

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

1. As of November 17, 2023
Date of Report
2. SEC Identification Number CS200930125 3. BIR Tax Identification No. 281-768-124-000
4. MerryMart Consumer Corp.
Exact name of issuer as specified in its charter
5. Manila, Philippines (SEC Use Only)
Province, country or other jurisdiction of incorporation Industry Classification Code:
7. 9th Floor Tower 1 DoubleDragon Plaza, DD Meridian Park, Macapagal Ave. cor. Edsa
Extension, Bay Area, Pasay City, Philippines
1302
Address of principal office Postal Code
8. (02) 8743-1111
Issuer's telephone number, including area code
9. N/A
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the
RSA

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

11. Indicate the item numbers reported herein: (Copy furnished)

Annex "A" – Definitive Information Statement

9. Other Events

Kindly take note that the Annual Stockholders' Meeting of MerryMart Consumer Corp. (the "company") for the year 2023 will be held on December 15, 2023, 10:30AM 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 9:00AM November 24, 2023 to 6:00 PM of December 7, 2023.

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 2022 Audited Financial Statements and the 2022 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 17, 2023

Date



Jacqueline Ann Marie O. Gomez
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

- ☐ Preliminary Information Statement
☒ Definitive Information Statement

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

3. Country of Incorporation: **PHILIPPINES**

4. SEC Identification Number: **CS200930125**

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

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

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

8. Date, time and place of the meeting of security holders: **December 15, 2023**
10:30 am; by Remote Communication Via Zoom. The Link will be provided at least three (3) days prior to the meeting.

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **November 22, 2023**

10. In case of proxy solicitation:

i. Name of Person filing the statement/solicitor: **FERDINAND J. SIA**

ii. Address and telephone No.: **MerryMart Headquarters, 9th Floor, Tower 1, DoubleDragon Plaza, DD Meridian Park, Corner Macapagal Avenue and EDSA Extension, Bay Area, Pasay City, Metro Manila / (02) 87431111**

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

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

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

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



NOTICE OF ANNUAL STOCKHOLDERS' MEETING

December 15, 2023; 10:30 AM

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 2023 will be held on December 15, 2023, 10:30 AM through remote communication via Zoom. The link will be provided at least three (3) days prior to the meeting. Registration for the said meeting will be from 9:00 AM November 24, 2023 to 6:00 PM of December 7, 2023.

The agenda of the meeting is set forth below:

- 11) Call to Order;
- 12) Certification by the Corporate Secretary of the Presence of Quorum;
- 13) Reading and Approval of the Minutes of the Previous Stockholders' Meeting;
- 14) Company Updates and Report;
- 15) Approval of the 2022 Audited Financial Statements and the 2022 Annual Report;
- 16) Ratification of the Actions of the Board of Directors and Officers;
- 17) Election of Directors;
- 18) Appointment of External Auditors;
- 19) Other Matters; and
- 20) Adjournment

The Board of Directors fixed the end of trading hours of the Philippine Stock Exchange ("PSE") on **November 21, 2023** as the record date (the "**Record Date**") for the determination of the common stockholders who are entitled to notice and to vote at the meeting and any adjournment thereof.

To participate in the annual meeting, the stockholders must register from 9:00 AM November 24, 2023 to 6:00 PM of December 7, 2023. The procedure for participation in the annual meeting via remote communication and voting in absentia are contained in Annex "A" to this Information Statement.

In the event that you cannot personally join the meeting, you are hereby requested to accomplish the attached proxy form, which need not be notarized, and email the same at corporatesecretary@merrymart.com.ph or return the same to the office of the Corporate Secretary at MerryMart Headquarters, 9th Floor, Tower 1, DoubleDragon Plaza, DD Meridian Park, Corner Macapagal Avenue and EDSA Extension, Bay Area, Pasay City, Metro Manila no later than 6:00 P.M. on December 7, 2023. Kindly refer to Annex "A" for the requirements for registration.

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

**AGENDA
DECEMBER 15, 2023 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 2023 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 15, 2023. 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 2022 Audited Financial Statements and the 2022 Annual Report

The 2022 Audited Financial Statements (the "AFS") of the Company audited by KPMG R.G. Manabat & Co., the Company's independent external auditor, along with the 2022 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, 2022.

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

The Company's performance for the year 2022 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 2023. The resolution for adoption will be the approval of the appointment of KPMG R.G. Manabat & Co. as the Company's external auditor for 2023.

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 46, 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 44, 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 40, 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 58, 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 64, 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 40, is the Corporate Secretary and director of MM from 2020 to present. She joined III in 2014 to present and was previously an associate at Falgui Law Office from 2009 to 2013. She graduated cum laude from the University of the Philippines – Diliman with an Economics degree and obtained Juris Doctor Degree from the same university in 2008. Atty Gomez was admitted to the Philippine Bar in 2009.

Jose Roelph E. Desales, age 44, is the Assistant Corporate Secretary and director of MM from 2020 to present. He joined III in 2014 to present and was previously with VXI Global Holdings B.V. (Philippines) as Associate Director for Finance from 2010 to 2012. He graduated Bachelor

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

ADVISER TO THE BOARD

Ret. Chief Justice Artemio V. Panganiban, age 85, Filipino, is a retired Chief Justice of the Supreme Court of the Republic of the Philippines. He sits as an independent director of several listed companies including Meralco, Petron Corporation, First Philippine Holdings Corp., Philippine Long Distance Telephone Company (PLDT), Metro Pacific Investment Corp., and GMA Network, Inc., among others.

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

A. GENERAL INFORMATION

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

Date:	December 15, 2023
Time:	10:30 AM
Place	Through remote communication via Zoom. The link will be provided at least three (3) days prior to the meeting.
Mailing Address:	MerryMart Headquarters, 9th Floor, Tower 1, DoubleDragon Plaza, DD Meridian Park, Corner Macapagal Avenue and EDSA Extension, Bay Area, Pasay City, Metro Manila 1302

Copies of this Information Statement will be sent on or around November 22, 2023 to all stockholders of record as of November 21, 2023. 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, on or before 6:00PM of December 7, 2023. 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, 2023</i>			
<i>Issued Shares</i>	Shares Allowed To Foreigners (100% equity)	Shares Owned By Foreigners (.56%)	Shares Owned By Filipinos (99.44%)
7,594,936,709	7,552,390,155	42,546,554	7,590,966,709

As of September 30, 2023, there were 7,594,936,709 outstanding common shares of stock of the Company which are entitled to vote. Each common share of stock of the Company is entitled to one (1) vote.

Only holders of the Company's common stock as of the close of business on Record Date on November 21, 2023 are entitled to notice and to vote at the Meeting to be held on December 15, 2023.

RECORD DATE

All common stockholders of record as of November 21, 2023 are entitled to notice of and to vote at the Meeting.

MANNER OF VOTING AND ELECTION OF DIRECTORS (Cumulative Voting)

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

The shareholder holding a Voting Share may vote in absentia or by proxy. If he chooses to vote through proxy, the Company's By-Laws requires the submission of a Proxy Form to the Corporate Secretary no later than 6:00 P.M. on December 7, 2023 thorough email at corporatesecretary@merrymart.com.ph

Validation of proxies, chaired by the Corporate Secretary or by the Assistant Corporate Secretary, and attended by the Company's stock and transfer agent and the external auditors, shall be convened on December 11, 2023 at the MerryMart Headquarters, 9th Floor, Tower 1, DoubleDragon Plaza, DD Meridian Park, Corner Macapagal Avenue and EDSA Extension, Bay Area, Pasay City, Metro Manila. Any questions and issues relating to the validity and sufficiency, both as to form and substance, of proxies shall only be resolved by the Corporate Secretary or Assistant Corporate Secretary at that forum. The Corporate Secretary or Assistant Corporate Secretary's decision shall be final and binding on the stockholders, and those not settled at such forum shall be deemed waived and may no longer be raised during the Meeting.

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

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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

Security Ownership of Certain Record and Beneficial Owners of more than 5% of the Company's voting securities as of September 30, 2023

<i>Title of Class</i>	<i>Name, Address of Record Owner and Relationship with the Issuer</i>	<i>Name of Beneficial Owner and Relationship with the Issuer</i>	<i>Citizenship</i>	<i>No. of Shares</i>	<i>Percentage</i>
Common Share	Injap Investments Inc. Corner Fuentes and Delgado Streets, Iloilo City Stockholder	Injap Investments Inc. Stockholder	Filipino	5,999,989,995	79.00%
Common Share	PCD - Filipino - Stockholder	- Stockholder	Filipino	1,550,796,545	20.41%

As of September 30, 2023, foreign shareholders owned 0.56% of the Common Shares of the Company.

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

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

**SECURITY OWNERSHIP OF MANAGEMENT
(As of September 30, 2023)**

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, 2023:

Title of Class	Name of Record Owner	Position	Citizenship	Amount and Nature of Beneficial Ownership		Percentage of Ownership
				Shares		
				Direct	Indirect	
Common	Edgar J. Sia II	Director	Filipino	838,000	0	0.01%
Common	Ferdinand J. Sia	Director	Filipino	276,000	0	0.00%
Common	Marriana H. Yulo-Luccini	Director	Filipino	1	10,500,000	0.14%
Common	Atty. Jacqueline Ann Marie O. Gomez	Director & Corporate Secretary	Filipino	1	2,000,000	0.03%
Common	Jose Roelph E. Desales	Director & Asst. Corporate Secretary	Filipino	1	725,000	0.01%
Common	Atty. Victoria R. Tamayao	Independent Director	Filipino	1		0.00%
Common	Gary P. Cheng	Independent Director	Filipino	1	500,000	0.01%
Common	Shella A. Sia	Treasurer & EVP	Filipino	0	0	0.00%
Common	Rizza Marie Joy S. Javelona	Comptroller	Filipino	2000	0	0.00%
Common	Ma. Mercedes L. Taleon	Chief Development Officer	Filipino	0	150,000	0.01%
Common	Maribel N. Sibayan	COO	Filipino	0	600,000	0.01%

Except as disclosed above, there is no director or key officer of the Company that owns at least 5% of its issued and outstanding shares of common.

The aggregate number of common shares for all directors and officers is 15,591,005.

CHANGES IN CONTROL

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

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

Item 5. Directors and Executive Officers

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

<u>Office</u>	<u>Name</u>	<u>Age</u>	<u>Citizenship</u>
Chairman	Edgar J. Sia II	46	Filipino
Director and President	Ferdinand J. Sia	44	Filipino
Director and CFO	Marriana H. Yulo-Luccini	40	Filipino
Independent Director	Gary P. Cheng	58	Filipino
Independent Director	Atty. Victoria R. Tamayao	64	Filipino
Director and Corp. Secretary	Atty. Jacqueline Ann Marie Gomez	40	Filipino
Director and Asst. Corp. Secretary	Jose Roelph E. Desales	44	Filipino
Adviser to the Board	Chief Justice Artemio V. Panganiban	86	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 46, 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 44, 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 40, 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 58, 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.

Other directorships and affiliations are:

Company/Organization	Position/Relationship	Period of Service
Institute of Corporate Directors	Fellow	July 2004 - Present
British Alumni Association	Member	2004 – Present
Peregrine Eye and Laser Institute	Board Director	May 2012 - Present

Atty. Victoria R. Tamayao, age 64, 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 40, is the Corporate Secretary and director of MM from 2020 to present. She joined III in 2014 to present and was previously an associate at Falgui Law Office from 2009 to 2013. She graduated cum laude from the University of the Philippines – Diliman with an Economics degree and obtained Juris Doctor Degree from the same university in 2008. Atty Gomez was admitted to the Philippine Bar in 2009.

Jose Roelph E. Desales, age 44, is the Assistant Corporate Secretary and director of MM from 2020 to present. He joined III in 2014 to present and was previously with VXi Global Holdings B.V. (Philippines) as Associate Director for Finance from 2010 to 2012. He graduated Bachelor of Science in Accountancy at the University of the Philippines in the Visayas and is a Certified Public Accountant.

ADVISERS TO THE BOARD

Chief Justice Artemio V. Panganiban, age 86, Filipino, is a retired Chief Justice of the Supreme Court of the Republic of the Philippines. He sits as an independent director of several listed companies including Meralco, Petron Corporation, First Philippine Holdings Corp., Philippine Long Distance Telephone Company (PLDT), Metro Pacific Investment Corp., and GMA Network, Inc., among others.

