payable and other current liabilities	**155,865,724**	(34,184,284)
Due to a related party	**-**	(22,337,195)
Cash generated from (used in) operations	**(43,046,407)**	(246,651,632)
Income tax paid	**-**	-
Interest paid	**832,076**	-
Interest received	**-**	390,720
Net cash provided by operating activities	**(42,214,331)**	(246,260,912)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for PPE acquisition	**(167,000,715)**	(119,661,398)
Payments for intangible assets acquisition	**(308,442)**	(4,679,870)
Increase in other noncurrent assets	**106,462,195**	(3,206,942)
Increase in noncontrolling interest	**31,762,533**	-
Investment in associate	**(88,429,688)**	
Net cash used in investing activities	**(117,514,117)**	(127,548,210)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availment of loans	**-**	300,000,000
Increase in other noncurrent liabilities	**-**	
Lease payment	**(20,143,232)**	(3,417,026)
Net cash provided by financing activities	**(20,143,232)**	296,582,974
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(179,871,680)**	(77,226,148)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**2,030,327,961**	940,641,989
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**1,850,456,281**	863,415,841

MERRYMART CONSUMER CORP. AND SUBSIDIARIES
(Formerly Injap Supermart Inc.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Corporate Information

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

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

The Parent Company is a 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 initial public offering and was listed in the PSE under the stock symbol "MM". III remains as the ultimate parent company and controlling shareholder of MM.

2. Basis of Preparation

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

The consolidated financial statements of the Group and the Parent Company's financial statements as at and for the years ended December 31, 2021 and 2020 were approved and authorized for issuance by the BOD on May 13, 2022.

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

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

peso, unless otherwise stated.

Basis of Consolidation

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

	Percentage of Ownership	
Subsidiaries	**March 31, 2022**	December 31, 2021
MerryMart Grocery Centers, Inc. (MMGC)[a]	**100**	100
MM Consumer Technologies Corp. (MMTech) [b]	**100**	-
Carlos Drugs – Lucena, Inc. (CDLI)	**72**	-

(a) *Consolidated effective September 28, 2018.*
(b) *Consolidated effective May 27, 2021.*
(c) *Consolidated effective January 6, 2022*

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.

MMTech

MMTech 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.

MMTech has not yet started its operations as at December 31, 2021.

MMTech has a subsidiary namely, 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 MMTech.

CDLI

CDLI 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 judirical persons and entities, whether domestic or foreign.

On January 6, 2022, MMCC obtained control of CDLI.

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.

Non-controlling interests also include the interests not held by MMCC in CDLI and MBox as at March 31, 2022.

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.

3. Summary of Significant Accounting Policies

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

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

The Group has adopted the following new standards, amendments to standards and interpretations starting January 1, 2021 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.

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

  The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Earlier application is permitted. A lessee applies the amendments retrospectively, recognizing the cumulative effect of the amendments as an adjustment to the opening balance of retained

earnings or other component of equity, as appropriate. The adoption is mandatory for lessees that chose to apply the practical expedient introduced by the 2020 amendments and may result in reversal of lease modifications that was ineligible for the practical expedient under the 2020 amendments, but becomes eligible as a result of the extension.

Standards Issued But Not Yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2021. However, the Group has not early adopted the following new or amended standards in preparing these consolidated financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group's consolidated financial statements.

Effective January 1, 2022

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

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

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

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

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

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

- *Annual Improvements to PFRS Standards 2018-2020.* This cycle of improvements contains amendments to four standards, of which the following is applicable to the Group:

  - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities *(Amendment to* PFRS 9, *Financial Instruments)*. The amendment clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. It applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  - *Lease Incentives* (Amendment to Illustrative Examples accompanying PFRS 16). The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to

remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

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

- Reference to the Conceptual Framework (Amendment to PFRS 3, *Business Combinations*). The amendments:

  - updated PFRS 3 so that it now refers to the 2018 Conceptual Framework;

  - added a requirement that, for transactions and other events within the scope of PAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, an acquirer applies PAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and

  - added an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

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

Effective January 1, 2023

- Classification of Liabilities as Current or Noncurrent (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 requires that the right must have substance and exist at the end of the reporting period;

  - clarified that a right to defer settlement exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and

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

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

In November 2021, the International Accounting Standards Board issued the Exposure Draft, Noncurrent Liabilities with Covenants after considering stakeholder feedback on the December 2020 tentative agenda decision issued by the IFRS Interpretations Committee about the amendments. The exposure draft proposes to again amend IAS 1 as follows:

- Conditions which the entity must comply within twelve months after the reporting period will have no effect on the classification as current or non-current.

- Additional disclosure requirements will apply to non-current liabilities subject to such conditions to enable the assessment of the risk that the liability could become repayable within twelve months.

- Separate presentation in the statement of financial position will be required for non-current liabilities for which the right to defer settlement is subject to conditions within 12 months after the reporting

period.

- The effective date of the amendments will be deferred to no earlier than January 1, 2024.

Comments on the Exposure Draft was due on March 21, 2022.

