

Capital stock are classified as equity. Incremental costs directly attributable to the issuance of common stock are recognized as a deduction from equity, net of any tax effects, and any excess of the proceeds over the par value of shares issued less any incremental costs directly attributable to the issuance, net of tax, is presented in equity as additional paid-in capital.

#### Additional Paid-in Capital

Additional paid-in capital represents the amount received in excess of the par value of the capital stock issued.

Stock issuance costs are transaction costs that are directly attributable to the issuance of new shares accounted for as a deduction from equity, net of any related income tax benefit. Such costs are deducted from additional paid-in capital arising from the share issuance. If the additional paid-in capital is insufficient to absorb such expenses, the excess shall be charged to stock issuance costs to be reported as a contra equity account as a deduction from the following in the order of priority: (1) additional paid-in capital from previous stock issuance; and (2) retained earnings.

#### Retained Earnings

Retained earnings represent the accumulated net income or losses, net of any dividend distributions and other capital adjustments. When the retained earnings account has a debit balance, it is called "deficit." A deficit is not an asset but a deduction from equity.

#### Revenue Recognition

##### *Revenue from Contracts with Customers*

The Company recognizes revenue from contracts with customers when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenues exclude VAT and other fees collected on behalf of other parties.

The transfer of control can occur over time or at a point in time. Revenue is recognized at a point in time unless one of the following criteria is met, in which case it is recognized over time: (a) the customer simultaneously receives and consumes the benefits as the Company performs its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

The Company assesses its revenue arrangements to determine if it is acting as principal or agent. The Company has generally concluded that it is the principal in its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized:

- *Sale of Goods*  
Sale of goods from retail and food shop is recognized at point in time when the control of the asset is transferred to the customer, generally upon delivery.
- *Concession Income*  
Concession income, included as part of other operating income, pertains to the net margin from sales of concessionaire supplier's goods inside the store. The income is recognized when earned.

- *Other Income*  
Other income, which includes incentives and gain on remeasurement of retirement benefits liability and lease modification, is recognized when earned during the period.

#### *Revenues from Other Sources*

##### *Display Rental*

Display rental from the use of the Group's gondola and store spaces is recognized upon use of the selected area.

##### *Interest Income*

Interest income is recognized as it accrues using the effective interest method. Interest income from banks which is presented net of final tax is recognized when earned.

##### Cost of Sales

Cost of sales includes the purchase price of the products sold, as well as costs that are directly attributable in bringing the merchandise to its intended condition and location.

##### Expense Recognition

Expenses are recognized when they are incurred and are reported in the separate financial statements in the periods to which they relate.

Expenses are also recognized when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability that can be measured reliably has arisen. Expenses are recognized on the basis of a direct association between costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition as an asset.

##### Operating Expenses

Operating expenses constitute costs of administering the business. These are recognized as expenses as incurred.

##### Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (a) the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- (b) the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- (c) the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
- i. the Company has the right to operate the asset; or
  - ii. the Company designed the asset in a way that predetermines how and for what purpose it will be used.

*Company as Lessee*

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### Operating Lease

##### *Company as Lessee*

Leases which do not transfer to the Company substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term. Contingent rents are recognized as expense in the period in which they are incurred. Associated costs such as maintenance and insurance are expensed as incurred.

The Company does not recognize right of use assets and lease liabilities for variable lease payments linked to future sales as it does not meet the definition of lease payments. Consequently, those payments are treated as rent expense under operating lease.

#### Borrowing Costs

Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset otherwise it's expensed out. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use. The amount of specific borrowing costs capitalized is net of the investment income on any temporary investment of the funds pending expenditure on the asset. On the other hand, general borrowing costs capitalized is exclusive of any investment income earned.

#### Employee Benefits

##### *Short-term Employee Benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### *Retirement Costs*

The Company has no established retirement plan for its permanent employees and only conforms to the minimum regulatory benefit under the Retirement Pay Law (Republic Act No. 7641) which is of the defined benefit type. The cost of providing benefits under the defined benefit retirement plan is actuarially determined using the projected unit credit method. Projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in equity and are not reclassified to profit or loss in subsequent period.

The defined benefit retirement liability is the aggregate of the present value of the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Defined benefit costs comprise the following:

- Service costs
- Net interest on the defined benefit retirement liability
- Remeasurements of defined benefit retirement liability

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the defined benefit retirement liability is the change during the period as a result of contributions and benefit payments, which is determined by applying the discount rate based on the government bonds to the defined benefit retirement liability. Net interest on the defined benefit retirement liability is recognized as expense or income in profit or loss.

Remeasurements of defined benefit retirement liability comprising actuarial gains and losses are recognized immediately in other comprehensive income in the period in which they arise.

#### Taxes

##### *Current Tax*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting date, and any adjustment to tax payable in respect of previous years.

##### *Deferred Tax*

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and the carryforward tax benefits of the net operating loss carry-over (NOLCO) to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and the carryforward tax benefits of NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Future taxable profits will be available against which they can be used. If the amount of taxable temporary differences is insufficient to recognize deferred tax asset in full, the future taxable profits, adjusted for reversals of existing temporary differences, are considered based on the business plan of the Company.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting date.

Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### VAT

Revenues, expenses and assets are recognized net of the amount of VAT except:

- where the tax incurred on purchase of assets or services are not recoverable from the taxation authority, in which case, the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of "Accounts payable and other current liabilities" account in the separate statements of financial position (Note 12).

#### Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) subsidiaries; (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that give them significant influence over the Company and close members of the family of any such individual; and (d) members of the key management of the Company.

#### Basic and Diluted Earnings Per Common Share (EPS)

Basic EPS is computed by dividing the net income for the period attributable to equity holders of the Company by the weighted average number of issued and outstanding common shares during the period, with retroactive adjustment for any stock dividends declared. Diluted EPS is computed by dividing net income for the year attributable to common equity holders of the Company by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares.

### Operating Segments

The Company's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Chief Executive Officer (the chief operating decision maker) reviews management reports on a regular basis. The Company has single segment, which is the sale of goods to customers.

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

### Contingencies

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

### Events After the Reporting Date

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

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## **4. Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the separate financial statements in accordance with PFRS require management to exercise judgments, make estimates and use assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the separate financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

### Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the separate financial statements:

#### *Determination on whether an Arrangements Contains a Lease*

The Company uses its judgment in determining whether an arrangement is or contains a lease. A contract contains a lease if the determination of contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time if the customer has the right to obtain substantially all of the economical benefits from the use of the identified assets and the right to direct the use of the identified assets.

#### *Lease Commitments - Company as a Lessee*

The Company entered into various lease agreements as a lessee. In 2020, the long-term lease of its store space has been accounted for under PFRS 16 Leases wherein the Company recognizes a right-of-use (ROU) asset and lease liability upon initial adoption. In 2021, the Company and the lessor mutually agreed to modify the related lease agreements which were previously accounted under PFRS 16. Under the new lease agreement, payments are based on percentage of sales hence not considered as lease payments to be included in the measurement of lease liabilities (Note 14).

Amortization expense of ROU asset recognized in profit or loss in 2021 and 2020 amounted to nil and P2.66 million, respectively. The carrying amount of ROU asset as at December 31, 2021 and 2020 amounted to nil and P77.03 million, respectively. The carrying amount of the lease liability as at December 31, 2021 and 2020 amounted to nil and P72.19 million, respectively (Notes 14 and 17).

#### *Business Combinations*

At the time of acquisition, the Company considers whether the acquisition represents acquisition of a business. The Company accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made with regard to the extent to which significant processes are acquired. The significance of any process is judged with reference to the guidance in PAS 40, *Investment Property on ancillary services*. When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized.

#### *Determination of Control*

The Company determines control when it is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. The Company controls an entity if and only if the Company has all of the following:

- power over the entity;
- exposure, or rights, to variable returns from its involvement with the entity; and
- the ability to use its power over the entity to affect the amount of the Parent Company's returns.

As at December 31, 2021, the Company did not obtain control over the acquired businesses as there is no exposure, or rights, to variable returns from its involvement with the entity.

#### *Provisions and Contingencies*

The Company, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

No provision for probable losses arising from legal contingencies was recognized in the separate financial statements in 2021 and 2020.

*Determination of whether the Company is acting as a Principal or an Agent*

The Company is a principal if it controls the specified good or service before it is transferred to a customer. The Company is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party and the Company does not control the good or service before it is transferred to the customer.

The Company assesses its concession agreements against the following indicators to help determine whether it is acting as a principal or an agent:

- whether the Company has primary responsibility for providing the services;
- whether the Company has inventory risk; and
- whether the Company has discretion in establishing prices.

In 2019, the Company concluded that it is acting as the agent on its concession agreements as the Company does not, at any point, have control of the goods which are sold. Although the Company transacts with the end-customers, it does not set prices and take inventory risk. The Company acts as an agent in selling to the end-customers and is receiving a “Commission” in consideration for the service that it is performing to the concessionaire. The Group recognizes concession income which pertains to the net margin from sales of concessionaire suppliers’ goods inside the store.

In 2020, the Company revised its concession agreements and concluded that it is acting as the principal as it has the primary responsibility for fulfilling the promise to provide the goods under concession to its customers. The Company has the right to direct the use of and obtain substantially all of the remaining benefits of the goods under concession and has the discretion in establishing the price for the goods. The Company is acting as the principal in selling the goods to end-customers wherein the gross proceeds from the sale of goods under concession were recognized as part of the sales of goods and the related costs were charged as part of cost of sales. The same policy applies for the period ended December 31, 2021.

Estimates and Assumptions

The key estimates and assumptions used in the separate financial statements are based upon management’s evaluation of relevant facts and circumstances as at the date of the separate financial statements. Actual results could differ from such estimates.

*Assessment for ECL on Other Financial Assets at Amortized Cost.* The Company determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- actual or expected external and internal credit rating downgrade;
- existing or forecasted adverse changes in business, financial or economic conditions; and
- actual or expected significant adverse changes in the operating results of the borrower.

The Company also considers financial assets at day one to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Company has assessed that the ECL on financial assets at amortized cost is not material because majority of the transactions with respect to these financial assets were entered into by the Company only with reputable banks and counterparties with good credit standing and relatively low risk of defaults. Accordingly, no provision for ECL on financial assets at amortized cost was recognized in 2021 and 2020.

The carrying amounts of financial assets at amortized cost are as follows:

	<b>Note</b>	<b>2021</b>	<b>2020</b>
Cash and cash equivalents (excluding cash on hand)	5	<b>P1,819,046,203</b>	P733,868,041
Receivables	6	<b>8,639,792</b>	7,780,306
Due from related parties	18	<b>2,713,273,431</b>	1,409,943,743
Security deposit*	11	<b>69,933,743</b>	33,696,144
		<b>P4,610,893,169</b>	P2,185,288,234

\*Included under "Other Noncurrent Assets" (Note 11).

#### *Write-down of Inventories*

The Company writes-down the costs of inventories to NRV whenever NRV becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. The estimate of the NRV is reviewed regularly.

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made on the amount the inventories are expected to be realized. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the reporting date to the extent that such events confirm conditions existing at the reporting date.

No inventories were written down to their net realizable values in 2021 and 2020.

The carrying amounts of the Company's inventories amounted to P371.99 million and P221.74 million as at December 31, 2021 and 2020, respectively (Note 7).

#### *Estimating Useful Lives of Property and Equipment*

The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, the estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property and equipment would increase recorded depreciation and amortization expenses and decrease noncurrent assets.

Property and equipment, net of accumulated depreciation and amortization, amounted to P268.52 million and P206.83 million as at December 31, 2021 and 2020, respectively. Accumulated depreciation and amortization of property and equipment amounted to P20.25 million and P12.19 million as at December 31, 2021 and 2020, respectively (Note 10).

#### *Incremental Borrowing Rate for Leases*

The Company uses the incremental borrowing rate to measure lease liabilities as the interest rate implicit in the lease cannot be readily determined. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment.

The incremental borrowing rate reflects what the Company “would have to pay”, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the incremental borrowing rate using observable inputs such as market interest rates and the Company’s stand-alone credit rating.

#### *Realizability of Deferred Tax Assets*

The Company reviews its deferred tax asset at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. The Company’s assessment on the recognition of deferred tax asset on deductible temporary difference is based on the projected taxable income in the following periods.

Deferred tax assets (liabilities) amounted to (P20.96 million) and P2.34 million as at December 31, 2021 and 2020, respectively (Note 20).

#### *Impairment of Non-financial Assets*

PFRS require that an impairment review be performed on non-financial assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining the recoverable amounts of these assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of recoverable amounts reflected in the separate financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

The combined carrying amounts of property and equipment, right-of-use asset, advances to Carlos SuperDrug and investments in subsidiaries amounted to P449.33 million and P308.86 million as at December 31, 2021 and 2020, respectively (Notes 9, 10, 11 and 14).

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## 5. Cash and Cash Equivalents

This account consists of:

	<i>Note</i>	<b>2021</b>	2020
Cash in banks	22	<b>P1,819,046,203</b>	P331,217,791
Cash on hand		<b>22,238,080</b>	21,530,534
Short-term placements	22	-	402,650,250
		<b>P1,841,284,283</b>	P755,398,575

Cash in banks earn annual interest at the respective bank deposit rates. Short-term placements are made for varying periods of up to three months depending on the immediate cash requirements of the Company, and earn annual interest at the respective short-term placement rates. The short-term placements as at December 31, 2020 have matured in 2021.

Total interest income earned from cash and cash equivalents amounted to P1.18 million and P5.54 million in 2021 and 2020, respectively.

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## 6. Receivables

This account consists of:

	<i>Note</i>	<b>2021</b>	2020
Trade receivables		<b>P8,639,792</b>	P4,625,863
Accrued interest receivable		-	3,154,443
	22	<b>P8,639,792</b>	P7,780,306

Trade receivables pertain to receivables from credit card sales and in-house charge sales. These receivables generally have 1-7 days credit terms.

Accrued interest receivable pertains to the interest income earned from the short-term placements.

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## 7. Inventories

This account consists of groceries and other consumer products held for sale in the ordinary course of business on wholesale or retail basis.

Inventories at cost is lower than its NRV as at December 31, 2021 and 2020.

Cost of inventories as at December 31, 2021 and 2020 amounted to P371.99 million and P221.74 million, respectively.

Inventories charged to cost of sales amounted to P2,410.31 million and P2,445.16 million in 2021 and 2020, respectively (Note 16).

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## 8. Prepaid Expenses and Other Current Assets

This account consists of:

	2021	2020
Input VAT	<b>P20,125,406</b>	P25,834,539
Prepaid expenses	<b>5,553,295</b>	6,780,179
	<b>P25,678,701</b>	P32,614,718

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

Prepaid expenses pertain advance payment of administrative expenses related to real property and business taxes, insurance, among others.

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## 9. Investments in Subsidiaries

As at December 31, 2021 and 2020, this account pertains to investment in MerryMart Grocery Centers, Inc. (MMGCI) and MM Consumer Technologies Corp. (MTech), which are both incorporated in the Philippines.

The composition of the account as at December 31, 2021 and 2020 is as follows:

	2021	2020
MMGCI	<b>P25,000,000</b>	P25,000,000
MTech	<b>40,000,000</b>	-
	<b>P65,000,000</b>	P25,000,000

- a. MMGCI was incorporated and registered with the SEC on September 28, 2018. It is engaged to acquire, hold, own, operate or manage wholesale or retail trade of foodstuffs, grocery items, household items, consumer goods and merchandise, on any lands, buildings, supermarkets, malls, stores, stalls or structures owned, leased, held, operated, managed or occupied by the entity.

MMGCI is a wholly-owned subsidiary of the Company.

The summarized financial information of MMGCI follow:

	2021	2020
Current assets	<b>P1,515,735,306</b>	P885,032,548
Noncurrent assets	<b>2,102,329,716</b>	1,210,611,189
Current liabilities	<b>3,359,328,743</b>	1,860,178,910
Noncurrent liabilities	<b>414,389,091</b>	308,098,342
Revenue	<b>1,299,963,470</b>	830,656,028
Net loss/total comprehensive loss	<b>(82,946,869)</b>	(82,482,928)

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

The Company subscribed to 400 million common shares of MTech at P0.10 par value. As at December 31, 2021, the Company has subscription payable to MTech amounting to P15 million.

