

MERRYMART CONSUMER CORP.

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



R.G. Manabat & Co.
The KPMG Center, 9/F
6787 Ayala Avenue, Makati City
Philippines 1226
Telephone +63 (2) 8885 7000
Telefax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT ON FACTUAL FINDINGS

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

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

The agreed-upon procedures are summarized as follows:

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

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



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

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

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

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

R.G. MANABAT & CO.

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

January 28, 2022
 Makati City, Metro Manila

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

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

Darwin P. Virocel
 Partner

Maka
 SUBSCRIBED AND SWORN TO before me, this 28th day of January 2022 in Pasay City, Metro Manila, affiant exhibiting to me his PRC Professional Identification Card as Certified Public Accountant with Registration No. 0094495, which expires on December 17, 2022.

Doc No. 196
 Page No. 41
 Book No. 1
 Series of 2022.

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



Summary of Results of Agreed-Upon Procedures Performed
Annex A

We report the results of our work as follows:

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

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

	Allocation of Actual Not Proceeds (In millions)	Actual Disbursements (In millions)						As at December 31, 2021	Balance as at December 31, 2021
		As of 31 December 2020	2021 Q1	2021 Q2	2021 Q3	2021 Q4	Total		
Capital expenditures and initial working capital for store network expansion	P1,030.8	P310.5	P88.6	P66.3	P81.6	P181.1	P417.6	P728.1	P302.7
Investment in distribution centers	220.9	117.3	5.7	11.2	38.3	18.8	74.0	191.3	29.6
General corporate purposes	214.6	103.1	2.3	49.7	31.5	28.0	111.5	214.8	-
Total	P1,466.3	P530.9	P96.6	P127.2	P151.4	P227.9	P603.1	P1,134.0	P332.3

Relative to the actual disbursements for the year, we have compared and agreed the actual disbursements for the year ended December 31, 2021 submitted by the Company to the PSE to the related supporting documents, which includes the bank account passbooks, related check vouchers, official receipts, collection receipts and bank deposit slips. We have noted that the portion of the proceeds allocated for the capital expenditures and initial working capital for store network expansion, investment in distribution centers and general corporate purposes has been disbursed by the Company to various related expenditures totaling P417.6 million, P74.0 million and P111.5 million, respectively. No exceptions noted.

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