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

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

- Disclosure of Accounting Policies (Amendments to PAS 1 and PFRS Practice Statement 2, *Making Materiality Judgements*). The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;

  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

  The amendments to PFRS Practice Statement 2 include guidance and additional examples on the application of materiality to accounting policy disclosures.

  The amendments are effective from January 1, 2023. Earlier application is permitted.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12, *Income Taxes*). The amendments clarify that that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations. The amendments apply for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

<u>Basic and Diluted Earnings Per Common Share (EPS)</u>
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. As of March 31, 2022, the Group has single segment, which is the sale of goods to customers.

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

Contingencies

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

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

4. Use of Judgments and Estimates

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

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those the applied to the consolidated financial statements as at and for the year ended December 31, 2021.

5. Cash and Cash Equivalents

This account consists of:

	March 31, 2022	December 31, 2021
Cash on hand	**P36,010,574**	P1,967,743,019
Cash in banks	**1,814,445,707**	62,584,942
	P716,590,619	P2,030,327,961

Cash in banks earn annual interest at the respective bank deposit rates.

Total interest income earned from cash and cash equivalents amounted to P832,076 and P390,720 for the three months ended March 31, 2022 and March 31, 2021, respectively.

6. Receivables

This account consists of:

	March 31, 2022	December 31, 2021
Trade	**P 74,551,901**	P60,549,738
Receivable from franchisee	**10,333,963**	6,831,305
Advances to employees	**12,308,898**	8,385,060
Advances to suppliers	**-**	2,816,739
Others	**23,354,443**	7,479,221
	P120,549,204	P86,062,063

Trade receivables pertain to receivables from credit card sales and in-house charge sales, and receivable from display rental. These receivables generally have 1-3 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.

	March 31, 2022	December 31, 2021
Merchandise inventories	**P1,520,136,514**	P1,359,218,058
Packaging materials	**11,732,394**	13,509,612
	P1,108,488,515	P1,372,727,670

Inventories charged to cost of sales amounted to P986.79 million and P804.36 million for the three months ended March 31, 2022 and March 31, 2021, respectively.

8. Prepaid expenses and other current assets

This account consists of:

	March 31, 2022	December 31, 2021
Input VAT - net	**P276,330,909**	P261,328,991
Prepaid expenses	**62,791,712**	18,929,482
Advances to contractors and suppliers	**33,924,373**	10,640,710
Creditable withholding tax	**-**	1,270,463
Prepaid taxes	**1,739,836**	469,154
	P374,786,830	P292,638,800

This account consists of prepaid expenses, input VAT and other miscellaneous current assets.

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

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

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

9. Intangible Asset

	March 31, 2022	December 31, 2021
Cost		
Beginning balance	**P65,965,262**	P46,583,745
Additions	**308,442**	19,381,517
	66,273,704	65,965,262
Accumulated amortization		
Beginning balance	**11,002,961**	3,673,492
Amortization for the year	**2,289,866**	7,329,469
	13,292,827	11,002,961
	P52,980,877	P54,962,301

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

10. Other Noncurrent Assets

This account consists of:

	March 31, 2022	December 31, 2021
Prepaid rent	**P170,958,256**	P170,478,144
Security deposits	**162,260,480**	161,447,516
Advances to third party	**-**	115,810,226
Construction bond	**2,373,167**	2,373,167
Investment in associate	**88,429,688**	-
Goodwill	**37,968,912**	-
Other noncurrent assets	**8,054,955**	-
	P470,045,458	P450,109,053

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.

11. Short-term and Long-term Loans Payable

Loans payable pertains to unsecured loans obtained from local banks.

Details of the account are as follows:

	March 31, 2022	December 31, 2021
Balance at beginning of the year	**3,292,053,555**	P700,000,000
Additions	**20,450,961**	2,664,970,222
Principal payments	**-**	(72,916,667)
Balance at end of period	**3,312,504,516**	3,292,053,555
Less short-term notes and current portion of long-term notes	**1,315,000,000**	1,295,000,000
Noncurrent portion	**P1,997,504,516**	P1,997,053,555

Long-term Loans Payable

On November 4, 2020, the Company obtained an unsecured loan amounting to P250 million for the construction of the Company's branches. This loan bears fixed interest of 6.00% per annum and is due on May 4, 2023. The loan agreements do not contain any financial or non-financial covenants. Outstanding balance of this loan is P145.83 million as at March 31, 2022, with non-current portion amounting to P20.83 million.

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, which 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, assessed annually. As at March 31, 2022, the Group is in compliance with the covenants of its debt agreements. Outstanding balance of this loan is P2,000 million as at March 31, 2022.

Total capitalized borrowing costs charged under "Property and equipment - net" accounts amounted to P69.42 million and P8.49 million as at March 31, 2022 and 2021, respectively.