The summarized financial information of MTech follows:

	<b>2021</b>
Current assets	<b>P10,200,172</b>
Noncurrent assets	<b>28,170,210</b>
Current liabilities	<b>14,050,000</b>
Net loss/total comprehensive loss	<b>(279,618)</b>

## 10. Property and Equipment

The movements and balances of this account consist of:

	Furniture, Fixtures and Equipment	Transportation Equipment	Leasehold Improvements	Construction in Progress	Land	Total
<b>Cost</b>						
Balance, January 1, 2020	P 10,560,060	P 2,015,000	P -	P -	P -	P12,575,060
Additions	27,047,648	4,842,442	19,604,014	8,335,784	146,608,491	206,438,379
Balance, January 1, 2021	37,607,708	6,857,442	19,604,014	8,335,784	146,608,491	219,013,439
Additions	10,243,846	3,195,047	22,141,728	34,177,986	-	69,758,607
Reclassification	-	-	8,335,784	(8,335,784)	-	-
<b>Balance, December 31, 2021</b>	<b>47,851,554</b>	<b>10,052,489</b>	<b>50,081,526</b>	<b>34,177,986</b>	<b>146,608,491</b>	<b>288,772,046</b>
<b>Accumulated Depreciation and Amortization</b>						
Balance, January 1, 2020	7,149,447	1,621,500	-	-	-	8,770,947
Depreciation and amortization	2,322,416	605,037	489,384	-	-	3,416,837
Balance, January 1, 2021	9,471,863	2,226,537	489,384	-	-	12,187,784
Depreciation and amortization	4,113,118	608,290	3,341,247	-	-	8,062,655
<b>Balance, December 31, 2021</b>	<b>13,584,981</b>	<b>2,834,827</b>	<b>3,830,631</b>	<b>-</b>	<b>-</b>	<b>20,250,439</b>
<b>Carrying Amount</b>						
December 31, 2020	P28,135,845	P4,630,905	P19,114,630	P8,335,784	P146,608,491	P206,825,655
<b>December 31, 2021</b>	<b>P34,266,573</b>	<b>P7,217,662</b>	<b>P46,250,895</b>	<b>P34,177,986</b>	<b>P146,608,491</b>	<b>P268,521,607</b>

The cost of fully depreciated property and equipment used by the Company amounted to P6.37 million and P1.26 million as at December 31, 2021 and 2020, respectively.

Depreciation and amortization are charged to “Operating expenses” account in 2021 and 2020, respectively (Note 17).

There were no property and equipment pledged or mortgaged as security as at December 31, 2021 and 2020.

## 11. Other Noncurrent Assets

This account consists of:

	<i>Note</i>	<b>2021</b>	2020
Prepaid rent		<b>P158,220,050</b>	P43,180,449
Advances to a third-party		<b>115,810,226</b>	-
Security deposit	4, 14	<b>69,933,743</b>	33,696,144
		<b>P343,964,019</b>	P76,876,593

Prepaid rent pertains to the amount paid in advance for the use of place or property.

Advances to a third-party pertains to the initial payment made to Carlos Superdrug for its acquisition of the latter's shares and for which the closing date of the business combination was determined to be subsequent to December 31, 2021 (Note 24).

Security deposit represents the amount paid as security for the faithful performance of the terms of the lease agreement which were paid upon the commencement of the lease and refundable at the end of the lease term.

## 12. Accounts Payable and Other Current Liabilities

This account consists of:

	<i>Note</i>	<b>2021</b>	2020
Trade payables	22	<b>P272,736,729</b>	P160,989,975
Gift certificate liability		<b>20,021,000</b>	-
Accrued expenses	22	<b>15,736,137</b>	4,938,742
Subscription payable	22	<b>15,000,000</b>	-
Accrued interest	22	<b>12,075,208</b>	1,975,000
Nontrade payables	22	<b>3,470,452</b>	3,227,445
Withholding taxes		<b>2,004,594</b>	1,757,767
Current portion of lease liability	22	-	5,792,631
Output VAT - net		-	191,763
		<b>P341,044,120</b>	P178,873,323

Trade payables are liabilities arising from the purchases of inventories. These are non-interest bearing and are normally settled within 30-60 days.

Gift certificate liability arises from the distribution of gift certificate for future sale of goods.

Accrued expenses pertain to unbilled expenses for professional fees, utilities and other charges.

Subscription payable pertains to the unpaid subscribed shares of Carlos Superdrug (see Note 9).

### 13. Loans Payable

This account consists of:

	<b>Note</b>	<b>2021</b>	<b>2020</b>
Current		<b>P1,145,000,000</b>	P300,000,000
Noncurrent	<i>4, 14</i>	<b>1,997,053,555</b>	250,000,000
		<b>P3,142,053,555</b>	P550,000,000

Loans payable pertains to unsecured loans obtained from local banks.

#### Long-term Loans Payable

On November 4, 2020, the Company obtained an unsecured loan amounting to P250 million for the construction of the Company's stores. This loan, which bears an annual fixed interest of 6.00%, and is payable until May 4, 2023. The loan agreement does not contain any financial or non-financial covenants.

On December 16, 2021, the Company obtained an unsecured loan amounting to P2,000 million for the construction of the Company's branches with an issue cost amounting to P35.03 million. This loan, which bears an annual fixed interest of 5.97%, and is payable until December 16, 2026. The loan contains financial covenants relating to maintenance of certain financial ratios. Out of the P2,000 million loans payable as at December 31, 2021, P20 million is due in 2022 while the remaining P1,800 is payable until 2026.

The financial tests under the second loan agreement include compliance relating to maintenance of certain financial ratios.

As at December 31, 2021, the Company is in compliance with the covenants of its debt agreements.

#### Short-term Loans Payable

The Company obtained short-term loans from various financial institutions which are payable within one year. The proceeds from these borrowings were used for working capital purposes more specifically in the development of the Company's new stores. The interest rates on these short-term borrowings are repriced monthly based on negotiated rates or prevailing market rates.

Total interest expense capitalized as borrowing costs under "Property and equipment- net" account amounted to P53.67 million and P31.58 as at December 31, 2021 and 2020, respectively. Total interest paid amounted to P41.66 million and P31.56 million in 2021 and 2020, respectively.

The movements of loans and interest arising from this loan are as follow:

	<b>2021</b>	<b>2020</b>
Balance at beginning of year	<b>P550,000,000</b>	P -
Loan availment	<b>2,700,000,000</b>	550,000,000
Payment of loans payable	<b>(72,916,667)</b>	-
Issue cost	<b>(35,029,778)</b>	-
Balance at end of year	<b>P3,142,053,555</b>	P550,000,000

The schedules for principal payments for loans payable are as follow:

	2021	2020
Due within one year	<b>P1,145,000,000</b>	P300,000,000
Beyond one year but not later than five years	<b>1,997,053,555</b>	250,000,000
	<b>P3,142,053,555</b>	P550,000,000

#### 14. Lease Arrangements

The Company has a lease agreement for its store space located in City Mall, Roxas Avenue, Roxas City which qualifies under PFRS 16, *Leases*, for the period ended December 31, 2020.

The Company leases its store space for a period of 10 years starting September 8, 2020 until August 8, 2030. The monthly rental rate for the first year amounted to P0.62 million, and thereafter, will increase by 5% annually. The agreement is subject to renewal upon mutual agreement of the parties.

In 2021, the Company and the lessor modified the terms of the lease agreement and changed the payments to variable consideration rentals in which the payments will be based on the Company's monthly sales. The modification of the terms of the said lease agreement resulted to a gain on lease modification amounting to P0.96 million and is presented as part of "Other operating income" in the separate statements of comprehensive income. The balance of the ROU and the lease liabilities as at December 31, 2020 were derecognized in 2021 after the modification of the lease agreement.

The carrying amount of ROU asset as at December 31, 2021 and 2020 amounted to nil and P77.03 million, respectively. The carrying amount of the lease liability as at December 31, 2021 and 2020 amounted to nil and P77.99 million, respectively .

Depreciation expense amounting to nil and P2.66 million in 2021 and 2020, respectively, is presented as part of "Depreciation and amortization" in the separate statements of comprehensive income (Note 17).

Interest expense recognized in profit or loss amounted to nil and P0.76 million in 2021 and 2020, respectively.

Gain on rent concession amounting to P2.46 million in 2020, is presented as part of "Other operating income" in the statement of comprehensive income.

Total security deposit from this lease arrangement amounted to P69.93 and P33.70 millions at December 31, 2021 and 2020, respectively. This is included under "Other noncurrent assets" account in the separate statements of financial position (Note 11).

#### 15. Revenues

The Company generates revenue primarily from trading and selling goods and consumer products on a wholesale or retail basis. Revenues pertain mainly to sale of goods which amounted to P2,625.14 million and P2,611.97 million in 2021 and 2020, respectively.

Sale of goods

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

Display Rental

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

Other Income

Other income pertains to enlistment fees, application fees, merchandise support and other miscellaneous income.

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**16. Cost of Sales**

This account consists of:

	<i>Note</i>	<b>2021</b>	2020
Beginning inventories		<b>P221,742,763</b>	P148,404,588
Add: Purchases		<b>2,560,557,875</b>	2,518,494,534
Total goods available for sale		<b>2,782,300,638</b>	2,666,899,122
Less: Ending inventories	7	<b>371,992,965</b>	221,742,763
		<b>P2,410,307,673</b>	P2,445,156,359

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**17. Operating Expenses**

This account consists of:

	<i>Note</i>	<b>2021</b>	2020
Taxes and licenses		<b>P27,985,541</b>	P15,334,690
Salaries, wages and other benefits		<b>16,253,801</b>	17,323,288
Contracted services		<b>16,629,919</b>	11,890,935
Electricity and water		<b>14,542,214</b>	8,328,139
Depreciation and amortization	10, 14	<b>8,062,655</b>	6,073,047
Marketing		<b>8,044,894</b>	6,162,844
Transportation and travel		<b>3,726,073</b>	3,932,791
Professional fees		<b>3,362,000</b>	535,000
Miscellaneous		<b>1,177,713</b>	520,219
Rent expense		<b>900,000</b>	900,000
Retirement benefits	19	<b>853,091</b>	-
Director's fees		<b>720,000</b>	360,000
Listing fee		<b>250,000</b>	-
Communications		<b>241,478</b>	175,689
Insurance		<b>229,414</b>	379,419
		<b>P102,978,793</b>	P71,916,061

Taxes and licenses pertains to business tax paid on government agencies.

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## 18. Related Party Transactions

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

Category	Year	Ref	Amount of Transaction	Outstanding Balance	Terms and Conditions
				Due from (to) Related Parties	
Subsidiary Advances	2021	a	P1,492,366,018	P2,707,362,058	Due and demandable; non-interest bearing; unsecured; payable in cash
	2020	a	1,214,996,040	1,409,327,585	Due and demandable; non-interest bearing; unsecured; payable in cash
Sale and Purchase of Merchandise	2021		36,970,967	5,911,373	Due and demandable; non-interest bearing; unsecured; payable in cash
	2020		616,158	616,158	Due and demandable; non-interest bearing; unsecured; payable in cash
	2021			P2,713,273,431	
	2020			P1,409,943,743	

a. *Cash Advances*

These pertain to unsecured, non-interest bearing advances granted to and received from related parties for working capital requirements. These advances are generally settled within one year from the date of grant.

b. *Key Management Personnel*

No key management personnel compensation is recognized in 2021 and 2020 since the administrative and finance functions of the Company are being administered by III.

All material related party transactions are subject to approval by the BOD. Material related party transactions pertain to those transactions, either individually, or in aggregate over a 12-month period, that exceed 10% of the Company's total assets, based on the latest audited separate financial statements. All other related party transactions that are considered not material are approved by management.

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## 19. Retirement Benefits

The Company does not have an established retirement plan and only conforms to the minimum regulatory benefit under Republic Act No. 7641, *The Retirement Pay Law*, which is of the defined benefit type and provides a retirement benefit equal to 22.5 days' pay for every year of credited service of employees who attain the normal retirement age of sixty (60) with at least five (5) years of service. The most recent actuarial valuation was carried out at December 31, 2021 by a qualified independent actuary.

The Company's retirement benefits liability amounted to P4.81 million and P5.44 million as at December 31, 2021 and 2020, respectively. Retirement benefits amounting to P0.85 million in 2021 is presented under "Operating expenses" account in the separate statements of comprehensive income. Retirement benefit gain amounting to P1.39 million is presented under "Other income" in the separate statements of comprehensive income.

The principal actuarial assumptions used to determine retirement benefits with respect to the discount rate and salary rate increases were based on historical and projected normal rates.

The Plan is exposed to both financial and demographic risks. Risks associated to the Plan are as follows:

- Liquidity Risk - The inability to meet benefit obligation payout when due.
- Interest Rate Risk - The present value of DBO is relatively sensitive and inversely related to the discount rate. In particular, if the discount rate, which is referenced to government bonds decreases, then the DBO increases.
- Salary Risk - The present value of DBO is relatively sensitive and directly related to future salary rate increases. In particular, if the actual salary rate increases in the future are higher than expected then the DBO and benefits are higher as well.
- Persistency Risk - The present value of DBO is relatively sensitive and inversely related to the turnover rates. In particular, lower turnover rates, which means employees persist or stay with the Company longer, correspond to higher DBO and benefit payouts.

The Company has no retirement plan asset hence there is no asset-liability matching strategy as at December 31, 2021 and 2020.

The following table below shows the reconciliation from the opening to the closing balances for DBO and its components:

	2021	2020
Balance at January 1	<b>P5,435,078</b>	P6,196,332
Transition asset	-	(2,132,641)
Adjusted balance at January 1	<b>5,435,078</b>	4,063,691
<b>Included in Profit or Loss</b>		
Current service cost	<b>222,838</b>	219,439
Interest cost	<b>630,253</b>	519,943
	<b>853,091</b>	739,382
	<b>6,288,169</b>	4,803,073
<b>Included in Other Comprehensive Income (OCI)</b>		
Remeasurement (gain) loss:		
Actuarial (gain) loss arising from:		
▪ Experience adjustments	<b>(648,977)</b>	901,424
▪ Financial assumptions	<b>(827,454)</b>	(269,419)
	<b>(1,476,431)</b>	632,005
<b>Balance at December 31</b>	<b>P4,811,738</b>	P5,435,078

The retirement expense amounting to P0.85 million pertains to the current service cost and interest expense in 2021, and is presented as "Retirement benefits" under operating expenses in the separate statement of comprehensive income (Note 17).

The principal actuarial assumptions used at December 31 are as follows:

	2021	2020
Discount rate	<b>5.20%</b>	4.10%
Future salary growth	<b>4.00%</b>	4.00%

Maturity analysis of the benefit payments are as follows:

	<b>Carrying Amount</b>	<b>Contractual Cash Flows</b>	<b>Within 1 - 5 Years</b>	<b>More than 5 Years</b>
<b>2021</b>	<b>P4,811,738</b>	<b>P41,148,604</b>	<b>P1,193,760</b>	<b>P39,954,844</b>
2020	P5,435,078	P41,301,059	P1,053,532	P40,247,527

As at December 31, 2021 and 2020, the weighted-average duration of the DBO is 22.95 and 13 years, respectively.

#### Sensitivity Analysis

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the DBO by the amounts shown below.

<b>2021</b>	<b>DBO</b>	
	<b>Increase</b>	<b>Decrease</b>
Discount rate (1% movement)	<b>P4,206,248</b>	<b>(P5,555,751)</b>
Future salary growth (1% movement)	<b>5,533,543</b>	<b>(4,212,516)</b>

2020	<b>DBO</b>	
	<b>Increase</b>	<b>Decrease</b>
Discount rate (1% movement)	P4,720,416	(P6,322,406)
Future salary growth (1% movement)	6,286,039	(4,734,564)

Each sensitivity run is based on a change in a sole actuarial assumption while holding all other assumptions constant. However, the sensitivity runs may not be representative of the actual change in the DBO as it is unlikely that a change in assumption would occur in isolation as the assumptions may be correlated.