Other directorships and affiliations are:

Listed Companies

Independent Director	Asian Terminals, Inc.
Independent Director	First Philippine Holdings Corp.
Independent Director	GMA Network, Inc.
Independent Director	GMA Holdings, Inc.
Independent Director	MERALCO
Independent Director	Metro Pacific Investment Corp.
Independent Director	Petron Corporation
Independent Director	Philippine Long Distance Telephone Company
Independent Director	Robinsons Land Corp.
Senior Adviser	Metropolitan Bank and Trust Company
Member, Advisory Council	Bank of the Philippine Islands

Non-listed Companies

Independent Director	Asian Hospital Inc.
Independent Director	Liberty Telecoms Holdings Inc.
Independent Director	Metro Pacific Tollways Corp.
Independent Director	Tollways Management Corporation
Director	Team Energy Corporation
Chairman, Board of Advisors	Metrobank Foundation
Chairman, Board of Directors	Pan Philippine Resources Corp.
Chairman, Board of Directors	Peecee Holdings Corporation
Chairman, Board of Trustees	Foundation for Liberty and Prosperity
Chairman, Board of Trustees	Philippine Judges Foundation
Chairman, Philippine Chapter	ASEAN Law Association
Chairman Emeritus	Philippine Dispute Resolution Center, Inc.
President	Manila Metropolitan Cathedral – Basilica Foundation
Trustee	Tan Yan Kee Foundation, Claudio Teehankee Foundation, Speaker Laurel Foundation and ASEAN Law Foundation
Adviser	Asian Institute of Management Corporate Governance Center, World Bank (Philippines) and Johann Strauss Society, DoubleDragon Properties Corp.
Consultant	Judicial and Bar Council
Member	Permanent Court of Arbitration, The Hague, Netherlands

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

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

PERIOD OF DIRECTORSHIP

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

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

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

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

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

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

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, 2022 on May 30, 2023. The company has committed to duly submit its 2023 I-ACGR timely.

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, 2022, there is no existing serious question relating to the ability or integrity of any of the Company's Directors and Corporate Officers to serve as such for the past five years.

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

Refer to Note 18, Related Party Transactions of the 2022 Audited Consolidated Financial Statements of the Company and to Schedules B, Schedule C and Schedule F of the Supplementary Schedules of Annex 68-J

Item 6. Compensation of Directors and Executive Officers

For each of the years ended December 31, 2022, 2021 and 2020 the total salaries and allowances and bonuses paid to all other officers as a group unnamed are as follows:

Name & Position	Year	Salary, Bonus and Other Benefits
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Edgar J. Sia II Ferdinand J. Sia Rizza Marie Joy S. Javelona Shella A. Sia Marriana H. Yulo-Luccini Mercedes L. Taleon Maribel N. Sibayan Atty. Jacqueline Ann Marie O. Gomez <i>Aggregate compensation paid to all officers and directors as a group</i>	FY 2022	₱5,568,687
	FY 2021	₱7,875,580
	FY 2020	₱7,368,210

Compensation of Directors

For the years ended December 31, 2022, 2021 and 2020, total directors fee amounts to P1,150,000, ₱720,000 and P360,000, 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

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 2022 and 2021, to the Company as well as to its subsidiaries.

2021	2022
(₱)	

Audit and Audit-Related Fees	3,145,000	5,145,000
All Other Fees	407,294	676,442
Tax Fees	-	-
Total	<u>3,552,294</u>	<u>5,821,442</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 is Mr. Darwin P. Virocel of KPMG R.G. Manabat & Co. SRC Rule 68, Part 3(b)(iv)(ix) provides that "the independent auditors or in the case of an audit firm, the signing partner, of the aforementioned regulated entities shall be rotated after every five (5) years of engagement. A two-year cooling-off period shall be observed in the engagement of the same signing partner or individual auditor". The Company is compliant with this rule.

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

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

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

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

Item 8. Employee Compensation Plans

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

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

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

Item 10. Modification or Exchange of Securities

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

Item 11. Financial and Other Information

The Company's audited consolidated financial statements for the year ended December 31, 2022 and the audited separate financial statements are attached herein as **Annex B** 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, 2022.

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

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

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

Item 13. Acquisition or Disposition of Property

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

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

Item 14. Restatement of Account

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

D. OTHER MATTERS

Item 15. Action with Respect to Reports

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

1) Reading and Approval of the Previous Minutes.

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

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

2) Management Reports

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

The resolution for adoption will be the approval of the Management Report for the year ended December 31, 2022.

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, 2023 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, 2023:

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

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

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

Item 18. Other Proposed Action

(a) Approval of the minutes of the Previous Stockholder's Meeting

(b) Approval of the 2022 Audited Financial Statements and 2022 Annual Report

This proposal is for the purpose of informing the stockholders of the key results of the Company's operations in 2022, in accordance with Section 74 of the Revised Corporation Code. The Company's audited financial statements as of December 31, 2022 is integrated and made part of the Company's 2023 Information Statement.

(c) Ratification of Acts, Resolutions and Proceedings of the Board of Directors, Corporate Officers and Management from the date the last shareholders meeting.

The purpose of the proposal is to allow the stockholders to ratify the acts of the Board of Directors and Officers of the Company as a matter of procedure or policy. The resolutions approved by the Board in its regular and special meetings refer only to acts done by the Board, Corporate Officers and Management in the ordinary course of business.

(d) Election of the members of the Board of Directors, including the independent directors, for the ensuing year.

(e) Appointment of KPMG R.G. Manabat & Co. as Independent External Auditor.
The proposal is intended to appoint an auditing firm which can provide assurance to the directors and stockholders of the integrity of the Company's financial statements and adequacy of its internal controls.

Item 19. Voting Procedures

Stockholders as of the November 21, 2023 Record Date may participate and vote in absentia. Registration of the stockholders and proxies attending the Meeting will be from 9:00 am November 24, 2023 to 6:00PM December 7, 2023. See **Annex A** of this Information Statement for the Procedures and Requirements for Voting and Participation in the 2023 Annual Stockholder's Meeting.

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

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

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

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

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

MerryMart Consumer Corp.

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

Attention: Atty. Jacqueline Ann Marie Gomez

PART II

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

PROXY FORM

STOCKHOLDER'S NAME: _____ **NO. OF SHARES:** _____

The undersigned stockholder of **MerryMart Consumer Corp.** (the "**Company**") hereby appoints **Mr. Ferdinand J. Sia**, or in his absence, the Chairman of the Meeting, as attorney and proxy, with full powers of substitution, to represent and vote all shares registered in the name of the undersigned stockholder at the Annual Stockholders' Meeting of the Company

to be held by remote communication via Zoom on December 15, 2023 at 10:30 AM, and at any of the adjournments thereof for the purpose of acting on the following matters:

(a) Approval of the minutes of the previous meeting: <div style="text-align: center;"><input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> ABSTAIN</div>	
(b) Approval of the 2022 Audited Financial Statements and the 2022 Annual Report <div style="text-align: center;"><input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> ABSTAIN</div>	(c) Ratification of the actions of the Board of Directors and Officers <div style="text-align: center;"><input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> ABSTAIN</div>
(d) Election of Directors <div style="text-align: center;"> <input type="checkbox"/> VOTE FOR ALL NOMINEES LISTED BELOW <div style="text-align: center;"> Edgar J. Sia II Ferdinand J. Sia Marriana H. Yulo-Luccini Atty. Victoria R. Tamayao Gary P. Cheng Atty. Jacqueline Ann Marie O. Gomez Jose Roelph E. Desales </div> </div> <div style="text-align: center; margin-top: 10px;"> <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: center; gap: 50px;"> <div style="border-bottom: 1px solid black; width: 150px;"></div> <div style="border-bottom: 1px solid black; width: 150px;"></div> </div> <div style="display: flex; justify-content: center; gap: 50px;"> <div style="border-bottom: 1px solid black; width: 150px;"></div> <div style="border-bottom: 1px solid black; width: 150px;"></div> </div> <div style="display: flex; justify-content: center; gap: 50px;"> <div style="border-bottom: 1px solid black; width: 150px;"></div> <div style="border-bottom: 1px solid black; width: 150px;"></div> </div> </div>	
(e) Appointment of KPMG R.G. Manabat & Co. as independent external auditors <div style="text-align: center;"><input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> ABSTAIN</div>	
At their discretion, the proxy named above is authorized to vote upon such matters as may properly come before the Meeting.	
<div style="border-top: 1px solid black; margin-bottom: 5px;"></div> (SIGNATURE OVER PRINTED NAME OF STOCKHOLDER/ AUTHORIZED REPRESENTATIVE AND DATE)	

THIS PROXY FORM SHOULD BE SENT BY EMAIL TO corporatesecretary@merrymart.com.ph ON OR BEFORE 6:00 PM OF December 7, 2023.

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 17, 2023.

Registrant
MERRYMART CONSUMER CORP.

By:



Jacqueline Ann Marie Gomez
Corporate Secretary

ANNEX A

PROCEDURES AND REQUIREMENTS FOR PARTICIPATION AND VOTING IN THE 2023 ANNUAL STOCKHOLDERS' MEETING



PROCEDURES AND REQUIREMENTS FOR PARTICIPATION AND VOTING IN THE 2023 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 2021 Annual Shareholders' Meeting ("ASM") scheduled on December 15, 2023, 10:30 AM by remote communication and will conduct voting in absentia or by proxy.

Only stockholders of record as of November 22, 2023 are entitled to participate and vote in the 2023 ASM.

The Corporation has adopted the following procedures and requirements to enable its stockholders to register, participate and vote in the 2023 ASM.

I. ONLINE REGISTRATION STEPS AND REQUIREMENTS

A. Stockholders may register from 9:00 AM November 24, 2023 to 6:00 PM of December 7, 2023 to signify his/her/its intention to participate in the 2023 ASM by remote communication. The registration steps and requirements are available under company disclosures in the Company's website <http://www.merrymart.com.ph/ASM2023>.

B. To register, stockholder shall submit the following requirements to the Office of the Corporate Secretary via email at corporatesecretary@merrymart.com.ph.

B.1 For Individual Stockholders -

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

B.2 For Stockholders with Joint Accounts -

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

B.3 For stockholders under 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 2023 ASM through electronic voting in absentia. The deadline for registration is 6:00 PM of December 7 2023. Beyond this date, stockholders may no longer avail of the option to vote in absentia.
- B. After verification, the Company shall send a ballot to the registered stockholder through his/her/its email address which shall contain all the agenda items for approval as indicated in the Notice of Meeting and the registered stockholder may vote as follows:
 - (1) For items other than Election of Directors, the registered stockholder has the option to vote: In Favor of, Against or Abstain. The vote is considered cast for all the registered stockholder's share.
 - (2) For the election of Directors, the registered stockholder may vote for all nominees, not for any of the nominees, or vote for some nominees only, in such number of shares as preferred by the stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected. The total number of votes the stockholder is allowed to cast shall be based on the number of shares he/she or it owns.
 - (3) Once voting on the agenda items is finished, the stockholder can proceed to submit the accomplished ballot via email to corporatesecretary@merrymart.com.ph.
 - (4) After the ballot has been submitted, the stockholder may no longer change his/her vote. The stockholder will receive a confirmation email that his/her vote has been recorded.
- C. The Office of the Corporate Secretary shall tabulate all valid and confirmed votes cast through electronic voting; together with the votes through proxies, subject to validation by representatives of the Company's external auditors.
- D. Registered stockholders shall have until 6:00 PM of December 7, 2023 to cast their votes in absentia.
- E. Stockholders will not be allowed to cast votes during the proceedings of the 2023 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/ASM2023>.
- 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/ASM2023>. 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/ASM2023>. A copy of the duly signed and notarized Secretary's Certificate must be submitted together with the proxy form.

D. GENERAL INSTRUCTION ON VOTING BY PROXY:

- (1) Download and fill up the appropriate proxy form. Follow the instructions on how to cumulate or allocate votes in the election of directors.
- (2) Send the scanned copy of the duly executed proxy form via email to corporatesecretary@merrymart.com.ph or submit the original proxy form to the Office of the Corporate Secretary c/o Atty. Jacqueline Ann Marie Gomez. at MerryMart Headquarters 9th Floor Tower 1 DoubleDragon Plaza, Macapagal corner EDSA Ext Avenues Pasay City 1302.
- (3) Deadline for the submission of proxies is at 6:00 PM of December 7, 2023.
- (4) Validation of proxies will be on December 12, 2023.
- (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 asm2023@merrymart.com.ph. The deadline for submitting questions shall be at 6:00 PM of December 7, 2023.
- C. The proceedings during the 2023 ASM will be recorded.