12. Revenues

Revenues from Contract with Customers

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

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
Sale of goods	**P1,173,046,207**	P893,723,334
Application fees*	**107,143**	3,300,000
	P1,173,153,350	P897,023,334

** Included under "Other Operating income" account*

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

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

Display Rental

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

13. Cost of Sales

This account consists of:

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
Beginning inventory	**P1,372,727,670**	P737,572,923
Add: Purchases	**1,148,470,094**	1,009,063,029
Total goods available for sale	**2,521,197,764**	1,746,635,952
Less: Ending inventory	**1,534,404,669**	942,274,687
	P986,793,095	P804,361,265

14. Related Party Transactions

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

Category	**Year**	***Ref***	**Amount of Transaction**	**Outstanding Balances**	**Terms and Conditions**
Stockholders					
Advances from stockholders	**March 31, 2022**	*a*	**P-**	**P-**	**Due and demandable; non-interest bearing; unsecured; payable in cash**
	December 31, 2021	*a*	(P62,482,842)	-	Due and demandable; non-interest bearing; unsecured; payable in cash
Land acquired	**March 31, 2022**	*b*	-	-	
	December 31, 2021	*b*	386,850,180		
	March 31, 2022			**P-**	
	December 31, 2021			P62,482,842	

a. *Cash Advances*
These pertain to unsecured, non-interest bearing advances received from the stockholder for working capital requirements. These advances are generally settled within one year from the date of grant.

b. *Land Acquired*

In 2021, the Group acquired certain parcels of land from III amounting to P386,850,180 which has been fully paid in 2021.

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

15. Lease Arrangements

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

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

a. The Group leases its office space for a period of 10 years starting April 1, 2019 until January 30, 2029. The monthly rental rate 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 15 years, renewable upon mutual agreement of the parties. The rent shall escalate by an average of 5% each year.

Interest expense recognized in profit or loss amounted to P5.95 million and P2.70 million for the three months ending March 31, 2022 and March 31, 2021, respectively.

The Group also entered into lease agreements for its store spaces that do not qualify under PFRS 16. These lease agreements are based on variable consideration.

Total security deposits and advance rental payments from these lease arrangements amounted to P333.22 million and P331.93 million as at March 31, 2022 and December 31, 2021. These are included under "Other noncurrent assets" account in the consolidated interim statements of comprehensive position.

16. Income Taxes

Income tax expense (benefit) consists of:

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
Current	**P9,568,676**	P7,316,564
Deferred	**(5,710,699)**	(4,293,525)
	P3,857,977	P3,023,039

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

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
Income before income tax	**P16,266,936**	P12,482,877
Income tax at the statutory income tax rate of 25%	**4,066,734**	3,120,719
Income tax effects of interest income subjected to final tax	**(208,019)**	(97,680)
Non deductible expenses	**(738)**	
	P3,857,977	P3,023,039

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.

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 Company:

a) 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.

b) MCIT rate is reduced from 2% to 1% effective July 1, 2020 to June 30, 2023.

c) 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.*

17. Equity and Earnings per Share

Capital Stock

As at March 31, 2022 and December 31, 2021, the authorized and issued capital stock of the Parent Company consists of:

	March 31, 2022	December 31, 2021
Authorized Capital Stock		
Common – P0.05 par value	**1,200,000,000**	1,200,000,000
Number of Shares Authorized		
Common	**24,000,000,000**	24,000,000,000
Issued Capital Stock		
Common – P0.05 par value	**379,746,835**	379,746,835
Number of Shares Issued		
Common	**7,594,936,709**	7,594,936,709

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

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

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

Retained Earnings

On December 21, 2020, the BOD approved the reversal of P111 million appropriated retained earnings made

in 2016 and 2018.

On February 18, 2020, the BOD approved the declaration of cash dividends amounting to P8.4 million, payable to stockholders of record on February 21, 2020. The cash dividends were paid on February 26, 2020.

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

EPS
EPS is computed as follows:

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
Net income attributable to common shareholders of the Parent Company	**P10,802,797**	P9,459,838
Weighted average number of common shares for basic EPS	**7,594,936,709**	7,594,936,709
Basic/Diluted EPS	**P0.0014**	P0.0012

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

18. Financial Risk and Capital Management Objectives and Policies

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

- Credit Risk
- Liquidity Risk

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

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

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

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

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

Credit Risk
Credit risk represents the risk of loss the Group would incur if credit customers and counterparties fail to

perform their contractual obligations. The risk arises principally from the Group's cash, receivables and security deposits. The objective is to reduce the risk of loss through default by counterparties.

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

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

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

	March 31, 2022	December 31, 2021
Cash and cash equivalents (excluding cash on hand)	**P822,338,754**	P1,967,743,019
Receivables (excluding advances to employees)	**26,614,290**	74,860,264
Security deposits (included under other noncurrent assets)	**162,260,480**	161,447,516
	P1,011,213,524	P1,032,724,720

These financial assets are subjected to 12-month ECL.

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

These financial assets are neither past due nor impaired and has credit quality of high grade financial assets as at March 31, 2022 and December 31, 2021.