Furthermore, DBO figures in this sensitivity runs have been calculated using the PUC method, the same method used in the calculation of DBO.

## **20. Income Taxes**

Income tax expense consists of:

	<b>2021</b>	2020
Income tax:		
Current	<b>P16,640,438</b>	P3,982,956
Effect on change in tax rate	<b>(995,739)</b>	-
	<b>15,644,699</b>	3,982,956
Deferred tax expense (benefit):		
Current	<b>22,540,340</b>	(292,677)
Effect on change in tax rate	<b>358,597</b>	-
	<b>22,898,937</b>	(292,677)
	<b>P38,543,636</b>	P3,690,279

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

	2021	2020
Income before income tax	<b>P157,903,863</b>	P133,400,293
Income tax expense at statutory tax rate of 25% and 30% in 2021 and 2020	<b>P39,475,966</b>	P40,020,088
Stock issuance cost	-	(38,669,286)
Minimum corporate income tax (MCIT)	-	3,982,956
Nondeductible expenses	-	18,506
Income tax effect of interest income subject to final tax	<b>(295,188)</b>	(1,661,985)
Tax effect due to change in tax rate in 2020	<b>(637,142)</b>	-
	<b>P38,543,636</b>	P3,690,279

The components and movements of the Company's deferred tax assets (liabilities) recognized in the statement of financial position and statement of comprehensive income as at December 31, 2021 and 2020 are as follows:

	At January 1, 2021	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (OCI)	Impact of CREATE	At December 31, 2021
<b>Deferred Tax Assets</b>					
Retirement benefits liability	<b>P1,858,900</b>	<b>P213,273</b>	P -	<b>(P309,817)</b>	<b>P1,762,356</b>
Difference between financial depreciation and tax depreciation	<b>67,780</b>	<b>586,783</b>	-	<b>(11,297)</b>	<b>643,266</b>
Accrued expenses	<b>270,000</b>	<b>225,000</b>	-	<b>(45,000)</b>	<b>450,000</b>
Actuarial loss	<b>189,601</b>	-	<b>(31,600)</b>	-	<b>158,001</b>
NOLCO	<b>4,412,086</b>	<b>(3,676,738)</b>	-	<b>(735,348)</b>	-
Excess of lease payments over amortization of ROU	<b>287,038</b>	<b>(239,198)</b>	-	<b>(47,840)</b>	-
	<b>7,085,405</b>	<b>(2,890,880)</b>	<b>(31,600)</b>	<b>(1,149,302)</b>	<b>3,013,623</b>
<b>Deferred Tax Liabilities</b>					
Capitalized interest claimed outright	<b>4,326,249</b>	<b>10,892,014</b>	-	<b>(721,042)</b>	<b>14,497,221</b>
Debt issue cost	-	<b>8,757,446</b>	-	-	<b>8,757,446</b>
Actuarial gain	-	-	<b>369,108</b>	-	<b>369,107</b>
Gain from transitional asset	<b>417,978</b>	-	-	<b>(69,663)</b>	<b>348,315</b>
	<b>4,744,227</b>	<b>19,649,460</b>	<b>369,108</b>	<b>(790,705)</b>	<b>23,972,090</b>
	<b>P2,341,178</b>	<b>(P22,540,340)</b>	<b>(P400,708)</b>	<b>(P358,597)</b>	<b>(P20,958,467)</b>

	At January 1, 2020	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (OCI)	At December 31, 2020
<b>Deferred Tax Assets</b>				
NOLCO	P -	P4,412,086	P -	P4,412,086
Retirement benefits liability	1,858,900	-	189,601	2,048,501
Excess of lease payments over amortization of ROU	-	354,818	-	354,818
Accrued expenses	-	270,000	-	270,000
	1,858,900	5,036,904	189,601	7,085,405
<b>Deferred Tax Liabilities</b>				
Capitalized interest claimed outright	-	4,326,249	-	4,326,249
Gain from transitional asset	-	417,978	-	417,978
	-	4,744,227	-	4,744,227
	P1,858,900	P292,677	P189,601	P2,341,178

The BIR issued Revenue Regulations (RR) No. 25-2020 to implement Section 4 of Republic Act (RA) No. 11494, Bayanihan to Recover as One Act, which provides that the NOLCO incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

The component of the NOLCO which can be applied against future taxable income is as follows:

Year Incurred	Expiry Date	Balance January 1, 2021	Addition	Expired/ Applied	Balance December 31, 2021
2020	December 31, 2025	P14,706,954	P -	P14,706,954	P -

On March 26, 2021, the President of the Philippines has approved the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act (the “CREATE Act”), with nine (9) provisions vetoed by the President. Below are the salient features of the CREATE Act that are relevant to the Company:

- a) Corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5 million and with total assets not exceeding P100 million. All other domestic corporations and resident foreign corporations will be subject to 25% income tax. Said reductions are effective July 1, 2020.
- b) MCIT rate is reduced from 2% to 1% effective July 1, 2020 to June 30, 2023.
- c) The imposition of improperly accumulated earnings tax has been repealed.

On April 8, 2021, the BIR issued the following implementing RR that are effective immediately upon publication:

- BIR RR No. 2-2021, *Amending Certain Provisions of RR No. 2-98, As Amended, to Implement the Amendments Introduced by Republic Act No. 11534, or the CREATE Act, to the National Revenue Code of 1997, as Amended, Relative to the Final Tax on Certain Passive Income;*
- BIR RR No. 3-2021, *Rules and Regulations Implementing Section 3 of the CREATE Act, Amending Section 20 of the National Internal Revenue Code of 1997, As Amended;*
- BIR RR No. 4-2021, *Implementing the Provisions on Value-Added Tax (VAT) and Percentage Tax Under the CREATE Act Which Further Amended the National Revenue Code of 1997, as Amended, as Implemented by RR No. 16-2005 (Consolidated VAT Regulations of 2005), As Amended; and*
- BIR RR No. 5-2021, *Implementing the New Income Tax Rates on the Regular Income of Corporations, on Certain Passive Incomes, Including Additional Allowable Deductions from Gross Income of Persons Engaged in Business or Practice of Profession Pursuant to CREATE Act, Which Further Amended the National Revenue Code of 1997.*

## 21. Equity and Earnings Per Share

### Capital Stock

As at December 31, 2021 and 2020, the authorized and issued capital stock of the Company consist of:

	2021	2020
<b>Authorized Capital Stock</b>		
Common:		
2021 - P0.05 par value	1,200,000,000	P -
2020 - P0.05 par value	P -	P1,200,000,000
<b>Number of Shares Authorized for Issue</b>		
Common	24,000,000,000	24,000,000,000

Details of the shares issued are as follows:

	2021	2020
Balance at beginning of year	7,594,936,709	12,500
Issuance of shares	-	7,594,924,209
	7,594,936,709	7,594,936,709

Details of the issued capital stock are as follows:

	2021	2020
Balance at beginning of year	P379,746,835	P1,250,000
Issuance of shares	-	378,496,835
	P379,746,835	P379,746,835

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

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

### Retained Earnings

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

On February 18, 2020, the BOD approved the declaration of cash dividends amounting to P8.4 million or P0.0014 per share, payable to stockholders of record on February 21, 2020. The cash dividends were paid on February 26, 2020.

On February 18, 2020, the BOD approved the reversal of the appropriated retained earnings of P6 million made on December 16, 2016.

## EPS

EPS is computed as follows:

	2021	2020
Net income attributable to common shareholders of the Company	<b>P119,360,227</b>	P129,710,014
Weighted average number of common shares for basic EPS, before retrospective effect of stock split	<b>7,594,936,709</b>	6,490,143,969
Retrospective effect of change in par value from P100 to P0.05 (stock split) on January 23, 2020	-	1,570,253
Weighted average number of common shares for basic EPS, as adjusted	<b>7,594,936,709</b>	6,491,714,222
Basic EPS	<b>P0.02</b>	P0.02
Diluted EPS	<b>P0.02</b>	P0.02

## 22. Financial Risk and Capital Management Objectives and Policies

### Objectives and Policies

The Company has significant exposure to the following financial risks primarily from its use of financial instruments:

- Credit Risk
- Liquidity Risk

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

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

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

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

The Company's principal financial assets include cash and cash equivalents, receivables, due from related parties, accrued interest receivable and security deposit. These financial assets are used to fund the Company's operations and capital expenditures.

### Credit Risk

Credit risk represents the risk of loss the Company would incur if credit customers and counterparties fail to perform their contractual obligations. The risk arises principally from the Company's cash, receivables and advances to a subsidiary. The objective is to reduce the risk of loss through default by counterparties.

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

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

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

	<i>Note</i>	<b>2021</b>	2020
Cash and cash equivalents (excluding cash on hand)	5	<b>P1,819,046,203</b>	P733,868,041
Receivables	6	<b>8,639,792</b>	7,780,306
Due from related parties	18	<b>2,713,273,431</b>	1,409,943,743
Security deposit	11	<b>69,933,743</b>	33,696,144
		<b>P4,610,893,169</b>	P2,185,288,234

These financial assets are subjected to 12-month ECL.

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

These financial assets are neither past due nor impaired and has credit quality of high grade financial assets as at December 31, 2021 and 2020.

The Company assessed the credit quality of cash and cash equivalents as high grade since this is deposited with reputable banks with low probability of insolvency. Receivables assessed as high grade pertains to receivable from banks for credit card purchases and customers that had no default in payment. The Company performs credit investigation and evaluation of each buyer to establish paying capacity and creditworthiness. The credit risk for advances to a subsidiary is considered negligible as this is mainly from a subsidiary that is generally financially stable.

### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risks by forecasting projected cash flows and maintaining balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational working capital requirements.

Management closely monitors the Company's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.

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

December 31, 2021	Note	Carrying Amount	Contractual Cash Flow	1 Year or Less	Within 1 - 5 Years	More than 5 Years
<b>Financial Liabilities</b>						
Accounts payable and other current liabilities*	12	P317,552,668	P317,552,668	P317,552,668	P -	P -
Loans payable	13	3,142,053,555	3,218,747,222	1,184,010,628	2,034,736,594	-

\* Excluding statutory obligations and gift certificate liability amounting to P3,470,452 and P20,021,000, respectively

December 31, 2020	Note	Carrying Amount	Contractual Cash Flow	1 Year or Less	Within 1 - 5 Years	More than 5 Years
<b>Financial Liabilities</b>						
Accounts payable and other current liabilities*	12	P176,923,793	P176,923,793	P176,923,793	P -	P -
Loans payable	13	550,000,000	590,170,139	405,013,889	185,156,250	-
Lease liability	14	77,986,896	90,515,308	7,515,493	34,012,349	48,987,466

\* Excluding statutory obligations amounting to P1,949,530

### Fair Values

The following methods and assumptions are used to estimate the fair values of each class of financial instruments:

*Cash and Cash Equivalents/Receivables/Due from related parties/Security Deposit/Accounts Payable and Other Current Liabilities/Short-term Loans Payable/Lease Liability/Due to a Related Party*

The carrying amounts of these accounts approximate their fair values due to the relatively short-term nature of these financial instruments.

### Capital Management

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

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

The BOD seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Company defines capital as equity, which includes capital stock and retained earnings. There were no changes in the Company's approach to capital management as at December 31, 2021 and 2020. The Company is not subject to externally-imposed capital requirements.

## 23. Reclassification of Accounts

Enlistment fee which was previously presented under display rentals was reclassified to the other income account to conform with the current year's presentation as follows:

Note	As Previously Reported	Effect of Reclassification	As Reclassified	
<b>Separate Statement of Comprehensive Income</b>				
Display rentals	15	P23,780,331	(P5,961,000)	P17,819,331
Other income	15	9,951,640	5,961,000	15,912,640

The reclassification did not have any impact on the separate statements of financial position and separate statements of cash flows.

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## 24. Other Matters

### Effect of COVID-19 Pandemic

To manage and contain the COVID-19 spread in the country, national and local government imposed several measures including travel restrictions, home quarantine and temporary suspension or regulation of business operations, among others, limiting activities related to the provision of essential goods and services.

The COVID-19 pandemic triggered unprecedented quarantine restrictions locally and across the globe causing massive disruptions in business activities and economies.

The gradual opening-up of economies and easing up of pandemic restrictions especially alongside robust vaccination efforts contributed to the modest recovery in 2021 in terms of sales and volumes. However, the extent to which the COVID-19 pandemic will continue to impact the Company will depend on future developments, including the timeliness and effectiveness of actions taken or not taken to contain and mitigate the effects of COVID-19 both in the Philippines and internationally by governments, central banks, healthcare providers, health system participants, other businesses and individuals, which are highly uncertain and cannot be predicted.

### Impact of Ukraine-Russia Conflict

On February 21, 2022, the Russian Federation officially recognized two breakaway regions in eastern Ukraine and authorized the use of military force in those territories. On 24 February 2022, Russian troops invaded Ukraine and commenced military operations in multiple locations. These ongoing operations have led to casualties, significant dislocation of the population, damage to infrastructure and disruption to economic activity in Ukraine. This event has not only affected the countries involved in particular, but also impacted the global economy negatively. One of the major effects of the invasion was the rise on fuel prices which resulted to higher prices of commodities. The extent of the consequences on the financial performance of the Company will depend on certain developments on this event such as the duration of the conflict between the two countries and programs and plans made by the global market in managing the prices of fuel over the months to come, all of which are uncertain as at the date of issuance of the separate financial statements. The Company cannot reliably estimate the impacts on its financial position and results of operations, but the management will continue monitoring and evaluating the impact during the 2022 financial year.

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## 25. Subsequent Events

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 January 10, 2022, the Company paid P25.00 million to Carlos Drugs-Lucena for the subscription of 50,000 shares which will increase the Company's ownership to 75%.

On November 15, 2021, the Company signed an Agreement with ZC Ramthel Corporation ("Cecile's Pharmacy") to acquire a majority stake in the Mindanao based pharmacy chain.

On March 9, 2022, the Company signed an Agreement with ZC Ramthel Corporation ("Cecile's Pharmacy") for the acquisition of 25,000 secondary shares representing 25.00% and the subscription of 60,000 shares out of the increase in authorized capital stock of Cecile's Pharmacy for an aggregate amount of P398.18 million to bring the Company's ownership to 53.125%.

As of May 13, 2022, the increase in Cecile's Pharmacy authorized capital stock is still in process.

**26. Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue (BIR)**

In addition to the disclosure mandated under PFRS, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the separate financial statements, certain supplementary information for the taxable year. The amounts relating to such supplementary information may not necessarily be the same with those amounts disclosed in the separate financial statements which were prepared in accordance with PFRS. Following are the tax information/disclosures required for the taxable year ended December 31, 2021:

**A. VAT**

	<b>Amount</b>
1. Output VAT	<b>P314,968,382</b>
Basis of the Output VAT:	
Vatable sales	<b>P2,624,736,515</b>
Exempt sales	<b>41,797,361</b>
Total vatable sales	<b>P2,666,533,876</b>
2. Input VAT	
Beginning of the year	<b>P -</b>
Current year's domestic purchases	<b>302,048,769</b>
Output VAT applied	<b>312,121,046</b>
Balance at the end of the year	<b>P2,847,336</b>

**B. Withholding Taxes**

	<u>Amount</u>
Expanded withholding taxes	P25,539,435
Creditable withholding taxes	776,547
	<u>P26,315,982</u>

**C. All Other Taxes (Local and National)**

	<u>Amount</u>
<i>Other taxes paid during the year recognized as "Taxes and licenses" account under Operating expenses</i>	
Business tax	P23,888,229
Documentary stamp tax	3,476,712
BIR annual registration	2,500
Others	618,100
	<u>P27,985,541</u>

**D. Tax Assessments and Tax Cases**

As at December 31, 2021, the Company has no pending tax court cases or tax assessment notices from the BIR.

Information on amounts of custom duties, tariff fees, excise taxes and documentary stamp taxes are not applicable since there are no transactions that the Company would be subjected to these taxes in 2021.