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

ANNEX B

MINUTES OF THE 2022 ANNUAL STOCKHOLDERS' MEETING

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

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

On December 15, 2022 10:30 AM

STOCKHOLDERS PRESENT:	No. of Outstanding and Voting Shares 6,001,994,000	Percentage 79.03%
------------------------------	---	------------------------------

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 23 and 24 December 2022 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 Three Million Four Hundred Twenty Five Thousand and Two Hundred (6,001,994,000) shares or 79.03% 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 15, 2022 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	6,001,994,000	-	-
Percentage based on shares present at the meeting	100%	-	-

"RESOLVED, that the minutes of the Annual Stockholders' Meeting held on December 17, 2021 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 2021-2022. Upon motion duly made and seconded, the Company's updates and report was duly noted.

V. APPROVAL OF THE 2021 AUDITED FINANCIAL STATEMENTS AND 2021 ANNUAL REPORT

The Chairman sought the approval of the stockholders of the Audited Financial Statements for the year ended December 31, 2021 and the 2021 Annual Report. The 2021 Audited Financial Statements and the 2021 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 2021 Audited Financial Statements and 2021 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	6,001,994,000	-	-
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 2021 and the Audited Financial Statements for the year ended December 31, 2021.”

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 17, 2021 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	6,001,994,000	-	-
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 17, 2021 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 2022-2023. 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	6,001,994,000	-	-
Ferdinand J. Sia	6,001,994,000	-	-
Marriana H. Yulo-Luccini	6,001,994,000	-	-
Atty. Victoria R. Tamayao	6,001,994,000	-	-
Gary P. Cheng	6,001,994,000	-	-
Atty Jacqueline Ann Marie O. Gomez	6,001,994,000	-	-
Jose Roelph E. Desales	6,001,994,000	-	-

The following directors were thus elected to serve for the year 2022-2023` 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, 2022.

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	6,001,994,000	-	-
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, 2022.”

IX. ADJOURNMENT

As provided for in the Procedures for Participating in the 2022 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 asm2022@merrmart.com.ph or before 6:00 PM of December 7, 2022.

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 DIRECTOR

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. Double Dragon Corporation	Independent Director	2014 - Present
6. Merrymart Consumer Corporation	Independent Director	2020 - 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 am not related to any director/officer/substantial shareholder of **MERRYMART CONSUMER CORP.** and its subsidiaries and affiliates.

7. 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.
8. 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]

08 NOV 2023

IN WITNESS WHEREOF, I have hereunto set my hand this _____ in
MANILA CITY, Philippines.

Gary P. Cheng
Independent Director

08 NOV 2023

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

Doc No.: 139
Page No.: 28
Book No.: 17
Series of 2023.

ATTY. HENRY D. ADASA

NOTARY PUBLIC CITY OF MANILA

APPOINTMENT 05/12/2023 MANILA

IBF NO. 111123 / 01/03/2023

PTIN. 0361145 / 01/03/2023

ROLL NO. 29679, TIN NO. 172-528-620

MCLE COMP. NO. VII-0000165 VALID UNTIL APRIL 14, 2025

(38) 1411 TAYUMAN ST., STA. CRUZ, MANILA

REPUBLIC OF THE PHILIPPINES)
) S.S.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ATTY. VICTORIA R. TAMAYAO**, Filipino, of legal age and a resident of Unit 3119, The Maridien, Tower 2, 26th Street cor. 9th 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
Medical Philippines, Inc.	Director/Corporate Secretary	Nominee Stockholder, since 2012
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
Alexcy Corporation	Corporate Secretary	Since 2009
AB Holdings Corporation	Corporate Secretary	Since 2009

*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 08 NOV 2023 in
MANILA CITY, Philippines.

Victoria R. Tamayao
Atty. Victoria R. Tamayao
Independent Director

SUBSCRIBED AND SWORN TO BEFORE ME this 08 NOV 2023 day of _____ at
MANILA CITY Applicant exhibiting to me her Passport Identification Number P7676941A
issued by DFA Manila; valid until 25 June 2028.

Doc No.: 135
Page No.: 27
Book No.: 179
Series of 2023.

Henry D. Adasa
ATTY. HENRY D. ADASA

NOTARY PUBLIC CITY OF MANILA
APPOINTMENT 097/12/31/2023 MANILA
IRP NO. 181139 / 01/03/2023
PTF N. 0861145 / 01/03/2023

ROLL NO. 25679, TIN NO. 172-528-620
MCLE COMP. NO. VII-0000165 VALID UNTIL APRIL 14, 2025
1411 TAYUMAN ST., STA. CRUZ, MANILA

REPUBLIC OF THE PHILIPPINES)

City of MANILA 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:

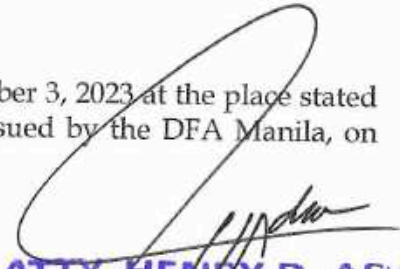
1. None of the directors or officers of the Company are connected with any government agencies or instrumentalities.
2. I have caused this Preliminary Information Statement and Definitive Information Statement to be prepared on behalf of the Corporation.
3. I have read and understood its contents which 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 at 08 NOV 2023.


ATTY. JACQUELINE ANN MARIE O. GOMEZ
CORPORATE SECRETARY

SUBSCRIBED AND SWORN TO before me this November 3, 2023 at the place stated above, affiant exhibiting to me her Passport No. P6783876A issued by the DFA Manila, on April 16, 2018.

Doc. No. 139 ;
Page No. 28 ;
Book No. 17 ;
Series of 2023.


ATTY. HENRY D. ADASA
NOTARY PUBLIC CITY OF MANILA
APPOINTMENT 09/12/21/2023 MANILA
IBF NO. 181139 / 01/03/2023
PTR N. 0861145 / 01/03/2023
ROLL NO. 29679, TIN NO. 172-528-620
MCLE COMP. NO. VII-0000165 VALID UNTIL APRIL 14, 2029
(38) 1411 TAYUMAN ST., STA. CRUZ, MANILA

ANNEX D and D-1

MANAGEMENT REPORT and

AUDITED FINANCIAL STATEMENTS 2022

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.

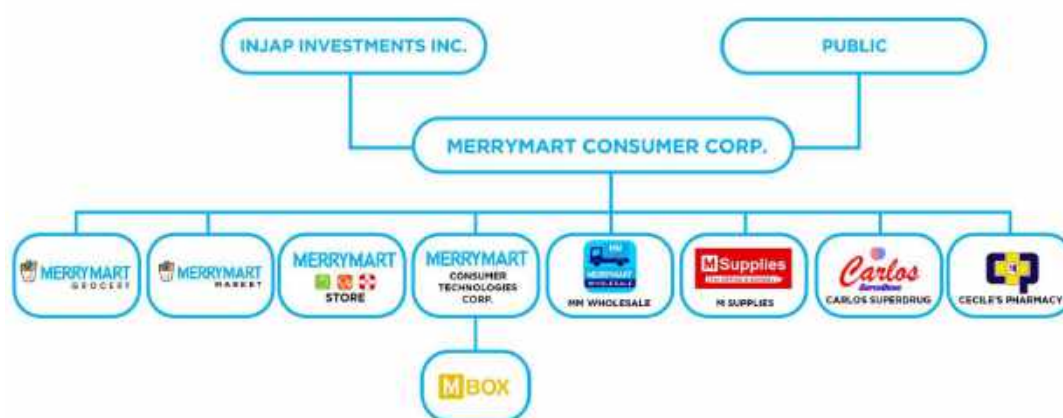
MM was incorporated in 2009. However, the Sia family has long been engaged in the supermarket business. MM opened its first two stores, Injap Supermart TATC and Injap Supermart Burgos Roxas City after its incorporation in 2009. Injap Supermarts like MerryMart Groceries are full size supermarkets offering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

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

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

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

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



MMGC aims to cover all the grocery retail categories from small, medium, and large grocery retail formats and will have, in particular, three brick and mortar grocery retail formats and 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.



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.

MERRYMART Market Format



3. MerryMart Store

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

Store Format



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.



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

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

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

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

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

Cecile’s Pharmacy is the biggest pharmacy chain in the city of Zamboanga in Mindanao Region, and the brand has been in operation for 59 years since 1964 with 21 strategically located operating branches to date, with over 300 workforce.

As of September 30, 2023, MM Group has 118 operational stores across the country. In addition to MerryMart branches, the Group also operates Injap Supermart, Carlos SuperDrug, Ceciles Pharmacy and M Supplies.

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.

The Company recently opened the following MerryMart Groceries



MERRYMART GROCERY OPENING

CityMall – Surigao last July 2023



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).

October 3, 2023, MerryMart Consumer Corp welcomes the Opening of the 100th MM Wholesale-powered Mini-Mart member. This Project of MM Wholesale aids the transformation of Sari-Sari Stores to become a Mini-Mart while purchasing their grocery inventory from the MM Wholesale App.





BEFORE



AFTER



BEFORE



AFTER

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





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

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



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

CORPORATE STRUCTURE

The following chart sets forth an overview of the corporate structure of the MM Group as of September 30, 2023.



MM is a wholly owned subsidiary of III. III is the holding company of the Sia family, led by its major shareholder and Chairman, Mr. Edgar J. Sia II, the Founder of Mang Inasal and Co-Founder of DD. III is one of the major shareholders of DD owning 35% of its outstanding capital stock as of December 31, 2019.

MerryMart Grocery Centers Inc.

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

MM Consumer Technologies Corp.

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

MBox Smart Lockers Corp.

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

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.

M Supplies Corp (M Supplies)

On March 29, 2022, M Supplies Corp was incorporated and registered in the Securities and Exchange Commission, with the primary purpose to engage 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, lease, 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, manage or operate any stores, shops, suites. Rooms, or part of any buildings and other structures. M Supplies is a wholly owned subsidiary of MMCC.

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 it maintains a healthy relationship with employees.

INTELLECTUAL PROPERTY

The operations of MM and its subsidiary, MMGC, are not dependent on any copyright, patent, trademark, license, franchise, concession or royalty agreement. The Company's subsidiary, MMGC, has the following trademark registered with the Intellectual Property Office as of September 30, 2023:

Trademark	Mark	Registrant	Registration Date
MERRYMART GROCERY			13 September 2019

		Merrymart Grocery Centers Inc.	
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

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

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

HEALTH, SAFETY AND ENVIRONMENT

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

INVENTORY AND LOGISTICS MANAGEMENT

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

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

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

CASH MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

INSURANCE

The MM Group maintains the following types of insurance policies for its branches: Property All Risks (Material Damage – All risks of sudden, accidental and unforeseen, direct and physical loss, destruction of or damage to the property), Comprehensive General Liability (Use, Operations and Maintenance of

the Premises) which includes third party property damage and/or bodily injury, fire and explosion legal liability, elevator and escalator liability, excess automobile liability, premises medial payments, first aid payment, car park liability, independent contractors, 72 hours sudden and accidental pollution, neon, advertising, sign and decorative liability, personal injury, event, stampede, libel and slander liability, Machinery Breakdown, Plate Glass, Robbery and Burglary, Electron Equipment, Personal Accident, Money Securities & Payroll and Fidelity Guarantee.

SUPPLIERS

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

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

FRANCHISE OPERATIONS

The MM Group is open to franchising its large format stores via conversion of existing supermarkets and its small format stores to as new build franchised stores. Medium format MerryMart Market expansion will be from company-owned stores and will not be open for franchising due to the nature of the niche market that it caters to. It has 2 franchisees of small format stores as of December 31, 2020. It requires its franchisees to operate a MerryMart Store in accordance with its methods, technology, marketing techniques and operational processes. The MM Group places great emphasis on its extensive experience and familiarity of the Philippine market by providing the consumer with a wide assortment of merchandise while maintaining excellent customer service.