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

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

Liquidity Risk

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

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

March 31, 2022	**Carrying Amount**	**Contractual Cash Flow**	**1 Year or Less**	**1 Year - 5 Years**	**More than 5 Years**
Financial Liabilities					
Accounts payable and other current liabilities*	**P975,252,112**	**P975,252,112**	**P975,252,112**	**P -**	**P -**
Loans payable	**3,312,504,516**	**3,312,504,516**	**1,315,000,000**	**1,997,504,516**	
Due to a related party	**-**	**-**	**-**	**-**	**-**

Lease liabilities**	**532,416,335**	**532,416,335**	**64,934,043**	**467,482,292**	**-**

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

December 31, 2021	Carrying Amount	Contractual Cash Flow	1 Year or Less	1 Year - 5 Years	More than 5 Years
Financial Liabilities					
Accounts payable and other current liabilities*	P754,840,687	P754,840,687	P754,840,687	P -	P -
Loans payable	3,292,053,555	3,368,747,222	1,334,010,628	2,034,736,594	-
Lease liabilities**	472,469,183	545,845,371	80,606,629	288,599,225	176,639,517

** excluding statutory obligations, current portion of lease liabilities and unearned franchise fees*
***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/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.

Capital Management

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

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

The BOD seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group defines capital as equity, which includes capital stock and retained earnings. There were no changes in the Group's approach to capital management as at March 31, 2022 and December 31, 2021. The Group is not subject to externally-imposed capital requirements.

MERRYMART CONSUMER CORP. AND SUBSIDIARY
(Formerly Injap Supermart Inc.)
As of March 31, 2022

			Past due but not impaired			
	Total	**Neither past due nor impaired**	**1 - 90 days**	**91 - 180 days**	**181 - 360 days**	**> 360 days**
Receivables	**120,549,204**	**120,549,204**	**-**	**-**	**-**	**-**

MERRYMART CONSUMER CORP. AND SUBSIDIARY
(Formerly Injap Supermart Inc.)
UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
For the three months ended March 31, 2022 and March 31, 2021

			Horizontal Analysis		Vertical Analysis	
	March 31, 2022	**March 31, 2021**	**Increase (Decrease)**		**2022**	**2021**
REVENUES						
Sale of goods	1,173,046,207	893,723,334	279,322,873	31.3%	98.0%	97.6%
Display rental	4,544,471	6,171,778	(1,627,307)	(26.4%)	0.4%	0.7%
Other operating income	19,669,601	15,571,237	4,098,364	26.3%	1.6%	1.7%
	1,197,260,279	**915,466,349**	**281,793,930**	**30.8%**	**100.0%**	**100.0%**
COST OF SALES	986,793,095	804,361,265	182,431,830	22.7%	82.4%	87.9%
GROSS PROFIT	**210,467,184**	**111,105,084**	**99,362,100**	**89.4%**	**17.6%**	**12.1%**
OPERATING EXPENSES	189,078,895	96,311,087	92,767,808	96.3%	15.8%	10.5%
INCOME FROM OPERATIONS	**21,388,289**	**14,793,997**	**6,594,292**	**44.6%**	**1.8%**	**1.6%**
INTEREST EXPENSE	5,953,429	2,701,840	3,251,589	120.3%	0.5%	0.3%
INTEREST INCOME	832,076	390,720	441,356	113.0%	0.1%	0.0%
INCOME BEFORE TAX	**16,266,936**	**12,482,877**	**3,784,059**	**30.3%**	**1.4%**	**1.4%**
INCOME TAX EXPENSE	**3,857,977**	**3,023,039**	**834,938**	**27.6%**	**0.3%**	**0.3%**
NET INCOME/TOTAL COMPREHENSIVE INCOME	**12,408,959**	**9,459,838**	**2,949,121**	**31.2%**	**1.0%**	**1.0%**
NET INCOME TO PARENT	10,928,976	34,304,682	(23,375,706)	(68.1%)	0.9%	3.7%
NCI NET INCOME (LOSS)	1,479,983	(307,143)	1,787,126	(581.9%)	0.1%	(0.0%)
NET INCOME/TOTAL COMPREHENSIVE INCOME	12,408,959	9,459,838	2,949,121	31.2%	1.0%	1.0%

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

March 31, 2022 versus March 31, 2021 Results of Operations

MERRYMART CONSUMER CORP. AND SUBSIDIARY
(Formerly Injap Supermart Inc.)
UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
For the quarter ended March 31, 2022 and March 31, 2021