# MERRYMART CONSUMER CORP.

**REPORT OF FACTUAL FINDINGS ON THE  
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OFFERING**





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.**

A handwritten signature in black ink, appearing to read 'D. Virocel', written over a horizontal line.

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

April 15, 2021

Makati City, Metro Manila



## Summary of Results of Agreed-Upon Procedures Performed Annex A

We report the results of our work as follows:

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

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

	Allocation per Prospectus (in millions)	Allocation of Actual Net Proceeds (in millions)	Actual Disbursement		Balance as at end of 2020-Q1 (in millions)
			Actual Disbursement for 2021-Q1 (in millions)	Total Cumulative Disbursement (in millions)	
Capital expenditures and initial working capital for store network expansion	P1,030.80	P1,030.80	P88.64	P399.11	P631.69
Investment in distribution centers	220.90	220.90	5.71	123.03	97.87
General corporate purposes	220.10	214.63	2.24	105.33	109.30
<b>Total</b>	<b>P1,471.80</b>	<b>P1,466.33</b>	<b>P96.59</b>	<b>P627.47</b>	<b>P838.86</b>

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

- a. Compared and agreed the actual disbursements for the quarter ended March 31, 2021 submitted by the Company to the PSE to the related supporting documents which includes bank account passbooks, official receipts, collection receipts and bank deposit slips. No exceptions noted.
  - b. Checked the details of the disbursements made as shown above to the related supporting documents and noted that the portion of the proceeds allocated for capital expenditures and initial working capital for store network expansion of various stores has been disbursed by the Company totaling P88.64 million, disbursement amounting to P5.71 million for investment in distribution centers related to one of the stores, and disbursement of P2.24 million for the Company's general corporate requirements. Such transactions and amounts thereof were agreed to the related vouchers and official receipts.
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.

# MERRYMART CONSUMER CORP.

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



R.G. Manabat & Co.  
The KPMG Center, 9/F  
6787 Ayala Avenue, Alabang City  
Philippines 1228  
Telephone +63 (2) 8885 7000  
Fax +63 (2) 8884 1985  
Internet www.home.kpmg/ph  
Email ph-inquiry@kpmg.com

### REPORT OF FACTUAL FINDINGS

The Board of Directors and Stockholders  
**MERRYMART CONSUMER CORP.**  
9<sup>th</sup> Floor, Tower 1, DoubleDragon Plaza  
DD Meridian Park, Corner Mecapagal Avenue and EDSA Extension  
Bay Area, Barangay 78, Pasay City, NCR, Philippines

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

The agreed-upon procedures are summarized as follows:

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

Home Regulatory Registration & Accreditation  
PRC-SEC Registration No. 0093, valid until November 21, 2023  
SEC Accreditation No. 0007-SEC, Group A, valid for two (2) years covering the audit of 2020 to 2021  
Financial Statements (2019) based on statements are covered by SEC Accreditation No. 0094-FR-3)  
IC Accreditation No. 0002-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024  
Financial Statements (2019) based on statements are covered by C Circular Letter (CL) No. 2019-36, Transition clause;  
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024  
Financial Statements (2019) based on statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause;

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

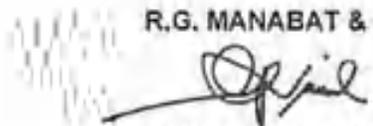
The procedures that we performed did not constitute either an audit or review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standard on Review Engagements (PSRE), thus, we do not express any assurance on the use of proceeds from the IPO based on the said standards.

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

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

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

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



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

July 15, 2021  
Makati City, Metro Manila

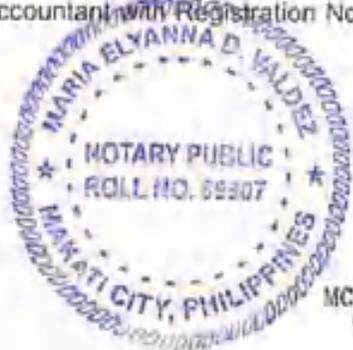
REPUBLIC OF THE PHILIPPINES )  
Makati City ) S.S.

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

  
Darwin P. Virocel  
Partner

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

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**ATTY. MARIA ELYANNA D. VALDEZ**  
Notary Public for Makati City  
Appointment No. MA-105  
Valid until 12/31/2021  
Roll No. 69907

PTR No. 114874493; Makati City  
IBP Lifetime No. 016903; Quezon City  
MCLE Compliance No. VI-0009137 valid until 04/14/20  
The KPMG Center, 9/F, 6787 Ayala Ave. Makati City

**Summary of Results of Agreed-Upon Procedures Performed  
Annex A**

We report the results of our work as follows:

- 1 We have obtained and checked the mathematical accuracy of the Company's Quarterly Progress Report for the second quarter ended June 30, 2021. No exceptions noted.
- 2 We have compared the list of all the disbursements in the Quarterly Progress Report with the schedule of planned use of proceeds from the IPO in the Prospectus and agreed the amounts to the related supporting documents. No exceptions noted.

As presented by the Company and based on the above procedures, the table below lists the details of the disbursements made during the quarter ended June 30, 2021, from the P1,466,335,368 net IPO proceeds.

In (P/%)	Allocation of Actual Net Proceeds	Actual Disbursements			Actual Remaining at 30 JUN 2021
		As at 31 MAR 2021	Q2 2021	Total as at 30 JUN 2021	
Capital expenditures and initial working capital for store network expansion	P1,320,800,000	P385,113,033	486,271,963	P465,384,586	P855,416,004
Investment in distribution centers	927,800,000	153,032,817	11,160,205	164,193,022	763,606,978
General corporate purposes	214,635,000	90,027,504	48,748,672	138,776,176	75,858,824
<b>Total</b>	<b>P1,466,335,000</b>	<b>P627,173,354</b>	<b>P127,180,840</b>	<b>P764,054,224</b>	<b>P711,680,864</b>

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

- a. Compared and agreed the actual disbursements for the quarter ended June 30, 2021 submitted by the Company to the PSE to the related supporting documents which includes bank account passbooks, official receipts, collection receipts and bank deposit slips. No exceptions noted.
- b. Checked the details of the disbursements made as shown above to the related supporting documents and noted that the portion of the proceeds allocated for capital expenditures and initial working capital for store network expansion of various stores has been disbursed by the Company totaling to P486,271,963, disbursement amounting to P11,160,205 for investment in distribution centers related to one of the distribution centers, and disbursement of P48,748,672 for the Company's general corporate requirements. Such transactions and amounts thereof were agreed to the related vouchers and official receipts.

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

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

# MERRYMART CONSUMER CORP.

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

## REPORT OF FACTUAL FINDINGS

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

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

The agreed-upon procedures are summarized as follows:

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

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

October 14, 2021  
Makati City, Metro Manila

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

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



Darwin P. Virocel  
Partner

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

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Series of 2021.



**ATTY. MARIA ELYANNA D. VALDEZ**

Notary Public for Makati City

Appointment No. M-2015

Valid until 12/31/2021

Roll No. 69907

PTR No. MKTSS7423; Makati City

IBP Lifetime No. 016903; Quezon City

MCLE Compliance No. VI-0009137 valid until 04/14/2022

The KPMG Center, 9/F, 6787 Ayala Ave. Makati City

**Summary of Results of Agreed-Upon Procedures Performed**  
**Annex A**

We report the results of our work as follows:

1. We have obtained and checked the mathematical accuracy of the Company's Quarterly Progress Report for the third quarter ended September 30, 2021. No exceptions noted.
2. We have compared the list of all the disbursements in the Quarterly Progress Report with the schedule of planned use of proceeds from the IPO in the Prospectus and agreed the amounts to the related supporting documents. No exceptions noted.

As presented by the Company and based on the above procedures, the table below lists the details of the disbursements made during the quarter ended September 30, 2021, from the P1,466,335,088 net IPO proceeds.

in (P/P)	Allocation of Actual Net Proceeds	Actual Disbursement			Actual Remaining as at 30 SEPT 2021
		As at 30 JUN 2021	Q3 2021	Total as at 30 SEPT 2021	
Capital expenditures and initial working capital for store network expansion	P1,030,800,000	P465,384,996	P81,648,866	P547,033,862	P483,766,138
Investments in distribution centers	220,900,000	134,193,022	38,261,014	172,454,036	48,445,964
General corporate purposes	214,635,088	165,076,206	31,522,251	196,598,457	28,036,631
<b>Total</b>	<b>P1,466,335,088</b>	<b>P764,654,224</b>	<b>P151,432,131</b>	<b>P906,086,335</b>	<b>P560,248,733</b>

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

- a. Compared and agreed the actual disbursements for the quarter ended September 30, 2021 submitted by the Company to the PSE to the related supporting documents which includes bank account passbooks, official receipts, collection receipts and bank deposit slips. No exceptions noted.
- b. Checked the details of the disbursements made as shown above to the related supporting documents and noted that the portion of the proceeds allocated for capital expenditures and initial working capital for store network expansion of various stores has been disbursed by the Company totaling P81,648,866, disbursement amounting to P38,261,014 for investment in distribution centers related to one of the distribution centers, and disbursement of P31,522,251 for the Company's general corporate requirements. Such transactions and amounts thereof were agreed to the related vouchers and official receipts.

We have also observed disbursements pertaining to prior quarter which were included in the report amounting to P29,957,860. No other exceptions noted.

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

# MERRYMART CONSUMER CORP.

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

**REPORT OF FACTUAL FINDINGS**

The Board of Directors and Stockholders

**MERRYMART CONSUMER CORP.**

9<sup>th</sup> Floor, Tower 1, DoubleDragon Plaza

DD Meridian Park, Corner Macapagal Avenue and EDSA Extension

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

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

The agreed-upon procedures are summarized as follows:

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

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 15, 2022  
Makati City, Metro Manila

REPUBLIC OF THE PHILIPPINES )  
**PASAY CITY** ) S.S.

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



Darwin P. Virocel  
Partner

SUBSCRIBED AND SWORN TO before me, this 15<sup>th</sup> 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. 448  
Page No. 91  
Book No. 4  
Series of 2022.



**ERIKA ESTEL G. GUSI**  
Notary Public for Pasay  
Until December 31, 2021  
Commission No.  
MPL No. 23308  
ICP File/No. 17, Series No. 212814 0329/2014  
PTR No. TC-36507 GH/O/2022/Pasay City  
Double Dragon Headquarters, 100 Floor, Tower 1  
Double Dragon Plaza, D7 Worldpark  
For Marikina Avenue 5 EDSA Ex., Bay Area, Pasay City  
with PHOTOCOPY IDENTIFICATION OF NOTARIAL  
COMMISSION UNTIL 31 DEC 2022

**Summary of Results of Agreed-Upon Procedures Performed**  
**Annex A**

We report the results of our work as follows:

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

As presented by the Company and based on the above procedures, the table below lists the details of the disbursements made during the quarter ended December 31, 2021, from the P1,466,335,088 net IPO proceeds.

iii (PHP)	Allocation of Actual Net Proceeds	Actual Disbursement			Actual Remaining as at 31 DEC 2021
		As at 30 SEPT 2021	Q4 2021	Total as at 31 DEC 2021	
Capital expenditures and initial working capital for store network expansion	P1,030,800,000	P547,030,880	P181,056,194	P728,090,098	P302,709,544
Investments in distribution centers	220,900,000	172,454,098	16,617,639	189,271,675	29,628,325
General corporate purposes	214,635,088	166,568,457	28,038,631	214,636,098	-
<b>Total</b>	<b>P1,466,335,088</b>	<b>P986,053,395</b>	<b>P227,910,464</b>	<b>P1,133,936,819</b>	<b>P332,335,269</b>

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

- a. Compared and agreed the actual disbursements for the quarter ended December 31, 2021 submitted by the Company to the PSE to the related supporting documents which includes bank account passbooks, official receipts, collection receipts and bank deposit slips. No exceptions noted.
- b. Checked the details of the disbursements made as shown above to the related supporting documents and noted that the portion of the proceeds allocated for capital expenditures and initial working capital for store network expansion of various stores has been disbursed by the Company totaling P181,056,194, disbursement amounting to P18,817,639 for investment in distribution centers related to one of the distribution centers, and disbursement of P28,038,631 for the Company's general corporate requirements. Such transactions and amounts thereof were agreed to the related vouchers and official receipts.

We have also observed disbursements pertaining to prior quarter which were included in the report amounting to P18,657,535. No other exceptions noted.

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

# 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) 8884 1905  
Internet [www.home.kpmg/ph](http://www.home.kpmg/ph)  
Email [ph-anglo@kpmg.com](mailto:ph-anglo@kpmg.com)

## REPORT ON FACTUAL FINDINGS

The Board of Directors and Stockholders  
**MERRYMART CONSUMER CORP.**  
9<sup>th</sup> Floor, Tower 1, Double Dragon Plaza  
DD Maridian Park, Corner Macapagal Avenue and EDSA Extension  
Bay Area, Barangay 75, Pasay City, MCR, 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 absence 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.

*Report prepared by R.G. Manabat & Co. on June 15, 2020.*

~~CONFIDENTIAL~~

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 final 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.

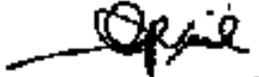


DARWIN P. VIROCEL  
Partner  
CPA License No. 0094495  
SEC Accreditation No. 94495-SEC, Group A, effective for five (5) years covering the audit of 2019 to 2023 financial statements

January 28, 2022  
Makati City, Metro Manila

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

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

4444

SUBSCRIBED AND SWORN TO before me, this 28<sup>th</sup> 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.

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Page No. 41  
Book No. 1  
Series of 2022

  
REGIDOR A. CONFERRADA  
NOTARY PUBLIC FOR MAKATI CITY  
Appl. No. 14-54, Issued 31 December 2022  
Level 17, 6750 Ayala Office Tower  
6750 Ayala Avenue, Makati City  
PTR No. 8531351, 01/05/2021, Makati City  
IBP License Member Roll No. 99626, Quezon City  
Roll of Attorneys No. 57102  
MCLE Compliance No. 91-0014735 - 11/13/2020



**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 P1,486.3 million net IPO proceeds.

	Description of actual Disbursements (in millions)	Actual Disbursements (in millions)					Total	as of December 31, 2021	Balance as of December 31, 2021
		As of 31 December 2021	2021 Q1	2021 Q2	2021 Q3	2021 Q4			
Capital expenditure and initial working capital for the operations	P476.8	P476.3	248.8	P46.3	P81.8	P81.1	P476.8	P476.1	P476.3
Investment in distribution center	P26.8	111.3	3.7	11.8	36.3	160.0	P4.8	165.0	20.4
General corporate purposes	P44.6	404.4	3.7	40.3	33.8	368.4	44.4	244.4	-
<b>Total</b>	<b>P548.2</b>	<b>P602.8</b>	<b>P266.2</b>	<b>P112.7</b>	<b>P151.9</b>	<b>P627.9</b>	<b>586.0</b>	<b>P711.6</b>	<b>P522.7</b>

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 expenditure 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 P476.8 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.