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

SALES AND MARKETING

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

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

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

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

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

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

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

PRODUCT SELECTION

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

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

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

CUSTOMERS

Customer Loyalty Programs – MerryMart Wholesale Club

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

ITEM 2. PROPERTIES

As of September 30, 2023, the MM Group has these list of operational stores:

Stores	Number of Operating Stores
Injap Supermart	2
MerryMart-Grocery	24
MerryMart-Market	1
MerryMart-Store	26
Carlos SuperDrug	36
Ceciles Pharmacy	27
M Supplies	2
Total	118

The MM Group leases spaces for their retail stores as well as their distribution centers from both related parties and non-related parties. The lease rates and terms for these properties follow standard market rates and practices for similar businesses. The lease rates are generally based on a percentage of gross sales or on an agreed minimum guaranteed rate, which are subject to annual escalation rates, in line with market standards.

MMGC also leases its corporate office space located at 9F DoubleDragon Plaza Tower 1, DD Meridian Park in the Manila Bay area. The office is leased by MMGC from a subsidiary of DD. The Contract of Lease for the 1,278.61 sq. m. office space shall be effective for a period of ten years commencing on April 1, 2019 and ending on March 31, 2029.

ITEM 3. LEGAL PROCEEDINGS

As of September 30, 2023, the MM Group is not involved in any litigation regarding an event which occurred during the past five years that they consider material.

PART II 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.

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

2022 Prices (in PhP/share)

	High	Low	Close
First Quarter	₱ 2.58	₱ 1.69	₱ 1.86
Second Quarter	₱ 1.87	₱ 1.20	₱ 1.29
Third Quarter	₱ 1.60	₱ 1.13	₱ 1.19
Fourth Quarter	₱ 1.44	₱ 1.05	₱ 1.21

2021 Prices (in PhP/share)

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

As of December 31, 2022, the closing price of the Company's common shares was ₱1.21 per share with a total market capitalization of ₱ 9,189,873,417.89.

As of September 30, 2023, the closing price of the Company's common shares was ₱1.12 per share with a total market capitalization of ₱ 8,506,329,114.08.

The price information as of the close of the latest practicable trading date November 7, 2023 is ₱1.08 per share with a total market capitalization of ₱ 8,202,531,645.72.

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 September 30, 2023.

	Name	Nationality	No. of Shares	Percentage
1	PCD - Filipino	Filipino	7,550,786,540	99.42%
2	PCD- Non Filipino	Non-Filipino	42,546,554	0.56%
3	David Angelo Bornilla	Filipino	936,000	0.01%
4	Rameses Victorius G. Villagonzalo	Filipino	600,000	0.01%
5	Irish Hazel G. Manaois	Filipino	23,000	0.00%
6	Myra P. Villanueva	Filipino	9,000	0.00%
7	Daphne Dianne D. Mendoza	Filipino	5,000	0.00%
8	Joyce Anne M. Coralde	Filipino	5,000	0.00%
9	Myrna P. Villanueva	Filipino	5,000	0.00%
10	Clarisse C. Chan	Filipino	4,600	0.00%
11	Kennedy M. Olvido	Filipino	3,000	0.00%
12	Edgar J. Sia	Filipino	2,000	0.00%
13	Edgar J. Sia II	Filipino	2,000	0.00%
14	Ferdinand J. Sia	Filipino	2,000	0.00%
15	Pacita J. Sia	Filipino	2,000	0.00%
16	Rizza Marie Joy J. Sia	Filipino	2,000	0.00%
17	Milagros P. Villanueva	Filipino	1,000	0.00%
18	Marietta V. Cabreza	Filipino	1,000	0.00%
19	Juan Carlos V. Cabreza	Filipino	1,000	0.00%
20	Joselito Tanwangco Bautista	Filipino	10	0.00%
	Total		7,594,936,704	100.00%

As of September 30, 2023, total number of shareholders owning at least one board lot is 19.

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.

PART III MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Calendar Year Ended December 31, 2022 and 2021

RESULTS OF OPERATION

MERRYMART CONSUMER CORP. AND SUBSIDIARY
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
REVENUES						
Sale of goods	₱6,328,567,786	₱3,855,509,832	2,473,057,954	64.1%	94.2%	98.1%
Display rental	25,385,258	21,034,255	4,351,003	20.7%	0.4%	0.5%
Other operating income	98,875,811	52,842,525	46,033,286	87.1%	1.5%	1.3%
Gain from acquisition	262,745,847	-	262,745,847	0.0%	3.9%	0.0%
	6,715,574,702	3,929,386,612	2,786,188,090	70.9%	100.0%	100.0%
COST OF SALES	5,292,211,051	3,277,257,704	2,014,953,347	61.5%	78.8%	83.4%
GROSS PROFIT	1,423,363,651	652,128,908	771,234,743	118.3%	21.2%	16.6%
OPERATING EXPENSES	1,052,799,136	582,763,356	470,035,780	80.7%	15.7%	14.8%
INCOME FROM OPERATIONS	370,564,515	69,365,552	301,198,963	434.2%	5.5%	1.8%
INTEREST EXPENSE	25,865,802	15,960,615	9,905,187	62.1%	0.4%	0.4%
INTEREST INCOME	1,616,692	1,750,905	(134,213)	(7.7%)	0.0%	0.0%
INCOME BEFORE TAX	346,315,405	55,155,842	291,159,563	527.9%	5.2%	1.4%
INCOME TAX EXPENSE	24,537,285	21,158,303	3,378,982	16.0%	0.4%	0.5%
NET INCOME	₱321,778,120	₱33,997,539	287,780,581	846.5%	4.8%	0.9%
OTHER COMPREHENSIVE INCOME						
REMEASUREMENT GAIN ON DEFINED BENEFIT LIABILITY	2,082,699	2,115,694	(32,995)	(1.6%)	0.0%	0.1%
NET COMPREHENSIVE INCOME	₱323,860,819	₱36,113,233	₱287,747,586	796.8%	4.8%	0.9%
NET INCOME TO PARENT	304,708,617	34,304,682	270,403,935	788.2%	4.5%	0.9%
NCI NET INCOME (LOSS)	17,069,503	(307,143)	17,376,646	(5657.5%)	0.3%	(0.0%)
NET INCOME	₱321,778,120	₱33,997,539	₱287,780,581	846.5%	4.8%	0.9%
NET INCOME TO PARENT	306,791,316	36,420,376	270,370,940	742.4%	4.6%	0.9%
NCI NET INCOME (LOSS)	17,069,503	(307,143)	17,376,646	(5657.5%)	0.3%	(0.0%)
NET COMPREHENSIVE INCOME	₱323,860,819	₱36,113,233	₱287,747,586	796.8%	4.8%	0.9%

For the year ended December 31, 2022, the MM Group earned a consolidated revenue of ₱6,715.6 million, an increase of 70.9% from ₱3,929.4 million in 2021. This was driven by the revenue brought by the recently acquired Carlos SuperDrug and Ceciles Pharmacy 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 64.1% or ₱2,473.1 million from ₱3,855.5 million in 2021 to ₱6,328.6 in 2022 which contributes 94.2% 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.

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

For the year ended December 31, 2022, the MM Group's cost of sales is ₱5,292.2 million, an increase of 61.5% 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 118.3% in consolidated gross profit from ₱652.1 million in 2021 at 16.6% margin to ₱1,423.4 million at 21.2% 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 ₱470.0 million or 80.7% from the ₱582.8 million in the year ended December 31, 2021 to ₱1,052.8 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 ₱9.9 million or 62.1% from ₱16.0 million in the year ended December 31, 2021 to ₱25.9 million in 2022 is due to additional leases of MM Group qualified under PFRS 16.

Interest income decreased by 7.7% in 2022 due to decrease in deposit placement.

Pre-tax income increased by 527.9% year-on-year to ₱346.3 million due to the increase in the revenue of the Group.

Income tax expense for the year ended December 31, 2022 amounted to ₱24.5 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 ₱321.8 million an increase of 846.5% 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 SUBSIDIARY

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	₱845,320,250	₱2,030,327,961	(₱1,185,007,711)	(58.4%)	10.0%	31.3%
Receivables	146,646,050	86,062,063	60,583,987	70.4%	1.7%	1.3%
Inventories	2,393,629,841	1,372,727,670	1,020,902,171	74.4%	28.4%	21.1%
Prepaid expenses and other current assets	706,197,809	292,638,800	413,559,009	141.3%	8.4%	4.5%
Total Current Assets	₱4,091,793,950	₱3,781,756,494	310,037,456	8.2%	48.5%	58.2%
Noncurrent Assets						
Property and equipment - net	₱2,624,001,013	₱1,718,685,658	905,315,355	52.7%	31.1%	26.5%
Right-of-use asset	517,407,819	449,025,449	68,382,370	15.2%	6.1%	6.9%
Intangible asset	821,695,437	54,962,301	766,733,136	1395.0%	9.7%	0.8%
Deferred tax asset	29,694,026	37,919,270	(8,225,244)	(21.7%)	0.4%	0.6%
Other noncurrent assets	350,016,209	450,109,053	(100,092,844)	(22.2%)	4.1%	6.9%
Total Noncurrent Assets	₱4,342,814,504	₱2,710,701,731	1,632,112,773	60.2%	51.5%	41.8%
	₱8,434,608,454	₱6,492,458,225	₱1,942,150,229	29.9%	100.0%	100.0%
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and other current liabilities	₱1,262,654,570	₱822,473,155	₱440,181,415	53.5%	15.0%	12.7%
Short-term loans payable	1,867,417,557	1,295,000,000	572,417,557	44.2%	22.1%	19.9%
Income tax payable	1,552,376	-	1,552,376	0.0%	0.0%	0.0%
Total Current Liabilities	₱3,131,624,503	₱2,117,473,155	1,014,151,348	47.9%	37.1%	32.6%
Noncurrent Liabilities						
Retirement liability	₱27,301,669	₱9,085,689	18,215,980	200.5%	0.3%	0.1%
Due to related parties	1,052,308	-	1,052,308	0.0%	0.0%	0.0%
Other noncurrent liabilities	43,220,681	2,580,000	40,640,681	1575.2%	0.5%	0.0%
Long-term loans payable	2,185,888,115	1,997,053,555	188,834,560	9.5%	25.9%	30.8%
Lease liability	469,373,586	407,535,140	61,838,446	15.2%	5.6%	6.3%
Total Noncurrent Liabilities	₱2,726,836,359	₱2,416,254,384	310,581,975	12.9%	32.3%	37.2%
Total Liabilities	₱5,858,460,862	₱4,533,727,539	1,324,733,323	29.2%	69.5%	69.8%
Equity						
Capital stock	₱379,746,835	₱379,746,835	-	0.0%	4.5%	5.8%
Additional paid-in capital	1,386,292,253	1,386,292,253	-	0.0%	16.4%	21.4%
Retained earnings	485,024,165	180,339,438	304,684,727	169.0%	5.8%	2.8%
Remeasurement loss on defined benefit	2,742,002	659,303	2,082,699	315.9%	0.0%	0.0%
	2,253,805,255	1,947,037,829	306,767,426	15.8%	26.7%	30.0%
Non Controlling Interest	322,342,337	11,692,857	310,649,480	2656.7%	3.8%	0.2%
Total Equity	₱2,576,147,592	₱1,958,730,686	₱617,416,906	31.5%	30.5%	30.2%
Total Liabilities and Equity	₱8,434,608,454	₱6,492,458,225	₱1,942,150,229	29.9%	100.0%	100.0%

ASSETS

Total assets as at December 31, 2022 is ₱8,434.6 million compared to ₱6,492.5 million as at December 31, 2021, a ₱1,942.2 million or 29.9% increase.

Current Assets

As at December 31, 2022 and 2021, total current assets amounted to ₱4,091.8 million or 48.5% of total assets, and ₱3,781.8 million or 58.2% of total assets, respectively, for an increase of ₱310.0 million or 8.2%.

Cash and cash equivalents decreased by 58.4% from ₱2,030.3 million as at December 31, 2021 to ₱845.3 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 70.4% from ₱86.1 million as at December 31, 2021 to ₱146.6 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 74.4% from ₱1,372.7 million as at December 31, 2021 to ₱2,393.6 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 141.3% from ₱292.6 million as at December 31, 2021 to ₱706.2 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 ₱4,342.8 million or 51.5% of total assets, and ₱2,710.7 million or 41.8% of total assets, respectively, for an increase of ₱1,632.1 million or 60.2%.