			Horizontal Analysis		Vertical Analysis	
	March 31, 2022	March 31, 2021	Increase (Decrease)		2022	2021
REVENUES						
Sale of goods	1,173,046,207	893,723,334	279,322,873	31.3%	98.0%	97.6%
Display rental	4,544,471	6,171,778	(1,627,307)	(26.4%)	0.4%	0.7%
Other operating income	19,669,601	15,571,237	4,098,364	26.3%	1.6%	1.7%
	1,197,260,279	**915,466,349**	**281,793,930**	**30.8%**	**100.0%**	**100.0%**
COST OF SALES	986,793,095	804,361,265	182,431,830	22.7%	82.4%	87.9%
GROSS PROFIT	**210,467,184**	**111,105,084**	**99,362,100**	**89.4%**	**17.6%**	**12.1%**
OPERATING EXPENSES	189,078,895	96,311,087	92,767,808	96.3%	15.8%	10.5%
INCOME FROM OPERATIONS	**21,388,289**	**14,793,997**	**6,594,292**	**44.6%**	**1.8%**	**1.6%**
INTEREST EXPENSE	5,953,429	2,701,840	3,251,589	120.3%	0.5%	0.3%
INTEREST INCOME	832,076	390,720	441,356	113.0%	0.1%	0.0%
INCOME BEFORE TAX	**16,266,936**	**12,482,877**	**3,784,059**	**30.3%**	**1.4%**	**1.4%**
INCOME TAX EXPENSE	**3,857,977**	**3,023,039**	**834,938**	**27.6%**	**0.3%**	**0.3%**
NET INCOME/TOTAL COMPREHENSIVE INCOME	**12,408,959**	**9,459,838**	**2,949,121**	**31.2%**	**1.0%**	**1.0%**
NET INCOME TO PARENT	10,928,976	34,304,682	(23,375,706)	(68.1%)	0.9%	3.7%
NCI NET INCOME (LOSS)	1,479,983	(307,143)	1,787,126	(581.9%)	0.1%	(0.0%)
NET INCOME/TOTAL COMPREHENSIVE INCOME	12,408,959	9,459,838	2,949,121	31.2%	1.0%	1.0%

Quarter Ended March 31, 2022 compared to quarter ended March 31, 2021

For the quarter ended March 31, 2022, the Group earned a consolidated revenue of ₱1,197.26 million an increase of 30.8% from ₱915.47 million in the same period in 2021. This was driven by the expansion of the Group's grocery retail store with the opening of additional MerryMart-branded groceries and store and additional sales from Carlos Drugstore

For the quarter ended March 31, 2022, sale of goods contributes 98.0% of the total revenue.

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

For the quarter ended March 31, 2022, the Group's cost of sales is ₱986.79 million, an increase of 22.7% compared to ₱804.36 million for the quarter ended March 31, 2021, which is in line with the increase of revenues, primarily driven by the increase in sales.

For the quarter ended March 31, 2022, the Group realized an increase of 89.4% in consolidated gross profit from ₱111.11 million in Q1 2021 at 12.1% margin to ₱210.47 million at 17.6% margin in Q1 2022, driven by strong sales growth and increase in other operating income of the Group.

Operating expenses increased by ₱92.77 million or 96.3% from the ₱96.31 million in the quarter ended March 31, 2021 to ₱189.08 million in the quarter ended March 31, 2022. The additional operating expenses are mainly attributable to the operating expenses of new operational stores and head office 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. The increase in interest expense of ₱3.25 million or 120.3% from ₱2.70 million in the quarter ended March 31, 2021 to ₱5.95 million in first quarter of 2022 is due to additional leases of MM Group qualified under PFRS 16.

Income tax expense for the first quarter of 2022 amounted to ₱3.86 million, a increase of 27.6% from first quarter 2021. This is due to the increase in taxable income driven by sales growth for the quarter.

For the quarter ended March 31, 2022, the Group earned a consolidated net income of ₱12.41 million, an increase of 31.2% from ₱9.46 million in quarter ended March 31, 2021. The increase in revenue is driven by the higher gross profit margin for the quarter and sales from additional operating stores.

March 31, 2022 versus December 31, 2021 Statements of Financial Position

			Horizontal Analysis		Vertical Analysis	
	March 31, 2022	December 31, 2021	Increase (Decrease)		2022	2021
ASSETS						
Current Assets						
Cash and cash equivalents	₱1,850,456,281	₱2,030,327,961	(₱179,871,680)	(8.9%)	27.2%	31.3%
Receivables	120,549,204	86,062,063	34,487,141	40.1%	1.8%	1.3%
Inventories	1,534,404,669	1,372,727,670	161,676,999	11.8%	22.6%	21.1%
Prepaid expenses and other current assets	374,786,828	292,638,800	82,148,028	28.1%	5.5%	4.5%
Total Current Assets	**3,880,196,982**	**3,781,756,494**	**98,440,488**	**2.6%**	**57.1%**	**58.2%**
Noncurrent Assets						
Property and equipment - net	1,845,420,395	1,718,685,658	126,734,737	7.4%	27.2%	26.5%
Right-of-use asset	503,931,125	449,025,449	54,905,676	12.2%	7.4%	6.9%
Intangible asset	52,980,877	54,962,301	(1,981,424)	(3.6%)	0.8%	0.8%
Deferred tax asset	44,112,782	37,919,270	6,193,512	16.3%	0.6%	0.6%
Other noncurrent assets	470,045,458	450,109,053	19,936,405	4.4%	6.9%	6.9%
Total Noncurrent Assets	**2,916,490,637**	**2,710,701,731**	**205,788,906**	**7.6%**	**42.9%**	**41.8%**
	₱6,796,687,619	**₱6,492,458,225**	**₱304,229,394**	**4.7%**	**100.0%**	**100.0%**
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and other current liabilities	₱978,338,879	₱822,473,155	₱155,865,724	19.0%	14.4%	12.7%
Short-term loans payable	1,315,000,000	1,295,000,000	20,000,000	1.5%	19.3%	19.9%
Income tax payable	12,328,889	-	12,328,889	0.0%	0.2%	0.0%
Total Current Liabilities	**2,305,667,768**	**2,117,473,155**	**188,194,613**	**8.9%**	**33.9%**	**32.6%**
Noncurrent Liabilities						
Retirement liability	21,981,680	9,085,689	12,895,991	141.9%	0.3%	0.1%
Other noncurrent liabilities	2,580,000	2,580,000	-	0.0%	0.0%	0.0%
Long-term loans payable	1,997,504,516	1,997,053,555	450,961	0.0%	29.4%	30.8%
Lease liability	467,482,292	407,535,140	59,947,152	14.7%	6.9%	6.3%
Total Noncurrent Liabilities	**2,489,548,488**	**2,416,254,384**	**73,294,104**	**3.0%**	**36.6%**	**37.2%**
Total Liabilities	**4,795,216,256**	**4,533,727,539**	**261,488,717**	**5.8%**	**70.6%**	**69.8%**
Equity						
Capital stock	379,746,835	379,746,835	-	0.0%	5.6%	5.8%
Additional paid-in capital	1,386,292,253	1,386,292,253	-	0.0%	20.4%	21.4%
Retained earnings	191,317,582	180,339,438	10,978,144	6.1%	2.8%	2.8%
Remeasurement loss on defined benefit	659,303	659,303	-	0.0%	0.0%	0.0%
	1,958,015,973	1,947,037,829	10,978,144	0.6%	28.8%	30.0%
Non-controlling interest	43,455,390	11,692,857	31,762,533	271.6%	0.6%	0.2%
Total Equity	**2,001,471,363**	**1,958,730,686**	**42,740,677**	**2.2%**	**29.4%**	**30.2%**
Total Liabilities and Equity	**₱6,796,687,619**	**₱6,492,458,225**	**₱304,229,394**	**4.7%**	**100.0%**	**100.0%**