**GENERAL INFORMATION SHEET (GIS)**

FOR THE YEAR 2021

**STOCK CORPORATION**

**GENERAL INSTRUCTIONS:**

1. FOR USER CORPORATION: THIS GIS SHOULD BE SUBMITTED WITHIN THIRTY (30) CALENDAR DAYS FROM THE DATE OF THE ANNUAL STOCKHOLDERS' MEETING. **DO NOT LEAVE ANY ITEM BLANK.** WRITE "N.A." IF THE INFORMATION REQUIRED IS NOT APPLICABLE TO THE CORPORATION OR "NONE" IF THE INFORMATION IS NON-EXISTENT. IF THE ANNUAL STOCKHOLDERS' MEETING IS HELD ON A DATE OTHER THAN THAT STATED IN THE BY-LAWS, THE GIS SHALL BE SUBMITTED WITHIN THIRTY (30) CALENDAR DAYS AFTER THE ELECTION OF THE DIRECTORS, TRUSTEES AND OFFICERS OF THE CORPORATION AT THE ANNUAL MEMBERS' MEETING.
2. IF NO MEETING IS HELD, THE CORPORATION SHALL SUBMIT THE GIS NOT LATER THAN JANUARY 30 OF THE FOLLOWING YEAR. HOWEVER, SHOULD AN ANNUAL STOCKHOLDERS' MEETING BE HELD THEREAFTER, A NEW GIS SHALL BE SUBMITTED/FILED.
3. THIS GIS SHALL BE ACCOMPLISHED IN ENGLISH AND CERTIFIED AND SWORN TO BY THE **CORPORATE SECRETARY** OF THE CORPORATION.
4. THE SEC SHOULD BE TIMELY APPRISED OF RELEVANT CHANGES IN THE SUBMITTED INFORMATION AS THEY ARISE. FOR CHANGES RESULTING FROM ACTIONS THAT AROSE BETWEEN THE ANNUAL MEETINGS, THE CORPORATION SHALL SUBMIT AMENDED GIS CONTAINING THE NEW INFORMATION TOGETHER WITH A COVER LETTER SIGNED THE CORPORATE SECRETARY OF THE CORPORATION. THE AMENDED GIS AND COVER LETTER SHALL BE SUBMITTED WITHIN SEVEN (7) DAYS AFTER SUCH CHANGE OCCURED OR BECAME EFFECTIVE.
5. SUBMIT FOUR (4) COPIES OF THE GIS TO THE RECEIVING SECTION AT THE SEC MAIN OFFICE, OR TO SEC SATELLITE OFFICES OR EXTENSION OFFICES. ALL COPIES SHALL UNIFORMLY BE ON A4 OR LETTER-SIZED PAPER. THE PAGES OF ALL COPIES SHALL USE ONLY ONE SIDE
6. **ONLY THE GIS ACCOMPLISHED IN ACCORDANCE WITH THESE INSTRUCTIONS SHALL BE CONSIDERED AS HAVING BEEN FILED.**
7. THIS GIS MAY BE USED AS EVIDENCE AGAINST THE CORPORATION AND ITS RESPONSIBLE DIRECTORS/OFFICERS FOR ANY VIOLATION OF EXISTING LAWS, RULES AND REGULATIONS

===== PLEASE PRINT LEGIBLY =====

<b>CORPORATE NAME:</b> MERRYMART CONSUMER CORP.		<b>DATE REGISTERED:</b> 9/9/2009	
<b>BUSINESS/TRADE NAME:</b> MERRYMART CONSUMER CORP.		<b>FISCAL YEAR END:</b> December 31	
<b>SEC REGISTRATION NUMBER:</b> CS200930125		<b>CORPORATE TAX IDENTIFICATION NUMBER (TIN):</b> 281-768-124	
<b>DATE OF ANNUAL MEETING PER BY-LAWS:</b> November 11		<b>WEBSITE/URL ADDRESS:</b> <a href="http://www.merrymart.com.ph">www.merrymart.com.ph</a>	
<b>ACTUAL DATE OF ANNUAL MEETING:</b> 17-Dec-21		<b>E-MAIL ADDRESS:</b> N.A	
<b>COMPLETE PRINCIPAL OFFICE ADDRESS:</b> 9TH FLR. TOWER 1 DOUBLED DRAGON PLAZA, DD MERIDIAN PARK, PASAY CITY		<b>FAX NUMBER:</b> N.A	
<b>COMPLETE BUSINESS ADDRESS:</b> 9TH FLR. TOWER 1 DOUBLED DRAGON PLAZA, DD MERIDIAN PARK, PASAY CITY	<b>OFFICIAL E-MAIL ADDRESS:</b> <a href="mailto:jacqueline.gomez@merrymart.com.ph">jacqueline.gomez@merrymart.com.ph</a>	<b>ALTERNATE E-MAIL ADDRESS:</b> <a href="mailto:jay.ugalingan@merrymart.com.ph">jay.ugalingan@merrymart.com.ph</a>	<b>OFFICIAL MOBILE NUMBER:</b> 0917-560-7273
<b>NAME OF EXTERNAL AUDITOR &amp; ITS SIGNING PARTNER:</b> KPMG R.G. MANABAT & Co.	<b>SEC ACCREDITATION NUMBER (if applicable):</b>	<b>ALTERNATE MOBILE NUMBER:</b> 0917-861-4456	
<b>NAME OF EXTERNAL AUDITOR &amp; ITS SIGNING PARTNER:</b> KPMG R.G. MANABAT & Co.		<b>TELEPHONE NUMBER(S):</b> (02)8743-1111	
<b>PRIMARY PURPOSE/ACTIVITY/INDUSTRY PRESENTLY ENGAGED IN:</b> Supermart/Food Shop		<b>INDUSTRY CLASSIFICATION:</b> Retail Trade	<b>GEOGRAPHICAL CODE:</b> Philippines

===== INTERCOMPANY AFFILIATIONS =====

PARENT COMPANY	SEC REGISTRATION NO.	ADDRESS
Injap Investments Inc.	CS200725757	Fuentes St. Iloilo City
SUBSIDIARY/AFFILIATE	SEC REGISTRATION NO.	ADDRESS
MerryMart Grocery Centers Inc.	CS201821883	9th Flr. Tower 1 DoubleDragon Plaza, DD Meridian Park

NOTE: USE ADDITIONAL SHEET IF NECESSARY

GENERAL INFORMATION SHEET

STOCK CORPORATION

===== PLEASE PRINT LEGIBLY =====

Corporate Name: MerryMart Consumer Corp.

A. Is the Corporation a covered person under the Anti Money Laundering Act (AMLA), as amended? (Rep. Acts. 9160/9164/10167/10365)  Yes  No

Please check the appropriate box:

<p><b>1.</b></p> <p><input type="checkbox"/> a. Banks</p> <p><input type="checkbox"/> b. Offshore Banking Units</p> <p><input type="checkbox"/> c. Quasi-Banks</p> <p><input type="checkbox"/> d. Trust Entities</p> <p><input type="checkbox"/> e. Non-Stock Savings and Loan Associations</p> <p><input type="checkbox"/> f. Pawnshops</p> <p><input type="checkbox"/> g. Foreign Exchange Dealers</p> <p><input type="checkbox"/> h. Money Changers</p> <p><input type="checkbox"/> i. Remittance Agents</p> <p><input type="checkbox"/> j. Electronic Money Issuers</p> <p><input type="checkbox"/> k. Financial Institutions which Under Special Laws are subject to Bangko Sentral ng Pilipinas' (BSP) supervision and/or regulation, including their subsidiaries and affiliates.</p>	<p><b>4.</b> <input type="checkbox"/> Jewelry dealers in precious metals, who, as a business, trade in precious metals</p>
<p><b>2.</b></p> <p><input type="checkbox"/> a. Insurance Companies</p> <p><input type="checkbox"/> b. Insurance Agents</p> <p><input type="checkbox"/> c. Insurance Brokers</p> <p><input type="checkbox"/> d. Professional Reinsurers</p> <p><input type="checkbox"/> e. Reinsurance Brokers</p> <p><input type="checkbox"/> f. Holding Companies</p> <p><input type="checkbox"/> g. Holding Company Systems</p> <p><input type="checkbox"/> h. Pre-need Companies</p> <p><input type="checkbox"/> i. Mutual Benefit Association</p> <p><input type="checkbox"/> j. All Other Persons and entities supervised and/or regulated by the Insurance Commission (IC)</p>	<p><b>5.</b> <input type="checkbox"/> Jewelry dealers in precious stones, who, as a business, trade in precious stone</p>
<p><b>3.</b></p> <p><input type="checkbox"/> a. Securities Dealers</p> <p><input type="checkbox"/> b. Securities Brokers</p> <p><input type="checkbox"/> c. Securities Salesman</p> <p><input type="checkbox"/> d. Investment Houses</p> <p><input type="checkbox"/> e. Investment Agents and Consultants</p> <p><input type="checkbox"/> f. Trading Advisors</p> <p><input type="checkbox"/> g. Other entities managing Securities or rendering similar services</p> <p><input type="checkbox"/> h. Mutual Funds or Open-end Investment Companies</p> <p><input type="checkbox"/> i. Close-end Investment Companies</p> <p><input type="checkbox"/> j. Common Trust Funds or Issuers and other similar entities</p> <p><input type="checkbox"/> k. Transfer Companies and other similar entities</p> <p><input type="checkbox"/> l. Other entities administering or otherwise dealing in currency, commodities or financial derivatives based there on</p> <p><input type="checkbox"/> m. Entities administering of otherwise dealing in valuable objects</p> <p><input type="checkbox"/> n. Entities administering or otherwise dealing in cash Substitutes and other similar monetary instruments or property supervised and/or regulated by the Securities and Exchange Commission (SEC)</p>	<p><b>6.</b> Company service providers which, as a business, provide any of the following services to third parties:</p> <p><input type="checkbox"/> a. acting as a formation agent of juridical persons</p> <p><input type="checkbox"/> b. acting as (or arranging for another person to act as) a director or corporate secretary of a company, a partner of a partnership, or a similar position in relation to other juridical persons</p> <p><input type="checkbox"/> c. providing a registered office, business address or accommodation, correspondence or administrative address for a company, a partnership or any other legal person or arrangement</p> <p><input type="checkbox"/> d. acting as (or arranging for another person to act as) a nominee shareholder for another person</p>
<p><b>7.</b> Persons who provide any of the following services:</p> <p><input type="checkbox"/> a. managing of client money, securities or other assets</p> <p><input type="checkbox"/> b. management of bank, savings or securities accounts</p> <p><input type="checkbox"/> c. organization of contributions for the creation, operation or management of companies</p> <p><input type="checkbox"/> d. creation, operation or management of juridical persons or arrangements, and buying and selling business entities</p>	<p><b>8.</b> <input checked="" type="checkbox"/> None of the above</p>
<p>Describe nature of business:</p>	<p>Retail selling in supermarkets</p>
<p>B. Has the Corporation complied with the requirements on Customer Due Diligence (CDD) or Know Your Customer (KYC), record-keeping, and submission of reports under the AMLA, as amended, since the last filing of its GIS? <input type="radio"/> Yes <input checked="" type="radio"/> No</p>	



## GENERAL INFORMATION SHEET

STOCK CORPORATION

PLEASE PRINT LEGIBLY

<b>CORPORATE NAME:</b> MerryMart Consumer Corp.								
DIRECTORS / OFFICERS								
NAME/CURRENT RESIDENTIAL ADDRESS	NATIONALITY	INC'R	BOARD	GENDER	STOCK HOLDER	OFFICER	EXEC. COMM.	TAX IDENTIFICATION NUMBER
1. <b>EDGAR J. SIA II</b>	FILIPINO	Y	C	M	Y	Chairman/CEO		192-003-450
2. <b>FERDINAND J. SIA</b>	FILIPINO	Y	M	M	Y	President		917-782-960
3. <b>MARRIANA H. YULO</b>	FILIPINO	N	M	F	Y	CFO/CIO		930-989-138
4. <b>VICTORIA R. TAMAYAO</b>	FILIPINO	N	I	F	Y	Independent Director		107-043-084
5. <b>GARY P. CHENG</b>	FILIPINO	N	I	M	Y	Independent Director		214-614-988
6. <b>JOSE ROELPH E. DESALES</b>	FILIPINO	N	M	M	Y	Ass. Corp. Secretary		907-735-837
7. <b>JACQUELINE ANN MARIE GOMEZ</b>	FILIPINO	N	M	F	Y	Corporate Secretary		941-650-485
8.								
9.								
10.								
11.								
12.								
13.								
14.								
15.								
<b>INSTRUCTION:</b> FOR SEX COLUMN, PUT "F" FOR FEMALE, "M" FOR MALE. FOR BOARD COLUMN, PUT "C" FOR CHAIRMAN, "M" FOR MEMBER, "I" FOR INDEPENDENT DIRECTOR. FOR INC'R COLUMN, PUT "Y" IF AN INCORPORATOR, "N" IF NOT. FOR STOCKHOLDER COLUMN, PUT "Y" IF A STOCKHOLDER, "N" IF NOT. FOR OFFICER COLUMN, INDICATE PARTICULAR POSITION IF AN OFFICER, FROM VP UP INCLUDING THE POSITION OF THE TREASURER, SECRETARY, COMPLIANCE OFFICER AND/OR ASSOCIATED PERSON. FOR EXECUTIVE COMMITTEE, INDICATE "C" IF MEMBER OF THE COMPENSATION COMMITTEE; "A" FOR AUDIT COMMITTEE; "N" FOR NOMINATION AND ELECTION COMMITTEE. ADDITIONALLY WRITE "C" AFTER SLASH IF CHAIRMAN AND "M" IF MEMBER.								

GENERAL INFORMATION SHEET  
STOCK CORPORATION

===== PLEASE PRINT LEGIBLY =====

<b>CORPORATE NAME:</b> MerryMart Consumer Corp.	
<b>TOTAL NUMBER OF STOCKHOLDERS:</b> 20	<b>NO. OF STOCKHOLDERS WITH 100 OR MORE SHARES EACH:</b>
<b>TOTAL ASSETS BASED ON LATEST AUDITED FINANCIAL STATEMENTS:</b> Php 2,815,553,633.00	

**STOCKHOLDER'S INFORMATION**

NAME, NATIONALITY AND CURRENT RESIDENTIAL ADDRESS	SHARES SUBSCRIBED				AMOUNT PAID (PhP)	TAX IDENTIFICATION NUMBER
	TYPE	NUMBER	AMOUNT (PhP)	% OF OWNER-SHIP		
1 <b>INJAP INVESTMENTS, INC</b> (lodged under PCD NOMINEE CORP.(F))  FILIPINO  Fuentes St, Iloilo City	Common	5,999,989,995	299,999,499.75	79.00%	299,999,499.75	006-461-843
	<b>TOTAL</b>	<b>5,999,989,995</b>	<b>299,999,499.75</b>			
2. <b>PCD NOMINEE CORP. (F)</b>  FILIPINO  37/F Tower 1, The Enterprise Tower 6766 Ayala Ave. Makati City.	Common	1,567,153,530	78,357,676.50	20.63%	78,357,676.50	004-774-849
	<b>TOTAL</b>	<b>1,567,153,530</b>	<b>78,357,676.50</b>			
3. <b>PCD NOMINEE (NF)</b>  FILIPINO  37/F Tower 1, The Enterprise Tower 6766 Ayala Ave. Makati City.	Common	27,733,179	1,386,658.95	0.37%	1,386,658.95	004-774-849
	<b>TOTAL</b>	<b>27,733,179</b>	<b>1,386,658.95</b>			
4. <b>OTHER STOCKHOLDERS</b>  FILIPINO	Common	60,005	3,000.25		3,000.25	
	<b>TOTAL</b>	<b>60,005</b>	<b>3,000.25</b>			
5.						
	<b>TOTAL</b>					
6.						
	<b>TOTAL</b>					
7.						
	<b>TOTAL</b>					
<b>TOTAL AMOUNT OF SUBSCRIBED CAPITAL</b>				<b>100.00%</b>	<b>379,746,835.45</b>	
<b>TOTAL AMOUNT OF PAID-UP CAPITAL</b>						

INSTRUCTION: SPECIFY THE TOP 20 STOCKHOLDERS AND INDICATE THE REST AS OTHERS

*Note: For PDTC Nominee included in the list, please indicate further the beneficial owners owning more than 5% of any class of the company's voting securities. Attach separate sheet, if necessary.*