Property and equipment increased by 52.7% from ₱1,718.7 million as at December 31, 2021 to ₱2,624.0 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 ₱517.4 million and ₱449.0 million as at December 31, 2022 and December 31, 2021, respectively, which is 6.1% 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 1395.0% from ₱55.0 million as at December 31, 2021 to ₱821.7 million as at December 31, 2022 due to the goodwill from Cecile's Pharmacy acquisition and the Carlos Brand recognized by the Group in relation to acquisition of Carlos SuperDrugs.

Deferred tax assets decreased by 21.7% from ₱37.9 million as at December 31, 2021 to ₱29.7 million as at December 31, 2022 due to increase in the deferred tax component of NOLCO.

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 ₱100.1 million or 22.2% from ₱450.1 million as at December 31, 2021 to ₱350.0 million in December 31, 2022, which is 4.1% of the total assets.

LIABILITIES

Total liabilities as at December 31, 2022 is ₱5,858.5 million compared to ₱4,533.7 million as at December 31, 2021, a ₱1,324.7 million or 29.2% increase.

Current Liabilities

As at December 31, 2022 and 2021, total current liabilities amounted to ₱3,131.6 million or 37.1% of total assets, and ₱2,117.5 million or 32.6% of total assets, respectively, for an increase of ₱1,014.2 million or 47.9%.

Accounts payable and other current liabilities increased by 53.5% to ₱1,262.7 million as at December 31, 2022, or 15.0% of total assets, due to higher payables to suppliers, accrued expenses and current portion lease liabilities as at December 31, 2022.

Short-term loans payable amounted to ₱1,867.4 million as at December 31, 2022, an increase of ₱572.4 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.

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.

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

Noncurrent Liabilities

As at December 31, 2022 and 2021, total noncurrent liabilities amounted to ₱2,726.8 million or 32.3% of total assets, and ₱2,416.3 million or 37.2% of total assets, respectively, for an increase of ₱310.6 million or 12.9%.

Retirement benefits liability increased by ₱18.2 million or 200.5% due to the additional accrual recognized by the MM Group for its retirement obligation to its employees.

Long-term loans payable amounted to ₱2,185.9 million on December 31, 2022, an increase of ₱188.8 million or 9.5% 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.

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 ₱469.4 million as at December 31, 2022, an increase of ₱61.8 million or 15.2% 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.

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

EQUITY

Retained earnings amounted to ₱485.0 million as at December 31, 2022, an increase of ₱304.7 million or 169.0%. The increase is due to net income attributable to Parent for the year.

Non-controlling interest amounted to ₱322.3 million as at December 31, 2022, an increase of ₱310.7 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 ₱2,576.1 million or 30.5% of total assets, and ₱1,958.7 million or 30.2% of total assets, respectively, for an increase of ₱617.4 million or 31.5%. The increase in equity is due to the Group's non-controlling interest and net income for the period.

Calendar Year Ended December 31, 2021 and 2020

RESULTS OF OPERATION

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

	December 31, 2021	December 31, 2020	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2021	2020
REVENUES						
Sale of goods	3,855,509,832	3,412,521,282	442,988,550	13.0%	98.1%	98.2%
Display rental	21,034,255	26,326,260	(5,292,005)	(20.1%)	0.5%	0.8%
Other operating income	52,842,525	35,236,233	17,606,292	50.0%	1.3%	1.0%
	3,929,386,612	3,474,083,775	455,302,837	13.1%	100.0%	100.0%
COST OF SALES	3,277,257,704	3,145,722,630	131,535,074	4.2%	83.4%	90.5%
GROSS PROFIT	652,128,908	328,361,145	323,767,763	98.6%	16.6%	9.5%
OPERATING EXPENSES	582,763,356	304,656,866	278,106,490	91.3%	14.8%	8.8%
INCOME FROM OPERATIONS	69,365,552	23,704,279	45,661,273	192.6%	1.8%	0.7%
INTEREST EXPENSE	15,960,615	12,550,872	3,409,743	27.2%	0.4%	0.4%
INTEREST INCOME	1,750,905	5,769,988	(4,019,083)	(69.7%)	0.0%	0.2%
INCOME BEFORE TAX	55,155,842	16,923,395	38,232,447	225.9%	1.4%	0.5%
INCOME TAX EXPENSE (BENEFIT)	(21,158,303)	31,317,679	(52,475,982)	(167.6%)	(0.5%)	0.9%
NET INCOME	33,997,539	48,241,074	(14,243,535)	(29.5%)	0.9%	1.4%
OTHER COMPREHENSIVE INCOME						
REMEASUREMENT GAIN ON DEFINED BENEFIT LIABILITY	2,115,694	(1,456,391)	3,572,085	(245.3%)	0.1%	(0.0%)
NET COMPREHENSIVE INCOME (LOSS)	36,113,233	46,784,683	(10,671,450)	(22.8%)	0.9%	1.3%
NET INCOME TO PARENT	34,304,682	48,241,074	(13,936,392)	(28.9%)	0.9%	1.4%
NCI NET INCOME (LOSS)	(307,143)	-	(307,143)	0.0%	(0.0%)	0.0%
NET INCOME	33,997,539	48,241,074	(14,243,535)	(29.5%)	0.9%	1.4%
NET INCOME TO PARENT	36,420,376	-	36,420,376	0.0%	0.9%	0.0%
NCI NET INCOME (LOSS)	(307,143)	-	(307,143)	0.0%	(0.0%)	0.0%
NET COMPREHENSIVE INCOME	36,113,233	46,784,683	(10,671,450)	(22.8%)	0.9%	1.3%

For the year ended December 31, 2021, the MM Group earned a consolidated revenue of ₱3.9 billion an increase of 13.0% from ₱3.5 billion in 2020. This was driven by the expansion of the Group's grocery retail store with the opening of additional MerryMart-branded groceries and stores and the continuous growth of the existing stores. In 2021, the Group opened additional 26 MerryMart branches.

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

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

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

For the year ended December 31, 2021, the MM Group's cost of sales is ₱3,277.3 million, an increase of 4.2% compared to ₱3,145.7 million for the year ended December 31, 2020, which is in line with the increase of revenues, primarily driven by the increase in sales.

For the year ended December 31, 2021, the MM Group realized an increase of 98.6% in consolidated gross profit from ₱328.4 million in 2020 at 9.5% margin to ₱652.1 million at 16.6% margin in the same period of 2021, driven by strong sales growth and increase in other operating income of the Group.

Operating expenses increased by ₱278.1 million or 91.3% from the ₱304.7 million in the year ended December 31, 2020 to ₱582.8 million in 2021. The additional operating expenses are mainly attributable to the operating expenses of new operational stores and the ramp up of head office expenses to support the anticipated growth of MerryMart based on its expansion plans.

Interest expense pertains to the accounting adjustment for the adoption of PFRS 16. The amount is the computed interest expense for the lease contract liability recognized. The increase in interest expense of ₱3.4 million or 27.2% from ₱12.6 million in the year ended December 31, 2020 to ₱16.0 million in 2021 is due to additional leases of MM Group qualified under PFRS 16.

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

Pre-tax income increased by 225.9% year-on-year to ₱55.16 Million due to the increase in the revenue of the Group.

Income tax expense for the year ended December 31, 2021 amounted to ₱21.2 million due to taxable income driven by sales growth for the period and due to one-off tax adjustments as a result of the downward adjustment in the deferred tax assets due to the change in corporate income tax rate.

For the year ended December 31, 2021, the MM Group earned a consolidated net income of ₱34.0 million a decrease of 29.5% from ₱48.2 million in 2020. The decrease is mainly due to the higher income tax expense as a result of one-time adjustments recorded.

FINANCIAL POSITION

MERRYMART CONSUMER CORP. AND SUBSIDIARY

Audited Consolidated Statements of Financial Position

As at December 31, 2021 & 2020

	December 31, 2021	December 31, 2020	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2021	2020
ASSETS						
Current Assets						
Cash and cash equivalents	₱2,030,327,961	₱940,641,989	₱1,089,685,972	115.8%	31.3%	27.1%
Receivables	86,062,063	25,071,685	60,990,378	243.3%	1.3%	0.7%
Inventories	1,372,727,670	737,572,923	635,154,747	86.1%	21.1%	21.2%
Prepaid expenses and other current assets	292,638,800	199,090,553	93,548,247	47.0%	4.5%	5.7%
Total Current Assets	3,781,756,494	1,902,377,150	1,879,379,344	98.8%	58.2%	54.7%
Noncurrent Assets						
Property and equipment - net	1,718,685,658	₱908,849,180	809,836,478	89.1%	26.5%	26.1%
Right-of-use asset	449,025,449	402,933,511	46,091,938	11.4%	6.9%	11.6%
Intangible asset	54,962,301	42,910,253	12,052,048	28.1%	0.8%	1.2%
Deferred tax asset	37,919,270	44,276,810	(6,357,540)	(14.4%)	0.6%	1.3%
Other noncurrent assets	450,109,053	174,714,961	275,394,092	157.6%	6.9%	5.0%
Total Noncurrent Assets	2,710,701,731	1,573,684,715	1,137,017,016	72.3%	41.8%	45.3%
	₱6,492,458,225	₱3,476,061,865	₱3,016,396,360	86.8%	100.0%	100.0%
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and other current liabilities	₱822,473,155	₱416,433,885	₱406,039,270	97.5%	12.7%	12.0%
Loans payable	1,295,000,000	450,000,000	845,000,000	187.8%	19.9%	12.9%
Income tax payable	-	-	-	0.0%	0.0%	0.0%
Due to related parties	-	62,482,842	(62,482,842)	(100.0%)	0.0%	1.8%
Total Current Liabilities	2,117,473,155	928,916,727	1,188,556,428	128.0%	32.6%	26.7%
Noncurrent Liabilities						
Retirement liability	9,085,689	8,024,699	1,060,990	13.2%	0.1%	0.2%
Loans Payable - noncurrent	1,997,053,555	250,000,000	1,747,053,555	698.8%	30.8%	7.2%
Other noncurrent liabilities	2,580,000	1,380,000	1,200,000	87.0%	0.0%	0.0%
Lease liability	407,535,140	376,322,986	31,212,154	8.3%	6.3%	10.8%
Deposit for future subscription	-	-	-	0.0%	0.0%	0.0%
Total Noncurrent Liabilities	2,416,254,384	635,727,685	1,780,526,699	280.1%	37.2%	18.3%
Total Liabilities	4,533,727,539	1,564,644,412	2,969,083,127	189.8%	69.8%	45.0%
Equity						
Capital stock	379,746,835	379,746,835	-	0.0%	5.8%	10.9%
Additional Paid-up Capital	1,386,292,253	1,386,292,253	-	0.0%	21.4%	39.9%
Retained earnings	180,339,438	146,834,756	33,504,682	22.8%	2.8%	4.2%
Remeasurement gain on defined benefit liability	659,303	(1,456,391)	2,115,694	(145.3%)	0.0%	(0.0%)
	1,947,037,829	1,911,417,453	35,620,376	1.9%	30.0%	55.0%
Non-controlling interest	11,692,857	-	11,692,857	0.0%	0.2%	0.0%
Total Equity	1,958,730,686	1,911,417,453	47,313,233	2.5%	30.2%	55.0%
Total Liabilities and Equity	₱6,492,458,225	₱3,476,061,865	₱3,016,396,360	86.8%	100.0%	100.0%

ASSETS

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

Current Assets

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

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

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

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

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

Noncurrent Assets

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

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

Right-of-Use asset is in relation to the adoption of PFRS 16. Right-of-Use Assets amounted to ₱449.0 million and ₱402.9 million as at December 31, 2021 and December 31, 2020, respectively, which is 6.9% of total assets. The increase in right-of-use asset is due to the additional leases of the Group qualified under PFRS 16.

Intangible Assets increased by 28.1% from ₱42.9 million as at December 31, 2020 to ₱55.0 million as at December 31, 2021 due to installation of additional POS systems for new operational stores during the period.

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

Other noncurrent assets mainly pertain to the deposits made by the Group for new lease for its new and upcoming stores. Other noncurrent assets increased by ₱275.4 million or 157.6% from ₱174.7 million as at December 31, 2020 to ₱450.1 million in December 31, 2021, which is 6.9% of the total assets.