As of March 31, 2022 vs December 31, 2021

Total assets as at March 31, 2022 is ₱6,796.69 million compared to ₱6,492.46 million as at December 31, 2021, or a 4.7% increase.

Current Assets

As at March 31, 2022 and December 31, 2021, total current assets amounted to ₱3,880.20 million or 57.1% of total assets, and ₱3,781.76 or 58.2% of total assets, respectively, for an increase of ₱98.44 million or 2.6%.

Cash and cash equivalents decreased by 8.9% from ₱2,030.33 million as at December 31, 2021 to ₱1,850.46 million as at March 31, 2022 primarily due to cash used in the roll out of additional stores and acquisition of shares in associates.

Receivables accounts for 1.8% of the total assets as at March 31, 2022. It increased by 40.1% from ₱86.06 million as at December 31, 2021 to ₱120.55 million as at March 31, 2022 due to receivables from credit card transactions that are settled within 1-3 days from transaction date and other receivables.

Inventories increased by 11.8% from ₱1,372.73 million as at December 31, 2021 to ₱1,534.40 million as at March 31, 2022. Inventories accounts for 22.6% of the total assets as of March 31, 2022. Increase in inventories was due to the opening of additional stores and addition of Carlos Drugstore.

Prepaid expenses and other current assets increased by 28.1% from ₱292.64 million as at December 31, 2021 to ₱374.79 million as at March 31, 2022 primarily due to the increased in input VAT related to the construction of new stores and additional prepayments and advances to suppliers.

Noncurrent Assets

As at March 31, 2022 and December 31, 2021, total noncurrent assets amounted to ₱2,916.49 million or 42.9% of total assets, and ₱2,710.70 million or 41.8% of total assets, respectively, for an increase of ₱205.79 million or 7.6%.

Property and equipment increased by 7.4% from ₱1,718.69 million as at December 31, 2021 to ₱1,845.42 million as at March 31, 2022 due primarily to the increase in leasehold improvements for MerryMart's additional stores , as well as acquisitions of store equipment.

Right-of-Use is in relation to the adoption of PFRS 16 in 2019. Right-of-Use Assets amounted to ₱503.93 million as at March 31, 2022, which is 7.4% of total assets and ₱449.03 million as at December 31, 2021. The increase is due to additional leases of the Group that qualified under PFRS 16.

Intangible Assets decreased by 3.6% from ₱54.96 million as at December 31, 2021 to ₱52.98 million as at March 31, 2022 due to amortization of software and information system of the Group.

Deferred tax assets increased by 16.3% from ₱37.92 million as at December 31, 2021 to ₱44.11 million as at March 31, 2022 due to increase in the deferred tax component of NOLCO from the Company's subsidiary.

Increase in other noncurrent assets mainly pertains to the recognized Goodwill from the acquisition of Carlos Drustor and Investment in associate for the acquisition of shares from Ceciles Pharmacy in March 2022. Other noncurrent assets amounted to ₱470.05 million as at March 31, 2022 or 6.9% of total assets and ₱450.11 million as at December 31, 2021.

Current Liabilities

As at March 31, 2022 and December 31, 2021, total current liabilities amounted to ₱2,489.55 million or 36.6% of total assets, and ₱2,117.47 million or 32.6% of total assets, respectively, for an increase of ₱73.29 million or 3.0%.