GENERAL INFORMATION SHEET  
STOCK CORPORATION

===== PLEASE PRINT LEGIBLY =====

<b>CORPORATE NAME:</b>		MerryMart Consumer Corp.				
<b>TOTAL NUMBER OF STOCKHOLDERS:</b>		20		<b>NO. OF STOCKHOLDERS WITH 100 OR MORE SHARES EACH:</b>		
<b>TOTAL ASSETS BASED ON LATEST AUDITED FS:</b>		Php. 2,815,553,633				
STOCKHOLDER'S INFORMATION						
NAME, NATIONALITY AND CURRENT RESIDENTIAL ADDRESS	SHARES SUBSCRIBED				AMOUNT PAID (PhP)	TAX IDENTIFICATION NUMBER
	TYPE	NUMBER	AMOUNT (PhP)	% OF OWNERSHIP		
8.						
	TOTAL					
9.						
	TOTAL					
10.						
	TOTAL					
11.						
	TOTAL					
12.						
	TOTAL					
13.						
	TOTAL					
14.						
	TOTAL					
<b>TOTAL AMOUNT OF SUBSCRIBED CAPITAL</b>				<b>0.00%</b>	<b>0.00</b>	
<b>TOTAL AMOUNT OF PAID-UP CAPITAL</b>						
INSTRUCTION: SPECIFY THE TOP 20 STOCKHOLDERS AND INDICATE THE REST AS OTHERS						
<i>Note: For PDTC Nominee included in the list, please indicate further the beneficial owners owning more than 5% of any class of the company's voting securities. Attach separate sheet, if necessary.</i>						

GENERAL INFORMATION SHEET  
STOCK CORPORATION

===== PLEASE PRINT LEGIBLY =====

<b>CORPORATE NAME:</b>		MerryMart Consumer Corp.				
<b>TOTAL NUMBER OF STOCKHOLDERS:</b>		20		<small>NO. OF STOCKHOLDERS WITH 100 OR MORE SHARES EACH:</small>		
<b>TOTAL ASSETS BASED ON LATEST AUDITED FS:</b>		Php. 2,815,553,633.00				
STOCKHOLDER'S INFORMATION						
NAME, NATIONALITY AND CURRENT RESIDENTIAL ADDRESS	SHARES SUBSCRIBED				AMOUNT PAID (PhP)	TAX IDENTIFICATION NUMBER
	TYPE	NUMBER	AMOUNT (PhP)	% OF OWNERSHIP		
15.						
	<b>TOTAL</b>					
16.						
	<b>TOTAL</b>					
17.						
	<b>TOTAL</b>					
18.						
	<b>TOTAL</b>					
19.						
	<b>TOTAL</b>					
20.						
	<b>TOTAL</b>					
21. OTHERS (Indicate the number of the remaining stockholders)						
	<b>TOTAL</b>					
<b>TOTAL AMOUNT OF SUBSCRIBED CAPITAL</b>				0.00%	<b>0.00</b>	
<b>TOTAL AMOUNT OF PAID-UP CAPITAL</b>					<b>0.00</b>	
INSTRUCTION: SPECIFY THE TOP 20 STOCKHOLDERS AND INDICATE THE REST AS OTHERS						
<small>Note: For PDTC Nominee included in the list, please indicate further the beneficial owners owning more than 5% of any class of the company's voting securities. Attach separate sheet, if necessary.</small>						

**GENERAL INFORMATION SHEET**

STOCK CORPORATION

PLEASE PRINT LEGIBLY			
<b>CORPORATE NAME:</b> MerryMart Consumer Corp.			
<b>1. INVESTMENT OF CORPORATE FUNDS IN ANOTHER CORPORATION</b>		<b>AMOUNT (PhP)</b>	<b>DATE OF BOARD RESOLUTION</b>
1.1 STOCKS			
1.2 BONDS/COMMERCIAL PAPER (Issued by Private Corporations)			
1.3 LOANS/ CREDITS/ ADVANCES			
1.4 GOVERNMENT TREASURY BILLS			
1.5 OTHERS			
<b>2. INVESTMENT OF CORPORATE FUNDS IN ACTIVITIES UNDER ITS SECONDARY PURPOSES (PLEASE SPECIFY:)</b>		<b>DATE OF BOARD RESOLUTION</b>	<b>DATE OF STOCKHOLDERS RATIFICATION</b>
N/A			
<b>3. TREASURY SHARES</b>		<b>NO. OF SHARES</b>	<b>% AS TO THE TOTAL NO. OF SHARES ISSUED</b>
<b>4. UNRESTRICTED/UNAPPROPRIATED RETAINED EARNINGS AS OF END OF LAST FISCAL YEAR</b>			
<b>5. DIVIDENDS DECLARED DURING THE IMMEDIATELY PRECEDING YEAR:</b> <span style="float:right">N/A</span>			
<b>TYPE OF DIVIDEND</b>	<b>AMOUNT (PhP)</b>	<b>DATE DECLARED</b>	
5.1 CASH			
5.2 STOCK			
5.3 PROPERTY			
<b>TOTAL</b>	<b>P</b>		
<b>6. ADDITIONAL SHARES ISSUED DURING THE PERIOD:</b>			
<b>DATE</b>	<b>NO. OF SHARES</b>	<b>AMOUNT</b>	
<b>SECONDARY LICENSE/REGISTRATION WITH SEC AND OTHER GOV'T AGENCY:</b>			
<b>NAME OF AGENCY:</b>	<b>SEC</b>	<b>B S P</b>	<b>I C</b>
<b>TYPE OF LICENSE/REGN.</b>			
<b>DATE ISSUED:</b>			
<b>DATE STARTED OPERATIONS:</b>			
<b>TOTAL ANNUAL COMPENSATION OF DIRECTORS DURING THE PRECEDING FISCAL YEAR (in PhP)</b>	<b>TOTAL NO. OF OFFICERS</b>	<b>TOTAL NO. OF RANK &amp; FILE EMPLOYEES</b>	<b>TOTAL MANPOWER COMPLEMENT</b>
N/A			

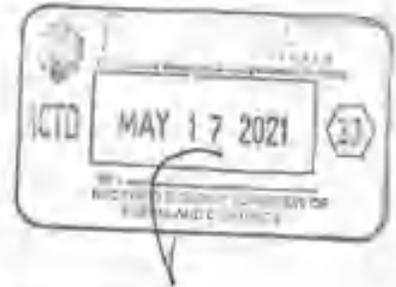
NOTE: USE ADDITIONAL SHEET IF NECESSARY







**Securities and  
Exchange  
Commission**  
SEC



**SEC FORM – I-ACGR**

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

1. For the fiscal year ended: 2020
2. SEC Identification Number: CS200930125 3. BIR Tax Identification No: 281-768-124
4. Exact name of issuer as specified in its charter: MerryMart Consumer Corp.
5. PASAY CITY, PHILIPPINES  
Province, Country or other jurisdiction of  
incorporation or organization
6. (SEC Use Only)   
Industry Classification Code:
7. 9<sup>th</sup> Floor Tower 1 DoubleDragon Plaza,  
DD Meridian Park, Macapagal Ave. cor.  
EDSA Extension, Pasay City  
Address of principal office
8. 1302  
Postal Code
8. +63(2)8743-1111  
Issuer's telephone number, including area code
9. Not Applicable  
Former name, former address, and former fiscal year, if changed since last report.



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

**A. Use of Form I-ACGR**

This SEC Form shall be used as a tool to disclose Publicly-Listed Companies' compliance/non-compliance with the recommendations provided under the Code of Corporate Governance for Publicly-Listed Companies, which follows the "comply or explain" approach, and for harmonizing the corporate governance reportorial requirements of the SEC and the Philippine Stock Exchange (PSE).

**B. Preparation of Report**

These general instructions are not to be filed with the report. The report shall contain the numbers and captions of all items.

The I-ACGR has four columns, arranged as follows:

RECOMMENDED CG PRACTICE/POLICY	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>Contains CG Practices/ Policies, labelled as follows:</p> <p>(1) "Recommendations" - derived from the CG Code for PLCs;</p> <p>(2) "Supplement to Recommendation" - derived from the PSE CG Guidelines for Listed Companies;</p> <p>(3) "Additional Recommendations" - CG Practices not found in the CG Code for PLCs and PSE CG Guidelines but are expected already of PLCs; and</p> <p>(4) "Optional Recommendation" - practices taken from the ASEAN Corporate Governance Scorecard</p> <p><b>*Items under (1) - (3) must be answered/disclosed by the PLCs following the "comply or explain" approach. Answering of items under (4) are left to the discretion of PLCs.</b></p>	<p>The company shall <b>indicate compliance or non-compliance</b> with the recommended practice.</p>	<p>The company shall provide additional information to <b>support their compliance</b> with the recommended CG practice</p>	<p>The PLCs shall <b>provide the explanations for any non-compliance</b>, pursuant to the "comply or explain" approach.</p> <p>Please note that the explanation given should describe the non-compliance and include <b>how the overall Principle being recommended is still being achieved</b> by the company.</p> <p><b>**Not Applicable" or "None" shall not be considered as sufficient explanation</b></p>

**C. Signature and Filing of the Report**

- a. Three (3) copies of a fully accomplished I-ACGR shall be filed with the Main Office of the Commission **on or before May 30 of the following year for every year that the company remains listed in the PSE.**
- b. At least one (1) complete copy of the I-ACGR shall be duly notarized and shall bear **original and manual** signatures.
- c. The I-ACGR shall be signed under oath by: (1) Chairman of the Board; (2) Chief Executive Officer or President; (3) All Independent Directors; (4) Compliance Officer; and (5) Corporate Secretary.
- d. The I-ACGR shall cover all relevant information from January to December of the given year.
- e. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			EXPLANATION
COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION		
The Board's Governance Responsibilities			
<p><b>Principle 1:</b> The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.</p>			
<p><b>Recommendation 1.1</b></p>			
<p>1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.</p>	<p><b>COMPLIANT</b></p>	<p>Provide information or link/reference to a document containing information on the following:</p>	<p>MerryMart Consumer Corp. is composed of the following directors who possess the knowledge, experience and expertise that are relevant to the company's industry/sector:</p>
<p>2. Board has an appropriate mix of competence and expertise.</p>	<p><b>COMPLIANT</b></p>	<p>1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors</p>	<p>1. <b>Edgar J. Sia II</b> – is the Chairman and Chief Executive Officer of Injap Investments Inc. Mr. Sia II is also the Founder of Mang Inasal Philippines, Inc. and various other companies. He obtained his Doctorate Degree from the University of San Agustin Honoris Causa Major in Management in 2012.</p>
<p>3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.</p>	<p><b>COMPLIANT</b></p>	<p>2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance</p>	<p>2. <b>Ferdinand J. Sia</b> – is the President and Chief Operating Officer of Injap Investments Inc. He also served as Director of Mang Inasal Philippines, Inc. from 2006-2016. He graduated from the University of the Philippines Visayas with a degree in Bachelor of Arts in Political Science and took up law in Arellano University School of Law.</p>

			<p>3. <b>Marriana H. Yulo-Luccini</b> – is the Chief Financial Officer and Chief Investment Officer of MM from 2020 to present and has been a director of MM from 2020 to present. She also serves as Chief Investment Officer of DD from 2015 to present. She was previously Chief Financial Officer of Alphaland Corporation and Group Chief Financial Officer of PhilWeb Corporation, ISM Communications Corporation, and Atok Big-Wedge Co. Inc. from 2011 to 2014. She graduated in Business Administration – Major in Management at Palawan State University and has a Masters in Business Administration Degree from the University of St. La Salle.</p> <p>4. <b>Jose Roelph E. Desales</b> – is the Assistant Corporate Secretary and director of MM from 2020 to present. He joined III in 2014 to present and was previously with VXI Global Holdings B.V. (Philippines) as Associate Director for Finance from 2010 to 2012. He graduated Bachelor of Science in Accountancy at the University of the Philippines in the Visayas and is a Certified Public Accountant.</p>
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<p>SEC Form 14CGR * Updated 21Dec2017</p>		<p>5. <b>Atty. Jacqueline Ann Marie O. Gomez</b> – is the Corporate Secretary and director of MM from 2020 to present. She joined Ill in 2014 to present and was previously an associate at Falgui Law Office from 2009 to 2013. She graduated cum laude from the University of the Philippines – Diliman with an Economics degree and obtained Juris Doctor Degree from the same university in 2008. Atty Gomez was admitted to the Philippine Bar in 2009.</p> <p>6. <b>Gary P. Cheng</b> – is an investment banking professional with over 20 years of corporate finance and capital markets experience. He is currently the Managing Director and co-founder of Fortman Cline Capital Markets Limited since 2007. Dr. Cheng served as the former President/CEO of Amalgamated Investment Bancorporation from 2003 and 2008 and former Vice President of Investment Banking at J.P. Morgan from 1993 to 2001. Dr. Cheng obtained his doctorate in Philosophy from University of Leeds, England in 1991.</p> <p>7. <b>Atty. Victoria R. Tamayao</b> – is an Independent Director of MM from 2020 to present. She is the Senior and Managing Partner of Tamayao &amp; Affiliates, Attorneys-at-Law from 2006 to present and is the Chairman and</p>
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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.

**Recommendation 1.2**

1. Board is composed of a majority of non-executive directors.

**COMPLIANT**

Identify or provide link/reference to a document identifying the directors and the type of their directorships

The Board is composed of a majority of Non-Executive Directors:

NAME OF DIRECTORS	TYPE OF DIRECTORSHIP
EDGAR J. SIA II	EXECUTIVE DIRECTOR
FERDINAND J. SIA	EXECUTIVE DIRECTOR
MARRIANA H. YULO-LUCCINI	EXECUTIVE DIRECTOR
ATTY. JACQUELINE ANN MARIE O. GOMEZ	NON-EXECUTIVE DIRECTOR
JOSE ROELPH E. DESALES	NON-EXECUTIVE DIRECTOR
GARY P. CHENG	INDEPENDENT DIRECTOR
ATTY. VICTORIA R. TAMAYAO	INDEPENDENT DIRECTOR

**Recommendation 1.3**

1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.

**COMPLIANT**

Provide link or reference to the company's Board Charter and Manual on Corporate Governance relating to its policy on training of directors.

ensure that they are appropriately apprised of their duties and responsibilities, before beginning their directorships; **and relevant annual continuing for all incumbent directors which will promote an effective board performance and continuing**

			<p><b>qualification of the directors in carrying-out their duties and responsibilities.</b></p>
<p>2. Company has an orientation program for first time directors.</p>	<p><b>COMPLIANT</b></p>	<p>Provide information or link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered.</p>	<p>The <b>Corporate Governance</b> of Merry/Mart Consumer Corp. provides that:</p> <p>"MM shall conduct an <b>orientation program for first-time directors to ensure that they are appropriately appraised of their duties and responsibilities, before beginning their directorships</b>; and relevant annual continuing for all incumbent directors which will promote an effective board performance and continuing qualification of the directors in carrying-out their duties and responsibilities</p>
<p>3. Company has relevant annual continuing training for all directors.</p>	<p><b>COMPLIANT</b></p>		<p>The <b>Code of Corporate Governance</b> of Merry/Mart Consumer Corp. provides that:</p> <p>"MM shall conduct an orientation ensure that they are appropriately appraised of their duties and responsibilities, before beginning their directorships; <b>and relevant annual continuing for all incumbent directors which will promote an effective board</b></p>

			<p><b>performance and continuing qualification of the directors in carrying out their duties and responsibilities.</b></p> <p>Aside from the company attendance in continuing orientations held by the Securities Exchange Commission (SEC) and the Philippine Stock Exchange (PSE), MM is exploring service providers of online directorship training programs which are in line with the relevant changes implemented by the SEC and the PSE.</p>
<p><b>Recommendation 1.4</b></p> <p>1. Board has a policy on board diversity.</p>	<p><b>COMPLIANT</b></p>	<p>Provide information on or link/reference to a document containing information on the company's board diversity policy.</p> <p>Indicate gender composition of the board.</p>	<p>The <b>Code of Corporate Governance</b> of Merry/Mart Consumer Corp. provides:</p> <p>"MM encourages diversity in its Board. Board diversity may refer to distinctions in age, ethnicity, culture, skills, competence, knowledge, gender, among other things. A diverse Board promotes different perspectives and ideas and mitigates groupthink to achieve optimal decision-making."</p> <p>The current Board is composed of four (4) male directors and three (3) female directors.</p>
<p><b>Optional: Recommendation 1.4</b></p>			

<p>1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.</p>		<p>Provide information on or link/reference to a document containing the company's policy and measurable objectives for implementing board diversity.</p> <p>Provide link or reference to a progress report in achieving its objectives.</p>	
<p><b>Recommendation 1.5</b></p>			