LIABILITIES

Total liabilities as at December 31, 2021 is ₱4,533.7 million compared to ₱1,564.6 million as at December 31, 2020, a ₱2,969.1 million or 189.8% increase.

Current Liabilities

As at December 31, 2021 and 2020, total current liabilities amounted to ₱2,117.5 million or 32.6% of total assets, and ₱928.9 million or 26.7% of total assets, respectively, for an increase of ₱1,188.6 million or 128.0%.

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

Short-term loans payable amounted to ₱1,295.0 million as at December 31, 2021, an increase of ₱845.0 million or 187.8% from ₱450.0 million as at December 31, 2020. The increase is due to the short-term loans and current portion of the long-term loan availed by the Group in 2021 in preparation for its growth and expansion.

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

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

Noncurrent Liabilities

As at December 31, 2021 and 2020, total noncurrent liabilities amounted to ₱2,416.3 million or 37.2% of total assets, and ₱635.7 million or 18.3% of total assets, respectively, for an increase of ₱1,780.5 million or 280.1%.

Retirement benefits liability increased by ₱1.1 million or 13.2% due to the additional accrual recognized by the MM Group for its retirement obligation to its employees.

Long-term loans payable amounted to ₱1,997.1 million on December 31, 2021, an increase of ₱1,747.1 million or 698.8% from ₱250.00 million as at December 31, 2020. The increase is due to availment of long-term loan from a local bank in preparation for investments in its company-owned store expansion and distribution centers nationwide.

Lease liability pertains to the contractual lease liability recognized by the MM Group for its stores and office space in relation to the PFRS 16 adoption amounting to ₱407.5 million as at December 31, 2021, an increase of ₱31.2 million or 8.3% from ₱376.3 million as at December 31, 2020. The increase in lease liability is due to additional spaces qualified under PFRS 16 leased by the Group for its newly opened stores.

EQUITY

As at December 31, 2021 and 2020, total equity amounted to ₱1,958.7 million or 30.2% of total assets, and ₱1,911.4 million or 55.0% of total assets, respectively, for an increase of ₱47.3 million or 2.5%. The increase in equity is due to the Group's non-controlling interest and net income for the period.

Calendar Year Ended December 31, 2020 and 2019

RESULTS OF OPERATION

MERRYMART CONSUMER CORP. AND SUBSIDIARY Audited Consolidated Statements of Comprehensive Income For the year ended December 31, 2020 & 2019

	December 31, 2020	December 31, 2019	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2020	2019
REVENUES						
Sale of goods	3,412,521,282	2,482,302,804	930,218,478	37.5%	98.2%	98.7%
Display rental	26,326,260	20,870,590	5,455,670	26.1%	0.8%	0.8%
Other operating income	35,236,233	12,062,959	23,173,274	192.1%	1.0%	0.5%
	3,474,083,775	2,515,236,353	958,847,422	38.1%	100.0%	100.0%
COST OF SALES	3,145,722,630	2,370,672,389	775,050,241	32.7%	90.5%	94.3%
GROSS PROFIT	328,361,145	144,563,964	183,797,181	127.1%	9.5%	5.7%
OPERATING EXPENSES	304,656,866	98,053,988	206,602,878	210.7%	8.8%	3.9%
INCOME FROM OPERATIONS	23,704,279	46,509,976	(22,805,697)	(49.0%)	0.7%	1.8%
INTEREST EXPENSE	12,550,872	6,653,777.00	5,897,095	88.6%	0.4%	0.3%
INTEREST INCOME	5,769,988	109,993	5,659,995	5145.8%	0.2%	0.0%
INCOME BEFORE TAX	16,923,395	39,966,192	(23,042,797)	(57.7%)	0.5%	1.6%
INCOME TAX EXPENSE (BENEFIT)	31,317,679	(11,956,860)	43,274,539	(361.9%)	0.9%	(0.5%)
NET INCOME	48,241,074	28,009,332	20,231,742	72.2%	1.4%	1.1%
OTHER COMPREHENSIVE INCOME						
REMEASUREMENT GAIN ON DEFINED BENEFIT LIABILITY	(1,456,391)	-	(1,456,391)	0.0%	(0.0%)	0.0%
NET COMPREHENSIVE INCOME (LOSS)	46,784,683	28,009,332	18,775,351	67.0%	1.9%	1.3%

For the year ended December 31, 2020, the MM Group earned a consolidated revenue of ₱3.5 billion an increase of 38.1% from ₱2.5 billion in 2019. This was driven by the expansion of the MM Group's grocery retail store with the opening of 22 additional stores in 2020 and the continuous strong growth of the first two grocery stores in Roxas, Capiz.

For the year ended December 31, 2020, sale of goods contributes 98.2% of the total revenue.

The increase in display rental is due to more stores operating in 2020.

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

For the year ended December 31, 2020, the MM Group's cost of sales is ₱3,145.7 million, an increase of 32.7% compared to ₱2,370.7 million for the year ended December 31, 2019, which is in line with the increase of revenues, primarily driven by the increase in sales.

For the year ended December 31, 2020, the MM Group realized an increase of 127.1% in consolidated gross profit from ₱144.6 million in 2019 at 5.7% margin to ₱328.4 million at 9.5% margin in the same period of 2020, driven by strong sales growth from old and new stores and increase in other operating income.

Operating expenses increased by ₱206.6 million or 210.7% from the ₱98.1 million in the year ended December 31, 2019 to ₱304.7 million in 2020. The additional operating expenses are mainly attributable to the opening of a new stores in 2020 and the pre-operating expenses of some branches.

Interest expense pertains to the accounting adjustment for the adoption of PFRS 16. The amount is the computed interest expense for the lease contract liability recognized. The increase in interest expense of ₱5.9 million or 88.6% from ₱6.7 million in the year ended December 31, 2019 to ₱12.6 million in 2020 is due to additional leases of MM Group qualified under PFRS 16.

Interest income increased by 5,145.8% in 2020 due to increase in deposit placement.

Income tax benefit for the year ended December 31, 2020 amounted to ₱31.3 million due to the net operating loss from the Company's subsidiary.

For the year ended December 31, 2020, the MM Group earned a consolidated net income of ₱48.2 million an increase of 72.2% from ₱28.0 million in 2019. The increase is due to the increase in revenue of the Group and income tax benefit recorded for the year.

FINANCIAL POSITION

MERRYMART CONSUMER CORP. AND SUBSIDIARY Audited Consolidated Statements of Financial Position As at December 31, 2020 & 2019

	December 31, 2020	December 31, 2019	Horizontal Analysis		Vertical Analysis	
		(As reclassified - Note 24)	Increase (Decrease)		2020	2019
ASSETS						
Current Assets						
Cash and cash equivalents	₱940,641,989	₱270,308,599	₱670,333,390	248.0%	27.1%	30.0%
Receivables	25,071,685	9,018,707	16,052,978	178.0%	0.7%	1.0%
Inventories	737,572,923	183,418,743	554,154,180	302.1%	21.2%	20.4%
Prepaid expenses and other current assets	199,090,553	32,369,229	166,721,324	515.1%	5.7%	3.6%
Total Current Assets	1,902,377,150	495,115,278	1,407,261,872	284.2%	54.7%	55.0%
Noncurrent Assets						
Property and equipment - net	908,849,180	₱221,794,668	687,054,512	309.8%	26.1%	24.6%
Right-of-use asset	402,933,511	118,264,628	284,668,883	240.7%	11.6%	13.1%
Intangible asset	42,910,253	14,612,773	28,297,480	193.6%	1.2%	1.6%
Deferred tax asset	44,276,810	8,352,008	35,924,802	430.1%	1.3%	0.9%
Other noncurrent assets	174,714,961	41,672,212	133,042,749	319.3%	5.0%	4.6%
Total Noncurrent Assets	1,573,684,715	404,696,289	1,168,988,426	288.9%	45.3%	45.0%
	₱3,476,061,865	₱899,811,567	₱2,576,250,298	286.3%	100.0%	100.0%

LIABILITIES AND EQUITY**Current Liabilities**

Accounts payable and other current liabilities	₱416,433,885	₱130,218,011	₱286,215,874	219.8%	12.0%	14.5%
Loans payable	450,000,000	150,000,000	300,000,000	200.0%	12.9%	16.7%
Income tax payable	-	37,782,980	(37,782,980)	(100.0%)	0.0%	4.2%
Due to related parties	62,482,842	49,762,571	12,720,271	25.6%	1.8%	5.5%
Total Current Liabilities	928,916,727	367,763,562	561,153,165	152.6%	26.7%	40.9%

Noncurrent Liabilities

Retirement liability	8,024,699	6,196,332	1,828,367	29.5%	0.2%	0.7%
Loans Payable - noncurrent	250,000,000	0	250,000,000	0.0%	7.2%	0.0%
Other noncurrent liabilities	1,380,000	1,380,000	-	0.0%	0.0%	0.2%
Lease liability	376,322,986	117,477,991	258,844,995	220.3%	10.8%	13.1%
Deposit for future subscription	-	298,750,000	(298,750,000)	(100.0%)	0.0%	33.2%
Total Noncurrent Liabilities	635,727,685	423,804,323	211,923,362	50.0%	18.3%	47.1%
Total Liabilities	1,564,644,412	791,567,885	773,076,527	97.7%	45.0%	88.0%

Equity

Capital stock	379,746,835	1,250,000	378,496,835	30279.7%	10.9%	0.1%
Additional Paid-up Capital	1,386,292,253	-	1,386,292,253	0.0%	39.9%	0.0%
Retained earnings	146,834,756	106,993,682	39,841,074	37.2%	4.2%	11.9%
Remeasurement gain on defined benefit liability	(1,456,391)	-	(1,456,391)	0.0%	(0.0%)	0.0%
Total Equity	1,911,417,453	108,243,682	1,803,173,771	1665.8%	55.0%	12.0%
Total Liabilities and Equity	₱3,476,061,865	₱899,811,567	₱2,576,250,298	286.3%	100.0%	100.0%

ASSETS

Total assets as at December 31, 2020 is ₱3,476.1 million compared to ₱914.6 million as at December 31, 2019, a ₱2,561.4 million or 280.0% increase.

Current Assets

As at December 31, 2020 and 2019, total current assets amounted to ₱1,902.4 million or 54.7% of total assets, and ₱509.9 million or 55.8% of total assets, respectively, for an increase of ₱1,392.4 million or 273.1%.

Cash and cash equivalents increased by 248.0% from ₱270.3 million as at December 31, 2019 to ₱940.6 million as at December 31, 2020 primarily due from the proceeds of loan and issuance of shares by the Company.

Receivables only accounts for 0.7% of the total assets as at December 31, 2020. It increased by 154.8% from ₱9.8 million as at December 31, 2019 to ₱25.1 million as at December 31, 2020 due to increase in receivables from credit card and QR-based mobile payment sales.

Inventories increased by 302.1% from ₱183.4 million as at December 31, 2019 to ₱737.6 million as at December 31, 2020 this increase is due from the increase in operations of the Group, with 22 additional stores in 2020.

Prepaid expenses and other current assets increased by 329.4% from ₱46.4 million as at December 31, 2019 to ₱199.1 million as at December 31, 2020 primarily due to the increased in input VAT related to the construction of new stores and prepaid expenses.

Noncurrent Assets

As at December 31, 2020 and 2019, total noncurrent assets amounted to ₱1,573.7 million or 45.3% of total assets, and ₱404.7 million or 44.2% of total assets, respectively, for an increase of ₱1,169.0 million or 288.9%.

Property and equipment increased by 309.8% from ₱221.8 million as at December 31, 2019 to ₱908.8 million as at December 31, 2020 due primarily to the increase in construction in progress and leasehold improvements for MerryMart's additional stores.

Right-of-Use asset is in relation to the adoption of PFRS 16. Right-of-Use Assets amounted to ₱402.9 million and ₱118.3 million as at December 31, 2020 and December 31, 2019, respectively, which is 11.6% of total assets. The increase in right-of-use asset is due to the additional leases of the Group qualified under PFRS 16.

Intangible Assets increased by 193.6% from ₱14.6 million as at December 31, 2019 to ₱42.9 million as at December 31, 2020 due to additional cost for the installation and implementation of MM's SAP system.