Accounts payable and other current liabilities increased by 19.0% to ₱978.34 million as at March 31, 2022, or 14.4% of total assets, due to higher payables to suppliers, accrued expenses and current portion lease liabilities as at March 31, 2022.

Short-term loans payable amounted to ₱1,315.00 million as at March 31, 2022, the increase is due to the short-term loan availed by a subsidiary.

Income tax payable amounted to ₱12.33 million or 0.2% of total assets and nil or 0.0% of total assets as at March 31, 2022 and December 31, 2021, respectively.

Noncurrent Liabilities

As at March 31, 2022 and December 31, 2021, total noncurrent liabilities amounted to ₱2,489.55 million or 36.6% of total assets, and ₱2,416.25 million or 37.2% of total assets, respectively, for an increase of ₱73.29 million or 3.0%.

Retirement benefits liability increased by ₱12.90 million or 141.9% due to the additional accrual recognized by the MM Group for its retirement obligation to its employees.

Long-term loans payable amounted to ₱1,997.50 million on March 31, 2022 and ₱1,997.1 on December 31, 2021. The increase of ₱0.45 million is due to amortization of debt issue cost related to the loan. No additional long-term loan was availed by the Group for the first quarter of 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 ₱467.48 million as at March 31, 2022, an increase of ₱59.95 million or 14.7% from ₱407.54 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.

Equity

As at March 31, 2022 and December 31, 2021, total equity amounted to ₱2,001.47 million or 29.4% of total assets, and ₱1,958.73 million or 30.2% of total assets, respectively, for an increase of ₱42.74 million or 2.2%. 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

	Unaudited March 31, 2022	**Audited December 31, 2021**
Current Ratio	1.68	1.79
Asset to Equity	3.40	3.31
Debt to Equity Ratio	1.66	1.68
Acid Test Ratio	0.85	1.00

	Unaudited period ending March 31, 2022	**Unaudited period ending March 31, 2021**
Return on Equity	0.63%	0.81%
Net Income to Revenue	1.04%	1.03%
Revenue Growth	30.78%	15.17%
Income Growth	31.18%	13.28%
EBITDA (PHP in thousands)	PhP 45,959,345	PhP 39,310,889
Solvency Ratio	0.012	0.019

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

10. Solvency Ratio $\frac{\text{Net Income + Depreciation and Amortization}}{\text{Total Liabilities}}$

Other Disclosures

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

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

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

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

MM Group also has no unconsolidated subsidiaries.

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

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

PART II--OTHER INFORMATION

N/A

MERRYMART

18 April 2022

Securities and Exchange Commission
Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City
Attention: **Hon. Vicente Graciano P. Felizmenio, Jr.**
Director, Markets and Securities Regulation Department

Philippine Stock Exchange, Inc.
6th Floor, PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City
Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

Subject: **Summary of the Application of Proceeds from the Initial Public Offering**

Ladies and Gentlemen,

In line with the Initial Public Offering (IPO) of MerryMart Consumer Corp. (MM) on June 15, 2020, we submit herewith our report on the application of the actual net proceeds coming from MM Initial Public Offering amounting to **ONE BILLION FOUR HUNDRED SIXTY SIX MILLION THREE HUNDRED THIRTY FIVE THOUSAND EIGHTY EIGHT PESOS AND FIVE CENTAVOS (P1,466,335,088.05).**

For the first quarter of 2022, the application of the net proceeds is broken down as follows:

(in Php)	Allocation of Actual Net Proceeds	*Actual Disbursements*			Actual Remaining as of 31 MAR 2022
		As of 31 DEC 2021	Q1 2022	Total as of 31 MAR 2022	
Capital expenditures and initial working capital for store network expansion	1,030,800,000	728,090,056	180,870,366	908,960,422	121,839,578
Investments in distribution centers	220,900,000	191,271,675	14,175,652	205,447,327	15,452,673
General corporate purpose	214,635,088	214,635,088	-	214,635,088	-
Total	**1,466,335,088**	**1,133,996,819**	**195,046,018**	**1,329,042,837**	**137,292,251**

Thank you.

Very truly yours,

Marriana H. Yulo
CFO/CIO

SUBSCRIBED AND SWORN to before me this 18th of April 2022 at ~~Makati~~ City, Philippines, affiant exhibited to me his/her identification:

Name	ID Number	Issued at/Expiry Date
Marriana H. Yulo	Passport No. P7881601A	DFA Manila / 10 Jul 2028

Doc. No. 238
Page No. 50
Book No. I
Series of 2022.

REGIDOR A. PONFERRADA
NOTARY PUBLIC FOR MAKATI CITY
Appt. No. M-54, Until 31 December 2022
Level 17, 6750 Ayala Office Tower
6750 Ayala Avenue, Makati City
PTR No. 8531351, 01/05/2021, Makati City
IBP Lifetime Member Roll No. 08626, Quezon City
Roll of Attorneys No. 57102
MCLE Compliance No. VI-0014735 – 11/13/2018

MERRYMART CONSUMER CORP.