<p>1. Board is assisted by a Corporate Secretary.</p>	<p><b>COMPLIANT</b></p>	<p>Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions.</p>	<p>The Code of Corporate Governance of MerryWart Consumer Corp., provides that:          "The Board, at all times, is assisted in its duties by a Corporate Secretary, who is a separate individual from the Compliance Officer. The Corporate Secretary should annually attend a training on corporate governance and shall likewise be apprised of his duties and responsibilities through continuing training.</p> <p>The Corporate Secretary is primarily responsible to the corporation and its shareholders, and not to the Chairman or President of the Company and has, among others, the following duties and responsibilities.</p> <p>a. Assists the Board and the board committees in the conduct of their meetings, including preparing an annual schedule of Board and committee meetings and the annual board calendar, and assisting the chairs of the Board and its committees to set agendas for those meetings;</p> <p>b. Safe keeps and preserves the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the Corporation;</p> <p>c. Keeps abreast on relevant</p>
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			<p>laws, regulations, all governance issues, relevant industry developments and operations of the corporation, and advises the Board and the Chairman on all relevant issues as they arise;</p> <p>d. Works fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;</p> <p>e. Advises on the establishment of board committees and their terms of reference;</p> <p>f. Informs members of the Board, in accordance with the by-laws, of the agenda of their meetings at least five working days in advance, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;</p> <p>g. Attends all board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him/her from doing so;</p> <p>h. Performs required</p>
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			<p>administrative functions:</p> <ul style="list-style-type: none"><li>i. Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements; and</li><li>j. Performs such other duties and responsibilities as may be provided by the SEC."</li></ul> <p>The Corporate Secretary of MerryMart Consumer Corp. is Atty. Jacqueline Ann Marie O. Gomez</p> <p>Please refer to the Prospectus in relation to the Code of Corporate Governance</p> <p><a href="https://www.merrymart.com.ph/company-disclosures?section=prospectus">https://www.merrymart.com.ph/company-disclosures?section=prospectus</a></p>
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2. Corporate Secretary is a separate individual from the Compliance Officer.	<b>COMPLIANT</b>		<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides that:</p> <p>"The Board, at all times, is assisted in its duties by a Corporate Secretary, <b>who is a separate individual from the Compliance Officer.</b> The Corporate Secretary, should annually attend a training on corporate governance and shall likewise be apprised of his duties and responsibilities through continuing training. "</p>
3. Corporate Secretary is not a member of the Board of Directors.	<b>NON - COMPLIANT</b>		<p>The Corporate Secretary is a member of the Board of Directors as allowed under the Board's Charter.</p> <p>The <b>Corporate Governance</b> of MerryMart Consumer Corp. provides that:</p>
4. Corporate Secretary attends training/s on corporate governance.	<b>COMPLIANT</b>	<p>Provide information or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered</p>	<p>"The Board, at all times, is assisted in its duties by a Corporate Secretary, who is a separate individual from the Compliance Officer. The Corporate Secretary <b>should annually attend a training on corporate governance</b> and shall likewise be apprised of his duties and responsibilities through continuing training. "</p> <p>The current Corporate Secretary is <b>Atty. Jacqueline Ann Marie O. Gomez.</b> She has been a member of the Bar since 2009 and has relevant legal and corporate experience. She has attended the Company Disclosure seminar conducted by the PSE</p>

			annually since the appointment (June 2020, and March 2021) and attends the SEC webinars since the implementation of the shift to online transactions.
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<b>Optional: Recommendation 1.5</b>			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.		Provide proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting	

<b>Recommendation 1.6</b>			
1. Board is assisted by a Compliance Officer.	<b>COMPLIANT</b>	Provide information on or link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions.	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides that:</p> <p>The duties and responsibilities of the Compliance Officer: "</p> <p>a. Ensures proper onboarding of new directors (i.e., orientation on the company's business, charter, articles of incorporation and by-laws, among other);</p> <p>b. Monitors, reviews, evaluates and ensures the compliance by the corporation, its officers and directors with the relevant laws, this Code, rules and regulations and all governance issuances of regulatory agencies;</p> <p>c. Reports the matter to the Board if violations are found and recommends the imposition of</p>

			<p>appropriate disciplinary action;</p> <p>d. Ensures the integrity and accuracy of all documentary submissions to regulators;</p> <p>e. Appears before the SEC when summoned in relation to compliance with this Code;</p> <p>f. Collaborates with other departments to properly address compliance issues, which may be subject to investigation;</p> <p>g. Identifies possible areas of compliance issues and works towards the resolution of the same;</p> <p>h. Ensures attendance of Board members and key officers to relevant trainings; and</p> <p>i. Performs such other duties and responsibilities as may be provided by the SEC."</p> <p>The Compliance Officer is <b>Jose Roelph E. Desales</b>. He Certified Public Accountant and is experienced in corporate management and finance.</p>
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<p>2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.</p>	<p><b>COMPLIANT</b></p>		<p>The <b>Code of Corporate Governance</b> of Merry/Mart Consumer Corp., provides that:</p> <p>"The Board should ensure that it is assisted in its duties by a Compliance Officer, with <b>adequate stature and authority in the MM.</b>"</p>
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3. Compliance Officer is not a member of the board.	<b>NON-COMPLIANT</b>		The Compliance Officer is a member of the Board of Directors due to the key role and responsibility accorded to the position. This position is currently under review of the Management.
4. Compliance Officer attends training/s on corporate governance.	<b>COMPLIANT</b>	Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered	Merry/Mart Consumer Corp. has been updated with the SEC and PSE for the required seminars and orientations.  The latest Company Disclosure Requirements Orientation of the PSE was attended by the Compliance Officer held on March 16, 2021.

**Principle 2:** The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders

<b>Recommendation 2.1</b>			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	<b>COMPLIANT</b>	Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting)	The <b>Code of Corporate Governance</b> of Merry/Mart Consumer Corp. provides that:  “The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines, should be clearly made known to all directors as well as to shareholders and other stakeholders.  The Board members should act on a fully informed basis, in good faith, with due diligence and care, and in the

			best interest of the company and all shareholders."
<b>Recommendation 2.2</b>			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	<b>COMPLIANT</b>	Provide information or link/reference to a document containing information on how the directors performed this function (can include board resolutions, minutes of meeting)	The <b>Code of Corporate Governance</b> of MerryMart Consumer Corp. provides that:
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	<b>COMPLIANT</b>	Indicate frequency of review of business objectives and strategy	"The Board should oversee the development of and approve the company's business objectives and strategy, and monitor their implementation, in order to sustain the company's long-term viability and strength."
<b>Supplement to Recommendation 2.2</b>			
1. Board has a clearly defined and updated vision, mission and core values.	<b>COMPLIANT</b>	Indicate or provide link/reference to a document containing the company's vision, mission and core values.	Review of business objectives will come with the ongoing operations and execution of the strategic objectives of the company.
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	<b>COMPLIANT</b>	Indicate frequency of review of the vision, mission and core values. Provide information on or link/reference to a document containing information on the strategy execution process.	The course of the business allows for the update of the visions and mission.  The Board seeks a strategy execution which effectively incorporates corporate governance development of the Management in the course of the business operation for its effective performance.
<b>Recommendation 2.3</b>			

<p>1. Board is headed by a competent and qualified Chairperson.</p>	<p><b>COMPLIANT</b></p>	<p>Provide information or reference to a document containing information on the Chairperson, including his/her name and qualifications</p>	<p>The Chairperson is Mr. Edgar J. Sica II. The website includes the Board of Directors, organizational chart and the company disclosures including the prospectus.</p>
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**Recommendation 2.4**

<p>1. Board ensures and adopts an effective succession planning program for directors, key officers and management.</p>	<p><b>COMPLIANT</b></p>	<p>Disclose and provide information or link/reference to a document containing information on the company's succession planning policies and programs and its implementation</p>	<p>The <b>Code of Corporate Governance</b> of MerryWart Consumer Corp. provides that: The Board should be responsible for ensuring and adopting an effective succession planning program or directors, key officers and management to ensure growth and a continued increase in the shareholders' value. This should include adopting a policy on the retirement age for directors and key officers as part of management succession and to promote dynamism in the corporation"</p> <p><b>Nomination and Succession</b></p> <p>"The Board should have and disclose in its Code a formal and transparent board nomination and election policy that should include how it accepts nominations from minority shareholders and reviews nominated candidates. The policy should also include an assessment of the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a director. In addition, its process of identifying the quality of directors should be aligned</p>
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<p>2. Board adopts a policy on the retirement for directors and key officers.</p>	<p><b>COMPLIANT</b></p>	<p>with the strategic direction of the company. For Executive and Non-executive Directors:</p> <p>The election of all Directors is held during each regular stockholders' meeting, unless a vacancy occurred which shall be filled in immediately during a meeting called for the purpose and the person so elected shall serve only the unexpired portion of his predecessor in office.</p> <p>For Independent Directors:</p> <ol style="list-style-type: none"> <li>1. The nomination of the independent director shall be conducted by the Nomination Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.</li> <li>2. After the nomination, the Nomination Committee shall prepare a final list of candidates which shall contain all the information about all the nominees for the independent directors. The list shall be made available to the SEC and to all the stockholders through the filing and distribution of the Information Statement or Proxy Statement, or in such other reports the Corporation is required to submit to the Commission.</li> <li>3. Only nominees whose names</li> </ol>
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<p>SFC Form 1-A/GGR * Updated 21Dec2017</p>			<p>appear on the Final List of Candidates shall be eligible for election as an Independent Director. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual stockholders' meeting.</p> <p>4. The specific slot for independent directors shall not be filled-up by unqualified nominees.</p> <p>5. In case of failure of election for the independent director, the Chairman of the meeting shall call a separate election during the same meeting to fill up the vacancy.</p>
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**Recommendation 2.5**

<p>1. Board aligns the remuneration of key officers and board members with long-term interests of the company.</p>	<p><b>COMPLIANT</b></p>	<p>Provide information on or link/reference to a document containing information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance.</p>	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides:  <b>Remuneration of Directors and Officers</b></p>
<p>2. Board adopts a policy specifying the relationship between remuneration and performance.</p>	<p><b>COMPLIANT</b></p>		<p>"The levels of remuneration of MM should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.</p>
<p>3. Directors do not participate in discussions or deliberations involving his/her own remuneration.</p>	<p><b>COMPLIANT</b></p>		<p>MM may establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual directors and officers depending on the particular needs of the corporation. No director should participate in deciding on his remuneration.</p> <p>MM's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable</p>

			<p>compensation that may be paid, directly or indirectly, to its directors and top four (4) management officers during the preceding fiscal year.</p> <p>To protect the funds of MM, the Commission may, in exceptional cases, e.g., when a corporation is under receivership or rehabilitation, regulate the payment of the party compensation, allowances, fees and fringe benefits to its directors and officers."</p>
<b>Optional: Recommendation 2.5</b>			
<p>1. Board approves the remuneration of senior executives.</p>		<p>Provide proof of board approval</p>	
<p>2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.</p>		<p>Provide information on or link/reference to a document containing measurable standards to align performance-based remuneration with the long-term interest of the company.</p>	
<b>Recommendation 2.6</b>			

<p>1. Board has a formal and transparent board nomination and election policy.</p>	<p><b>COMPLIANT</b></p>	<p>Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders. Provide proof if minority shareholders have a right to nominate candidates to the board</p> <p>Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.</p>	<p>The company's <b>Code of Governance</b> provides that:</p> <p><b>Nomination and Succession</b></p> <p>"The Board should have and disclose in its Code a formal and transparent board nomination and election policy that should include how it accepts nominations from minority shareholders and reviews nominated candidates. The policy should also include an assessment of the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a director. In addition, its process of identifying the quality of directors should be aligned with the strategic direction of the company.</p> <p><u>For Executive and Non-executive Directors:</u></p> <p>The election of all Directors is held during each regular stockholders' meeting, unless a vacancy occurred which shall be filled in immediately during a meeting called for the purpose and the person so elected shall serve only the unexpired portion of his predecessor in office.</p> <p><u>For Independent Directors:</u></p> <p>1. The nomination of the independent director shall be conducted by the</p>
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		<p>Nomination Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.</p> <p>2. After the nomination Committee shall prepare, a final list of candidates which shall contain all the information about all the nominees for the independent directors. The list shall be made available to the SEC and to all the stockholders through the filing and distribution of the Information Statement or Proxy Statement, or in such other reports the Corporation is required to submit to the Commission.</p> <p>3. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as an Independent Director. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual stockholders' meeting.</p> <p>4. The specific slot for independent directors shall not be filled-up by unqualified nominees.</p> <p>5. In case of failure of election for the independent director, the Chairman of the meeting shall call a separate</p>
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election during the same meeting to fill up the vacancy.”

**A. Selection and Election Requirements/Criteria**

**i. Executive Directors**

1. Holder of at least one (1) share of a capital stock of the Company.
2. Must be a college graduate or equivalent academic degree.
3. Must have practical understanding of the business of the Company.
4. Membership in good standing in relevant industry, business or professional organizations.
5. Must have previous business experience.

**ii. Independent Directors**

1. Holder of at least one (1) share of stock of the corporation.
2. He shall be at least a college graduate or he shall have been engaged or exposed to the business of the corporation for at least five(5) years.
3. He shall possess integrity and probity.
4. He shall be assiduous.

**B. Reappointment Requirements/Criteria**

**i. Executive Directors**

Shall follow the process of nomination of directors. Must have all the qualifications and

			<p>none of the disqualifications of a director as mentioned above.</p> <p><b>ii. Non-Executive Directors</b></p> <p>Shall follow the process of nomination of directors. Must have all the qualifications and none of the disqualifications of a director as mentioned above.</p> <p><b>iii. Independent Directors</b></p> <p>Shall follow the process of nomination of directors. Must have all the qualifications and none of the disqualifications of a director as mentioned above.</p> <p><b>C. Permanent Disqualification</b></p> <p><b>i. Executive Directors &amp; Independent Directors</b></p> <p>Following the procedural rules of the Corporation Code and the basis for disqualifications under Code of Corporate Governance for Publicly-listed Companies:</p> <p><b>Procedure:</b></p> <p><b>Sec. 28. Corporation Code,</b> Removal of directors or trustees. - Any director or trustee of a corporation may be removed from office by a vote of the stockholders holding or representing at least two thirds (2/3) of the outstanding capital stock. Provided, That such removal shall take place either at a regular meeting of the corporation or at a special meeting called for the purpose, and in either case, after previous</p>
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			<p>notice to stockholders or members of the corporation of the intention to propose such removal at the meeting. A special meeting of the stockholders or members of a corporation for the purpose of removal of directors or trustees, or any of them, must be called by the secretary on order of the president or on the written demand of the stockholders representing or holding at least a majority of the outstanding capital stock.</p> <p>Should the secretary fail or refuse to call the special meeting upon such demand or fail or refuse to give the notice, or if there is no secretary, the call for the meeting may be addressed directly to the stockholders or members by any stockholder or member of the corporation signing the demand.</p> <p>Notice of the time and place of such meeting, as well as of the intention to propose such removal, must be given by publication or by written notice prescribed in the Corporation Code. Removal may be with or without cause: Provided, That removal without cause may not be used to deprive minority stockholders or members of the right of representation to which they may be entitled under Section 24 of the Corporation</p>
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			<p>Code.</p> <p><b>Disqualifications:</b></p> <p>Without prejudice to a specific provision of law prescribing disqualifications of a director, the following shall be permanently disqualified of a director:</p> <ol style="list-style-type: none"> <li>1. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that             <ol style="list-style-type: none"> <li>(a) involves the purchase and sale of securities as defined in the SRC;</li> <li>(b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or</li> <li>(c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them.</li> </ol> </li> <li>2. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final</li> </ol>
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			<p>judgment or order of the Commission or any court or administrative body competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.</p> <p>3. Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts.</p> <p>4. Any person who has been adjudged by final</p>
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			<p>judgment or order of the Commission, court, or competent administrative body have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, SRC or any other law administered by the Commission or BSP or any of its rule, regulation or order.</p> <p>5. Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation.</p> <p>6. Any person judicially declared as insolvent.</p> <p>7. Judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in paragraphs 1 and 5 above.</p> <p>8. Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or</p>
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			<p style="text-align: right;">appointment.</p> <p><b>D. Temporary Disqualification</b></p> <p><b>i. Executive Directors / Non-Executive Directors/ Independent Directors</b></p> <ol style="list-style-type: none"> <li>1. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.</li> <li>2. Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.</li> <li>3. Dismissal or termination for cause as director of any corporation covered by the Corporation Code. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.</li> <li>4. If the beneficial equity ownership of an</li> </ol>
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			<p>independent director in the corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.</p> <p>5. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final. A temporarily disqualified director shall, within sixty(60) business days from such disqualification, take the appropriate action to remedy or. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p> <p><b>E. Removal</b></p> <p><b>i. Executive Directors / Non- Executive Directors/ Independent Directors</b></p> <p>The procedure of the removal follows Art. 28 of the Corporation Code mentioned, on the basis of possession of the grounds for permanent disqualifications and those provided under applicable laws.</p> <p><b>F. Reinstatement</b></p> <p><b>i. Executive Directors / Non- Executive Directors/ Independent Directors</b></p>
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			<p>The procedure of reinstatement when the director subsequently have all the qualifications and none of the disqualification of a director shall follow the procedure for the Selection and Election Policies mentioned.</p> <p><b>G. SUSPENSION</b></p> <p><b>i. Executive Directors / Non-Executive Directors/ Independent Directors</b></p> <p>The suspension is dependent on the basis of the disqualification which may be temporary or permanent,</p>
<p>2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.</p>	<p><b>COMPLIANT</b></p>		<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides that:</p> <p><b>Nomination and Succession</b></p>
<p>3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.</p>	<p><b>COMPLIANT</b></p>		<p>"The Board should have and disclose in its Code a formal and transparent</p>