Deferred tax assets increased by 430.1% from ₱8.4 million as at December 31, 2019 to ₱44.3 million as at December 31, 2020 due to increase in the deferred tax component of NOLCO from the Company's subsidiary.

Other noncurrent assets mainly pertain to the deposits and prepaid rent for the leases of its stores. Other noncurrent assets increased by ₱174.7 million or 319.3% from ₱41.7 million as at December 31, 2019 to ₱174.7 million in December 31, 2020, which is 5.0% of the total assets.

LIABILITIES

Total liabilities as at December 31, 2020 is ₱1,564.6 million compared to ₱806.4 million as at December 31, 2019, a ₱758.3 million or 94.0% increase.

Current Liabilities

As at December 31, 2020 and 2019, total current liabilities amounted to ₱928.9 million or 26.7% of total assets, and ₱382.6 million or 41.8% of total assets, respectively, for an increase of ₱546.3 million or 142.8%.

Accounts payable and other current liabilities increased by 187.1% to ₱416.4 million as at December 31, 2020, or 12.0% of total assets, due to higher payables to suppliers, accrued expenses and current portion lease liabilities as at December 31, 2020.

Loans payable amounted to ₱450 million as at December 31, 2020, an increase of ₱300.0 million or 200.0% from ₱150.0 million as at December 31, 2019. The increase is due to the short-term loans availed by the Group in 2020.

Income tax payable is nil for December 31, 2020, all income taxes due were paid by the Group before December 31, 2020.

Due to related parties increased by 25.6% or ₱12.7 million from ₱49.8 million as at December 31, 2019 to ₱62.5 million, 1.8% of total assets, in December 31, 2020 due to advances made for the year.

Noncurrent Liabilities

As at December 31, 2020 and 2019, total noncurrent liabilities amounted to ₱635.7 million or 18.3% of total assets, and ₱423.8 million or 46.3% of total assets, respectively, for an increase of ₱211.9 million or 50.0%.

Retirement benefits liability increased by ₱1.8 million or 29.5% due to the additional accrual recognized by the MM Group for its retirement obligation to its employees.

Lease liability pertains to the contractual lease liability recognized by the MM Group for its stores and office space in relation to the PFRS 16 adoption amounting to ₱376.3 million as at December 31, 2020, an increase of ₱258.8 million or 220.3% from ₱117.5 million as at December 31, 2019. The increase is due to additional leases by the Group qualified under PFRS 16.

Deposit for future subscription is nil as at December 31, 2020, 100.0 % decrease from ₱298.8 million as at December 31, 2019. The deposit for future subscription has been converted to equity in 2020.

EQUITY

As at December 31, 2020 and 2019, total equity amounted to ₱1,911.4 million or 55.0% of total assets, and ₱108.2 million or 11.8% of total assets, respectively, for an increase of ₱1,803.2 million or 1,665.8%. The increase in equity is due to increase in Capital stock and recognition of additional paid-in capital for the year, and net income for the year offset by the dividends declared.

Key Performance Indicators of the Company

The following are the key performance indicators used by the Group as at December 31, 2022, 2021 and 2020.

	December 31, 2022	December 31, 2021	December 31, 2020
Current Ratio	1.31	1.79	2.05
Asset to Equity	3.27	3.31	1.82
Debt to Equity Ratio	1.57	1.68	0.37
Acid Test Ratio	0.32	1.00	1.04
Return on Equity	14.51%	1.76%	4.78%
Net Income to Revenue	4.54%	0.87%	1.39%
Revenue Growth	70.91%	13.11%	38.12%
Income Growth	788.24%	-29.53%	72.23%
EBITDA (PHP in thousands)	494,837.6	128,561.0	91,125.1
Solvency Ratio	0.09	0.03	0.07

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. EBITDA	Income from Operations + Depreciation and Amortization + Interest Expense
9. Acid Test Ratio	$\frac{\text{Cash} + \text{Accounts Receivable} + \text{Marketable Securities}}{\text{Current Liabilities}}$
10. Solvency Ratio	$\frac{\text{Net Income} + \text{Depreciation and Amortization}}{\text{Total Liabilities}}$

Liquidity & Capital Resources

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

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

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.

**PART IV MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS
OF OPERATIONS AND FINANCIAL CONDITION FOR THE
NINE MONTHS ENDED SEPTEMBER 30, 2023**

September 30, 2023 versus September 30, 2022 Results of Operations

MERRYMART CONSUMER CORP. AND SUBSIDIARIES

(Formerly Injap Supermart Inc.)

UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

For the nine months ended September 30, 2023 and September 30, 2022

	September 30, 2023	September 30, 2022	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2023	2022
REVENUES						
Sale of goods	₱5,685,561,213	₱4,464,082,981	1,221,478,232	27.4%	98.3%	98.0%
Display rental	18,197,463	16,821,850	1,375,613	8.2%	0.3%	0.4%
Other operating income	81,911,080	73,703,025	8,208,055	11.1%	1.4%	1.6%
	5,785,669,756	4,554,607,856	1,231,061,900	27.0%	100.0%	100.0%
COST OF SALES	4,871,769,427	3,783,187,596	1,088,581,831	28.8%	84.2%	83.1%
GROSS PROFIT	913,900,329	771,420,260	142,480,069	18.5%	15.8%	16.9%
OPERATING EXPENSES	839,172,950	699,311,251	139,861,699	20.0%	14.5%	15.4%
INCOME FROM OPERATIONS	74,727,379	72,109,009	2,618,370	3.6%	1.3%	1.6%
INTEREST EXPENSE	19,436,782	17,425,382	2,011,400	11.5%	0.3%	0.4%
INTEREST INCOME	9,315,732	1,476,734	7,838,998	530.8%	0.2%	0.0%
INCOME BEFORE TAX	64,606,329	56,160,361	8,445,968	15.0%	1.1%	1.2%
INCOME TAX EXPENSE	13,848,045	13,668,078	179,967	1.3%	0.2%	0.3%
NET INCOME/TOTAL COMPREHENSIVE INCOME	₱50,758,284	₱42,492,283	₱8,266,001	19.5%	0.9%	0.9%
NET INCOME TO PARENT	25,950,176	23,140,205	2,809,971	12.1%	1.5%	0.0%
NCI NET INCOME	24,808,108	19,352,078	5,456,030	28.2%	1.5%	0.0%
NET INCOME/TOTAL COMPREHENSIVE INCOME	₱50,758,284	₱42,492,283	₱8,266,001	19.5%	3.0%	0.0%

MERRYMART CONSUMER CORP. AND SUBSIDIARIES

(Formerly Injap Supermart Inc.)

UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME For the quarter ended September 30, 2023 and September 30, 2022

	September 30, 2023	September 30, 2022	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2023	2022
REVENUES						
Sale of goods	₱2,043,562,343	₱1,645,178,526	₱398,383,817	24.2%	98.3%	97.9%
Display rental	5,969,043	4,440,907	1,528,136	34.4%	0.3%	0.3%
Other operating income	28,695,718	30,391,372	(1,695,654)	(5.6%)	1.4%	1.8%
	2,078,227,104	1,680,010,805	398,216,299	23.7%	100.0%	100.0%
COST OF SALES	1,793,521,119	1,413,086,063	380,435,056	26.9%	86.3%	84.1%
GROSS PROFIT	284,705,985	266,924,742	17,781,243	6.7%	13.7%	15.9%
OPERATING EXPENSES	269,415,074	247,956,859	21,458,215	8.7%	13.0%	14.8%
INCOME FROM OPERATIONS	15,290,911	18,967,883	(3,676,972)	(19.4%)	0.7%	1.1%
INTEREST EXPENSE	6,459,768	5,692,342	767,426	13.5%	0.3%	0.3%
INTEREST INCOME	3,896,239	287,185	3,609,054	1256.7%	0.2%	0.0%
INCOME BEFORE TAX	12,727,382	13,562,726	(835,344)	(6.2%)	0.6%	0.8%
INCOME TAX EXPENSE	2,207,785	3,317,001	(1,109,216)	(33.4%)	0.1%	0.2%
NET INCOME/ TOTAL COMPREHENSIVE INCOME	₱10,519,597	₱10,245,725	₱273,872	2.7%	0.5%	0.6%
NET INCOME TO PARENT	9,004,360	4,946,844	4,057,516	82.0%	0.4%	0.3%
NCI NET INCOME	1,515,237	5,298,881	(3,783,644)	(71.4%)	0.1%	0.3%
NET INCOME/ TOTAL COMPREHENSIVE INCOME	₱10,519,597	₱10,245,725	₱273,872	2.7%	0.5%	0.6%

Nine months Ended September 30, 2023 compared to Nine months Ended September 30, 2022

For the nine months ended September 30, 2023, the Group earned a consolidated revenue of ₱5,785.67 million an increase of 27.0% from ₱4,554.61 million in the same period in 2022. This was driven by the increase in sales of goods mainly from additional stores and MM Wholesale this year and increase in sales from existing stores.

For the nine months ended September 30, 2023, sale of goods contributes 98.3% of the total revenue.

For the nine months ended September 30, 2023, the Group's cost of sale is ₱4,871.77 million, an increase of 28.8% compared to ₱3,783.19 million for the nine months ended September 30, 2022, which is in line with the increase of in sales of goods.

For the nine months ended September 30, 2023, the Group's consolidated gross profit amounted to ₱913.90 million, an 18.5% increase from ₱771.42 million in nine months of 2022, driven by strong sales growth.

Operating expenses increased by ₱139.86 million or 20.0% from the ₱699.31 million in the nine months ended September 30, 2022 to ₱839.17 million in the nine months ended September 30, 2023. The additional operating expenses are mainly attributable to the operating expenses of new operational stores and increase in depreciation and salaries.

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 ₱2.01 million or

11.5% from ₱17.43 million in the nine months ended September 30, 2022 to ₱19.44 million in first nine months of 2023 is due to additional leases of MM Group qualified under PFRS 16.

Increase in interest income of ₱7.84 million or 530.8% is primarily from interests in short term placements.

Income tax expense for the first nine months of 2023 amounted to ₱13.85 million, an increase of 1.3% from first nine months 2022 due to higher taxable income for the period.

For the nine months ended September 30, 2023, the Group earned a consolidated net income of ₱50.76 million, an increase of 19.5% from ₱42.49 million in nine months ended September 30, 2022. The increase is mainly due to higher revenue.

Quarter Ended September 30, 2023 compared to Quarter Ended September 30, 2022

For the quarter ended September 30, 2023, the Group earned a consolidated revenue of ₱2,078.23 million, an increase of 23.7% from ₱1,680.01 million in the same period in 2022. This was driven by the increase in sales of goods mainly from additional stores, MM Wholesale and increase in sales from existing stores.

For the quarter ended September 30, 2023, sale of goods contributes 98.3% of the total revenue.

For the quarter ended September 30, 2023, the Group's cost of sale is ₱1,793.52 million, an increase of 26.9% compared to ₱1,413.09 million for the quarter ended September 30, 2022, which is in line with the increase of revenues, primarily driven by the increase in sales of goods.

For the quarter ended September 30, 2023, the Group's consolidated gross profit amounted to ₱284.71 million a 6.7% increase from ₱266.92 million in Q3 2022, driven by strong sales growth and higher margin.

Operating expenses increased by ₱21.46 million or 8.7% from the ₱247.96 million in the quarter ended September 30, 2022 to ₱269.42 million in the quarter ended September 30, 2023. The additional operating expenses are mainly attributable to the increase in salaries and depreciation.

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 ₱0.77 million or 13.5% from ₱5.69 million in the quarter ended September 30, 2022 to ₱6.46 million in third quarter of 2023 is due to additional leases of MM Group qualified under PFRS 16.

Increase in interest income of 1256.7% is primarily from interests in short term placements.

Income tax expense for the third quarter of 2023 amounted to ₱2.21 million, a decrease of 33.4% from third quarter 2022 due to lower taxable income for the quarter.

For the quarter ended September 30, 2023, the Group earned a consolidated net income of ₱10.52 million, an increase of 2.7% from ₱10.25 million in quarter ended September 30, 2022. The increase is mainly due to higher revenue and gross profit for the quarter.