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

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

REPORT OF FACTUAL FINDINGS

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

Purpose of this Agreed-Upon Procedures Report and Restriction on Use and Distribution

Our report is solely for the purpose of assisting **MerryMart Consumer Corp.** (the "Company") to comply with the requirement of the Philippine Stock Exchange (PSE) to submit an external auditors' report of factual findings on the accuracy of the information included in the Progress Report on the application of proceeds from the Initial Public Offering ("IPO") of the Company on June 15, 2020. This report is intended solely for the Company and should not be used by, or distributed to, any other parties.

Responsibilities of the Engaging Party and the Responsible Party

The Company has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Company is responsible for the subject matter on which the agreed-upon procedures are performed.

KPMG

Auditor's Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the Philippine Standard on Related Services (PSRS) 4400 (Revised), *Agreed-Upon Procedures Engagements.* An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

In performing the agreed-upon procedures engagement, we have complied with the Code of Ethics for Professional Accountants in the Philippines, which required us to be independent of the Company together with the ethical requirements that are relevant to these agreed-upon procedures and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Our Firm applies International Standard on Quality Control (ISQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements*, and Other Assurance and Related Services Engagements, and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

We have performed the specific procedures agreed with you on the application of the proceeds from the Initial Public Offering IPO of the Company as outlined in the engagement letter dated April 13, 2022. The list of specific procedures performed, and discussions of the factual results as well as the nature of the limitations and exceptions, if any, are summarized in Annex A, "Results on the Performance of Agreed-upon Procedures", which is an integral part of this report.

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

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

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

R.G. MANABAT & CO.

DARWIN P. VIROCEL
Partner
CPA License No. 0094495
SEC Accreditation No. 94495-SEC, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements
Tax Identification No. 912-535-864
BIR Accreditation No. 08-001987-031-2019
Issued August 7, 2019; valid until August 6, 2022
PTR No. MKT 8854088
Issued January 3, 2022 at Makati City

April 18, 2022
Makati City, Metro Manila

April 18, 2022
Makati City, Metro Manila

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

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

Darwin P. Virocel
Partner

SUBSCRIBED AND SWORN TO before me, this 18th day of April 2022 in Pasay City, Metro Manila, affiant exhibiting to me his PRC Professional Identification Card as Certified Public Accountant with Registration No. 0094495, which expires on December 17, 2022.

Doc No. 237
Page No. 49
Book No. 1
Series of 2022

REGIDOR A. PONFERRADA
NOTARY PUBLIC FOR MAKATI CITY
Appt. No. M-54, Until 31 December 2022
Level 17, 6750 Ayala Office Tower
6750 Ayala Avenue, Makati City
PTR No. 8531351, 01/05/2021, Makati City
IBP Lifetime Member Roll No. 08626, Quezon City
Roll of Attorneys No. 57102
MCLE Compliance No. VI-0014735 - 11/13/2018

Results on the Performance of Agreed-upon Procedures
Annex A

We report the results of our work as follows:

1. We have obtained and checked the mathematical accuracy of the Company's Quarterly Progress Report for the first quarter ended March 31, 2022. No exceptions noted.

2. We have compared the list of all the disbursements in the Quarterly Progress Report with the schedule of planned use of proceeds from the IPO in the Prospectus and agreed the amounts to the related supporting documents. No exceptions noted.

   As presented by the Company and based on the above procedures, the table below lists the details of the disbursements made during the quarter ended March 31, 2022, from the P1,466,335,088 net IPO proceeds.

In (PHP)	**Allocation of Actual Net Proceeds**	**Actual Disbursement**			**Actual Remaining as at 31 DEC 2021**
		As at 31 DEC 2021	**Q1 2022**	**Total as at 31 MAR 2022**	
Capital expenditures and initial working capital for store network expansion	P1,030,800,000	P728,090,056	P180,870,366	P908,960,422	P121,839,578
Investments in distribution centers	220,900,000	191,271,675	14,175,652	205,447,327	15,452,673
General corporate purposes	214,635,088	214,635,088	-	214,635,088	-
Total	**P1,466,335,088**	**P1,133,996,819**	**P195,046,018**	**P1,329,042,837**	**P137,292,251**

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

   a. Compared and agreed the actual disbursements for the quarter ended March 31, 2022 submitted by the Company to the PSE to the related supporting documents which includes bank account passbooks, official receipts, collection receipts and bank deposit slips. No exceptions noted.

   b. Checked the details of the disbursements made as shown above to the related supporting documents and noted that the portion of the proceeds allocated for capital expenditures and initial working capital for store network expansion of various stores has been disbursed by the Company totaling P180,870,366, and disbursements amounting to P14,175,652 for investments in distribution centers related to the distribution centers in Mamplasan, Roxas and Tarlac. There were no disbursements related to the Company's general corporate requirements. Such transactions and amounts thereof were agreed to the related vouchers and official receipts.

      We have also observed disbursements pertaining to prior quarter which were included in the report amounting to P22,369,080. No other exceptions noted.

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

SIGNATURES

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

Issuer MERRYMART CONSUMER CORP.

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

Date May 16, 2022

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

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

Date May 16, 2022