September 30, 2023 versus December 31, 2022 Statements of Financial Position

	September 30, 2023	December 31, 2022	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2023	2022
ASSETS						
Current Assets						
Cash and cash equivalents	₱1,312,436,037	₱845,320,250	₱467,115,787	55.3%	12.0%	10.0%
Receivables	208,567,350	146,646,050	61,921,300	42.2%	1.9%	1.7%
Inventories	3,379,684,038	2,393,629,841	986,054,197	41.2%	30.9%	28.4%
Prepaid expenses and other current assets	935,210,490	706,197,809	229,012,681	32.4%	8.5%	8.4%
Total Current Assets	₱5,835,897,915	₱4,091,793,950	1,744,103,965	42.6%	53.3%	48.5%
Noncurrent Assets						
Property and equipment - net	₱3,337,901,034	₱2,624,001,013	713,900,021	27.2%	30.5%	31.1%
Right-of-use asset	471,674,463	517,407,819	(45,733,356)	(8.8%)	4.3%	6.1%
Intangible asset	824,122,986	821,695,437	2,427,549	0.3%	7.5%	9.7%
Deferred tax asset	39,696,195	29,694,026	10,002,169	33.7%	0.4%	0.4%
Other noncurrent assets	437,824,587	350,016,209	87,808,378	25.1%	4.0%	4.1%
Total Noncurrent Assets	₱5,111,219,265	₱4,342,814,504	768,404,761	17.7%	46.7%	51.5%
	₱10,947,117,180	₱8,434,608,454	₱2,512,508,726	29.8%	100.0%	100.0%
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and other current liabilities	₱1,237,905,919	₱1,262,654,570	(₱24,748,651)	(2.0%)	11.3%	15.0%
Short-term loans payable	3,922,272,643	1,867,417,557	2,054,855,086	110.0%	35.8%	22.1%
Income tax payable	10,071,260	1,552,376	8,518,884	548.8%	0.1%	0.0%
Total Current Liabilities	₱5,170,249,822	₱3,131,624,503	2,038,625,319	65.1%	47.2%	37.1%
Noncurrent Liabilities						
Retirement liability	₱27,809,098	₱27,301,669	507,429	1.9%	0.3%	0.3%
Due to related parties	-	1,052,308	(1,052,308)	(100.0%)	0.0%	0.0%
Other noncurrent liabilities	33,569,829	43,220,681	(9,650,852)	(22.3%)	0.3%	0.5%
Long-term loans payable	2,670,100,876	2,185,888,115	484,212,761	22.2%	24.4%	25.9%
Lease liability	418,481,679	469,373,586	(50,891,907)	(10.8%)	3.8%	5.6%
Total Noncurrent Liabilities	₱3,149,961,482	₱2,726,836,359	423,125,123	15.5%	28.8%	32.3%
Total Liabilities	₱8,320,211,304	₱5,858,460,862	2,461,750,442	42.0%	76.0%	69.5%
Equity						
Capital stock	₱379,746,835	₱379,746,835	-	0.0%	3.5%	4.5%
Additional paid-in capital	1,386,292,253	1,386,292,253	-	0.0%	12.7%	16.4%
Retained earnings	510,974,341	485,024,165	25,950,176	5.4%	4.7%	5.8%
Remeasurement gain on defined benefit	2,742,002	2,742,002	-	0.0%	0.0%	0.0%
	2,279,755,431	2,253,805,255	25,950,176	1.2%	20.8%	26.7%
Non Controlling Interest	347,150,445	322,342,337	24,808,108	7.7%	3.2%	3.8%
Total Equity	₱2,626,905,876	₱2,576,147,592	₱50,758,284	2.0%	24.0%	30.5%
Total Liabilities and Equity	₱10,947,117,180	₱8,434,608,454	₱2,512,508,726	29.8%	100.0%	100.0%

As of September 30, 2023 vs December 31, 2022

Total assets as at September 30, 2023 is ₱10,947.12 million compared to ₱8,434.61 million as at December 31, 2022, or a 29.8% increase.

Current Assets

As at September 30, 2023 and December 31, 2022, total current assets amounted to ₱5,835.90 million or 53.3% of total assets, and ₱4,091.79 million or 48.5% of total assets, respectively, for an increase of ₱1,744.10 million or 42.6%.

Cash and cash equivalents increased by 55.3% from ₱845.32 million as at December 31, 2022 to ₱1,312.44 million as at September 30, 2023 primarily due to increase in cash in bank.

Receivables accounts for 1.9% of the total assets as at September 30, 2023. It increased by 42.2% from ₱146.65 million as at December 31, 2022 to ₱208.57 million as at September 30, 2023 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 41.2% from ₱2,393.63 million as at December 31, 2022 to ₱3,379.68 million as at September 30, 2023. Inventories accounts for 30.9% of the total assets as of September 30, 2023. Increase in inventories was due to additional stores and MM Wholesale.

Prepaid expenses and other current assets increased by 32.4% from ₱706.20 million as at December 31, 2022 to ₱935.21 million as at September 30, 2023 primarily due to increase in input vat, prepaid expenses and advances to contractors.

Noncurrent Assets

As at September 30, 2023 and December 31, 2022, total noncurrent assets amounted to ₱5,111.22 million or 46.7% of total assets, and ₱4,342.81 million or 51.5% of total assets, respectively, for an increase of ₱768.40 million or 17.7%.

Property and equipment increased by 27.2% from ₱2,624.00 million as at December 31, 2022 to ₱3,337.90 million as at September 30, 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 is in relation to the adoption of PFRS 16 in 2019. Right-of-Use Assets amounted to ₱471.67 million as at September 30, 2023, which is 4.3% of total assets and ₱517.41 million as at December 31, 2022. The decrease is due to depreciation recognized for the period.

Intangible Assets increased by 0.3% from ₱821.70 million as at December 31, 2022 to ₱824.12 million as at September 30, 2023.

Deferred tax assets increased by 33.7% from ₱29.69 million as at December 31, 2022 to ₱39.70 million as at September 30, 2023 due to increase in the deferred tax component of NOLCO.

Other noncurrent assets mainly pertain to the deposits made by the Group for new lease for its new and upcoming stores. Other noncurrent assets increase by ₱87.81 million or 25.1% from ₱350.02 million as at December 31, 2022 to ₱437.82 million in September 30, 2023, due to increase in security deposits and construction bond.

Current Liabilities

As at September 30, 2023 and December 31, 2022, total current liabilities amounted to ₱5,170.25 million or 47.2% of total assets, and ₱3,131.62 million or 37.1% of total assets, respectively, for an increase of ₱2,038.63 million or 65.1%.

Accounts payable and other current liabilities decreased by 2.0% to ₱1,237.91 million as at September 30, 2023.

Short-term loans payable amounted to ₱3,922.27 million as at September 30, 2023, an increase of ₱2,054.86 million or 110.0% from ₱1,867.42 million as at December 31, 2022. The increase is due to additional short-term loans availed by the Group and long-term loan's current portion amount.

Income tax payable amounted to ₱10.07 million or 0.1% of total assets and ₱1.55 million as at September 30, 2023 and December 31, 2022, respectively. Increase is due to the higher income tax payable for the period.

Noncurrent Liabilities

As at September 30, 2023 and December 31, 2022, total noncurrent liabilities amounted to ₱3,149.96 million or 28.8% of total assets, and ₱2,726.84 million or 32.3% of total assets, respectively, for an increase of ₱423.13 million or 15.5%.

Retirement benefits liability increased by ₱0.51 million or 1.9% from ₱27.30 million as at December 31, 2022 to ₱27.81 million as at September 30, 2023.

Due to related parties amounted to nil as at September 30, 2023 from ₱1.05 million as at December 31, 2022 due to payment made during the period.

Long-term loans payable amounted to ₱2,670.10 million on September 30, 2023 and ₱2,185.89 on December 31, 2022. The increase of ₱484.21 million is due to additional loan availed by the Group in the nine months of 2023.

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 ₱418.48 million as at September 30, 2023, a decrease of ₱50.89 million or 10.8% from ₱469.37 million as at December 31, 2022. The decrease in lease liability is due to reclassification of lease liabilities to current portion.

Other noncurrent liabilities amounted to ₱33.57 million as at September 30, 2023 and ₱43.22 as at December 31, 2022. The decrease of ₱9.65 million is due to payment of retention payable related to the acquisition of subsidiary.

Equity

As at September 30, 2023 and December 31, 2022, total equity amounted to ₱2,626.91 million or 24.0% of total assets, and ₱2,576.15 million or 30.5% of total assets, respectively, for an increase of ₱50.76 million or 2.0%. The increase in equity is due to the net income for the period.

Key Performance Indicators of the Company

	Unaudited September 30, 2023	Audited December 31, 2022
Current Ratio	1.13	1.31
Asset to Equity	4.17	3.27
Net Debt to Equity Ratio	2.01	1.25
Acid Test Ratio	0.29	0.32

	Unaudited period ending September 30, 2023	Unaudited period ending September 30, 2022
Return on Equity	1.14%	1.18%
Net Income to Revenue	0.45%	0.51%
Revenue Growth	27.03%	62.10%
Net Income Growth	19.45%	84.71%
EBITDA (PHP)	PhP238.62 million	PhP145.65 million
Solvency Ratio	0.035	0.031

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. Net Debt to Equity Ratio $\frac{\text{Total Interest Bearing Short-Term and Long-Term Debt – Cash and cash equivalents}}{\text{Total Equity}}$
4. Acid Test Ratio $\frac{\text{Cash + Accounts Receivable + Marketable Securities}}{\text{Current Liabilities}}$
5. Return on Equity $\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Average Equity Attributable to the Owners of the Parent}}$
6. Net Income to Revenue $\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Total Revenue}}$
7. Revenue Growth $\frac{\text{Total Revenue (Current Period) - Total Revenue (Prior Period)}}{\text{Total Revenue (Prior Period)}}$

	Total Revenue (Prior Period)
8. Net Income Growth	$\frac{\text{Net Income (Current Period)} - \text{Net Income (Prior Period)}}{\text{Net Income (Prior Period)}}$
9. EBITDA	Income from Operations + Depreciation and Amortization + Interest Expense
10. Solvency Ratio	$\frac{\text{Net Income} + \text{Depreciation and Amortization}}{\text{Total Liabilities}}$

Other Disclosures

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

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

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

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

MM Group also has no unconsolidated subsidiaries.

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

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

PART V 2022 AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

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

**PART VI SEPTEMBER 30, 2023 UNAUDITED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS AND SUPPLEMENTARY
SCHEDULES**

Please see the attached unaudited interim consolidated financial statements as of September 30, 2023.

MERRYMART CONSUMER CORP. AND SUBSIDIARIES

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

CONSOLIDATED FINANCIAL STATEMENTS **December 31, 2022, 2021 and 2020**

With Independent Auditors' Report



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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
MerryMart Consumer Corp. and Subsidiaries
9th Floor Tower 1
DoubleDragon Plaza, DD Meridian Park
Pasay City

Opinion

We have audited the consolidated financial statements of MerryMart Consumer Corp., formerly Injap Supermart Inc. (a subsidiary of Injap Investments, Inc.) and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, 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, 2022, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2022, in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until November 21, 2023

SEC Accreditation No. 0003-SEC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by SEC Accreditation No. 0004-FR-5)

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

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

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

financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



Key Audit Matters

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

Revenue Recognition (P6,328.57 million)

Refer to Note 14 to the consolidated financial statements.

The Risk

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

Our Response

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

- We evaluated and assessed the revenue recognition policies of the Group in accordance with PFRS 15, *Revenue from Contracts with Customers*.
- We evaluated and assessed the design and operating effectiveness of the key controls over the revenue process.
- We tested, on a sample basis, sales transactions for a selected period before and after year-end to supporting documentation such as generated sales summary reports from the point-of-sale (POS) system, as reconciled with the cash receipts, to assess whether these transactions are recorded in the correct reporting period.
- We vouched, on a sample basis, sales transactions throughout the year to supporting documentation such as generated sales summary reports from the POS system, delivery documents and bank deposit slips, to ascertain that the revenue recognition criteria are met.
- We tested 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 (P2,393.63 million)

Refer to Note 7 to the consolidated financial statements.

The Risk

The Group's inventories represent 58% of the Group's total current assets. The Group has several warehouses and operates multiple stores across the country. Since the inventories are material to the consolidated financial statements, and various warehouses and stores are geographically dispersed across the country, we consider this as a key audit matter.



Our Response

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

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022, 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, 2022 are expected to be made available to us after the date of this auditors' report.

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

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.