<p>4. Board nomination and election policy includes how the board shortlists candidates.</p>	<p><b>COMPLIANT</b></p>	<p>board nomination and election policy that should include how it accepts nominations from minority shareholders and reviews nominated candidates. The policy should also include an assessment of the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a director.</p>
<p>5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.</p>	<p><b>COMPLIANT</b></p>	<p>In addition, its process of identifying the quality of directors should be aligned with the strategic direction of the company.</p>
<p>6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.</p>	<p><b>COMPLIANT</b></p>	<p><u>For Executive and Non-executive Directors:</u>  The election of all Directors is held during each regular stockholders' meeting, unless a vacancy occurred which shall be filled in immediately during a meeting called for the purpose and the person so elected shall serve only the unexpired portion of his predecessor in office.</p> <p><u>For Independent Directors:</u>  1. The nomination of the independent director shall be conducted by the Nomination Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.</p>

			<p>2. After the nomination, the Nomination Committee shall prepare a final list of candidates which shall contain all the information about all the nominees for the independent directors. The list shall be made available to the SEC and to all the stockholders through the filing and distribution of the Information Statement or Proxy Statement, or in such other reports the Corporation is required to submit to the Commission.</p> <p>3. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as an Independent Director. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual stockholders' meeting.</p> <p>4. The specific slot for independent directors shall not be filled-up by unqualified nominees.</p> <p>5. In case of failure of election for the independent director, the Chairman of the meeting shall call a separate election during the same meeting to fill up the vacancy."</p>
<p><b>Optional: Recommendation to 2.6</b></p>			
<p>1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or</p>		<p>Identify the professional search firm used or other external sources of candidates</p>	

shareholder bodies) when searching for candidates to the board of directors.			
<b>Recommendation 2.7</b>			
1. Board has overall responsibility in ensuring that there is a group-wide policy and	<b>COMPLIANT</b>	Provide information on or reference to a document containing the	<b>Corporate Governance</b> of Merry/Mart Consumer Corp. provides that:
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	<b>COMPLIANT</b>	company's policy on related party transaction, including policy on review and approval of significant RPTs.	"The Board may also organize a Related Party Transaction (RPT) Committee, which should be tasked with reviewing all material related party transaction of the company and should be composed of at least three non-executive directors, two of whom should be independent, including the Chairman."
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	<b>COMPLIANT</b>	Identify transactions that were approved pursuant to the policy.	The company has a Conflict of Interest Policy which is in tandem with Related Party Transactions Policy found in the website in the Company Policies section.
<b>Supplement to Recommendations 2.7</b>			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for	<b>COMPLIANT</b>	Provide information on a materiality threshold for RPT disclosure and approval, if any.  Provide information on RPT categories	Under Paragraph 4 of the company's <b>Conflict of Interest Policy</b> ,  "A director who is related with one of the Company's supplier or client, or the owner or representative of the supplier, client, or any person or entity who has business dealings with the Company, within the 4 <sup>th</sup> civil degree of

disclosure and approval.			consanguinity or affinity, should disclose such relationship with the Board.  The requisites for approval are: (a) the present of the Director in the Board meeting in which the transaction or contract was approved was not necessary to constitute a quorum for such meeting; (b) That the vote of said Director was not necessary for the approval of the transaction or contract; and (c) that the transaction or contract is fair and reasonable under the circumstances.
2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	<b>COMPLIANT</b>	Provide information on voting system, if any.	Under paragraph 4.4 of the company's <b>Conflict of Interest Policy</b> , the transaction or contract may be ratified by the vote of the shareholders representing at least two-thirds (2/3) of the outstanding capital stock in a meeting called for the purpose, provided that full disclosure of the adverse interest of the Directors/s is made at such meeting.
<b>Recommendation 2.8</b>			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	<b>COMPLIANT</b>	Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management. Identify the Management team appointed	The <b>Code of Corporate Governance</b> of MerryMort Consumer Corp., provides that: "The Board should be responsible for ensuring and adopting an effective succession planning program for directors, key officers and management to

<p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p><b>COMPLIANT</b></p>	<p>Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management.</p> <p>Provide information on the assessment process and indicate frequency of assessment of performance.</p>	<p>ensure growth and a continued increase in the shareholders' value. This should include adopting a policy on the retirement age for directors and key officers as part of management succession and to promote dynamism in the corporation."</p> <p>The Management Team composition may be found in the website <a href="https://www.merrymart.com.ph/management">https://www.merrymart.com.ph/management</a>. It is the same team provided and discussed in the prospectus, which was examined by the SEC and PSE.</p> <p>The <b>Code of Corporate Governance</b> of MerryMart Consumer Corp. provides that:</p> <p>"The Board should be responsible for ensuring and adopting an effective succession planning program for directors, key officers and management to ensure growth and a continued increase in the shareholders' value. This should include adopting a policy on the retirement age for directors and key officers as part of management succession and to promote dynamism in the corporation"</p>
<p><b>Recommendation 2.9</b></p>			
<p>1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.</p>	<p><b>COMPLIANT</b></p>	<p>Provide information on or link/reference to a document containing the Board's performance management framework for management and personnel.</p>	<p>The <b>Code of Corporate Governance</b> of MerryMart Consumer Corp. provides that:</p> <p>"The Board should formulate the</p>

<p>2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.</p>	<p><b>COMPLIANT</b></p>		<p>corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance. And that they: "Provide sound strategic policies and guidelines to the corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance."</p>
<p><b>Recommendation 2.10</b></p>			
<p>1. Board oversees that an appropriate internal control system is in place.</p>	<p><b>COMPLIANT</b></p>	<p>Provide information on or link/reference to a document showing the Board's responsibility for overseeing that an appropriate internal control system is in</p>	<p>The <b>Code of Corporate Governance</b> of Merry/Mart Consumer Corp. provides that:</p>

<p>2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.</p>	<p><b>COMPLIANT</b></p>	<p>place and what is included in the internal control system</p>	<p>"The control environment of the corporation consists of (a) the Board which ensures that the corporation is properly and effectively managed and supervised; (b) a Management that actively manages and operates the corporation in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.</p> <p>(i) The minimum internal control mechanisms for the performance of the Board's oversight responsibility may include:</p> <p>a. Definition of the duties and responsibilities of the President and CEO who is ultimately</p>
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			<p>accountable for the corporation's organizational and operational controls;</p> <p>b. Selection of the person who possesses the ability, integrity and expertise essential for the position of President and CEO;</p> <p>c. Evaluation of proposed senior management appointments;</p> <p>d. Selection and appointment of qualified and competent management officers; and</p> <p>e. Review of the corporation's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.</p> <p>(ii) The scope and particulars of the systems of effective organizational and operational controls may differ among corporations depending on, among others, the following factors: nature and complexity of the business and the business culture; volume, size and complexity of transactions; degree of risks involved; degree of centralization and delegation of authority; extent and effectiveness of information technology; and</p>
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		<p>3. Board approves the Internal Audit Charter.</p>	<p>extent of regulatory compliance.”</p> <p>The Code of Corporate Governance of MerryMart Consumer Corp., provides that:</p> <p>“MM may establish an internal audit system that can reasonably assure the Board, Management and stockholders that its key organizational and operational controls are faithfully complied with. The Board may appoint an Internal Auditor to perform the audit function, and may require him to report to a level in the organization that allows the internal audit activity to fulfill its mandate. The Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing.”</p>
<b>Recommendation 2.11</b>			
<p>1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.</p>	<p><b>COMPLIANT</b></p>	<p>Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.</p>	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides that:</p> <p><b>“XII. Strengthening the Internal Control System and Enterprise Risk Management Framework</b></p> <p><b>C. Enterprise Management System</b></p>
<p>2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.</p>	<p><b>COMPLIANT</b></p>	<p>Provide proof of effectiveness of risk management strategies, if any.</p>	

			<p>MM shall establish a separate, efficient enterprise risk management function to identify, assess and monitor key risk exposures. The risk management function involves the following activities, among others:</p> <ul style="list-style-type: none"> <li>a. Defining a risk management strategy;</li> <li>b. Identifying and analyzing key risk exposures relating to economic, environmental, social and governance (ESG) factors and the achievement of the organization's strategic objectives;</li> <li>c. Evaluating and categorizing each identified risk using the Company's predefined risk categories and parameters;</li> <li>d. Establishing a risk register with clearly defined, prioritized and residual risks;</li> <li>e. Developing a risk mitigation plan for the most important risks to the Company, as defined by the risk management strategy;</li> <li>f. Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Board Risk Oversight Committee; and</li> </ul>
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				g. Monitoring and evaluating the effectiveness of the organization's risk management process.
<b>Recommendation 2.12</b>				
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilitys in carrying out its fiduciary role.	<b>COMPLIANT</b>	Provide link to the company's website where the Board Charter is disclosed.	<a href="https://www.merrymart.com/ph/committee-charters">https://www.merrymart.com/ph/committee-charters</a>	
2. Board Charter serves as a guide to the directors in the performance of their functions.	<b>COMPLIANT</b>			
3. Board Charter is publicly available and posted on the company's website.	<b>COMPLIANT</b>			
<b>Additional Recommendation to Principle 2</b>				
1. Board has a clear insider trading policy.	<b>COMPLIANT</b>	Provide information on or link/reference to a document showing company's insider trading policy.	<a href="https://merrymart.com.ph/insider-trading.pdf">https://merrymart.com.ph/insider-trading.pdf</a>	
<b>Optional: Principle 2</b>				
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.		Provide information on or link/reference to a document showing company's policy on granting loans to directors, if any.		
2. Company discloses the types of decision requiring board of directors' approval.		Indicate the types of decision requiring board of directors' approval and where there are disclosed.		
<b>Principle 3:</b> Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.				

<b>Recommendation 3.1</b>			
<p>1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.</p>	<b>COMPLIANT</b>	<p>Provide information or link/reference to a document containing information on all the board committees established by the company.</p>	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides that:</p> <p>“ III. Establishing Board Committees</p> <p>The Board shall constitute the proper committees to assist it in good corporate governance.</p> <ul style="list-style-type: none"> <li>i. The Executive Committee;</li> <li>ii. The Audit Committee;</li> <li>iii. Nomination Committee;</li> <li>iv. Compensation and Personnel Committee;</li> </ul> <p>The Board may also organize the following:</p> <ul style="list-style-type: none"> <li>v. Corporate Governance Committee;</li> <li>vi. Board Risk Oversight Committee;</li> <li>vii. Related Party Transaction Committee.</li> </ul>
<b>Recommendation 3.2</b>			
<p>1. Board establishes an Audit Committee to enhance its oversight capability over the company’s financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.</p>	<b>COMPLIANT</b>	<p>Provide information or link/reference to a document containing information on the Audit Committee, including its functions. Indicate if it is the Audit Committee’s responsibility to recommend the</p>	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides that:</p>

		<p>appointment and removal of the company's external auditor.</p>	<p>"The Audit Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit Committee should be an independent director. The committee shall have the following functions:</p> <p>a. Recommends the approval the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;</p> <p>b. Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy</p>
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		<p>and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;</p> <p>c. Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;</p> <p>d. Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee;</p> <p>e. Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;</p> <p>f. Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;</p> <p>g. Evaluates and determines the non-audit work, if any, of the External</p>
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			<p>Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report;</p> <p>h. Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:</p> <ul style="list-style-type: none"> <li>• Any change/s in accounting policies and practices</li> <li>• Areas where a significant amount of judgment has been exercised</li> <li>• Significant adjustments resulting from the audit</li> <li>• Going concern assumptions</li> <li>• Compliance with accounting standards</li> <li>• Compliance with tax, legal and regulatory requirements</li> </ul> <p>i. Reviews the disposition of the recommendations in the External Auditor's management letter;</p>
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			<p>j. Performs oversight functions over the corporation's Internal and External Auditors. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;</p> <p>k. Coordinates, monitors and facilitates compliance with laws, rules and regulations;</p> <p>l. Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders."</p> <p>The Audit Committee meets with the Board without the presence of the CEO and periodically meets with the head of the internal audit.</p>
<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	<p><b>NON-COMPLIANT</b></p>	<p>Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship.</p>	<p>The <b>Code of Corporate Governance</b> of MerryMart Consumer Corp. provides that:</p>

<p>3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p>	<p><b>COMPLIANT</b></p>	<p>Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.</p>	<p>"The Audit Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit Committee should be an independent director.</p> <p>The members of the Audit Committee are:</p> <ol style="list-style-type: none"> <li>1. Mr. Gary P. Cheng (Chairman);</li> <li>2. Mr. Ferdinand J. Sia (Member); and</li> <li>3. Ms. Marriana H. Yulo (Member).</li> </ol> <p><b>Gary P. Cheng</b> is an investment banking professional with over 20 years of corporate finance and capital markets experience. He is currently the Managing Director and co-founder of Fortman Cline Capital Markets Limited since 2007. Dr. Cheng served as the former President/CEO of Amdagamated Investment Bancorporation from 2003 and 2008 and former Vice President of Investment Banking at J.P. Morgan from 1993 to 2001. Dr. Cheng obtained his doctorate in Philosophy from University of Leeds, England in 1991.</p> <p><b>Ferdinand J. Sia</b> – is the President and Chief Operating Officer of Injap Investments Inc. He also served as Director of Mang Inasal Philippines, Inc. from 2006-2016. He graduated</p>
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			<p>from the University of the Philippines Visayas with a degree in Bachelor of Arts in Political Science and took up law in Arellano University School of Law.</p> <p><b>Marriana H. Yulo-Luccini</b> – is the Chief Financial Officer and Chief Investment Officer of MM from 2020 to present and has been a director of MM from 2020 to present. She also serves as Chief Investment Officer of DD from 2015 to present. She was previously Chief Financial Officer of Alphaland Corporation and Group Chief Financial Officer of PhilWeb Corporation, ISM Communications Corporation, and Atok Big-Wedge Co. Inc. from 2011 to 2014. She graduated in Business Administration – Major in Management at Palawan State University and has a Masters in Business Administration Degree from the University of St. La Salle.</p>
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<p>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>	<p><b>COMPLIANT</b></p>	<p>Provide information or link/reference to a document containing information on the Chairman of the Audit Committee</p>	<p>The Chairman of the Audit Committee is Mr. Gary P. Cheng.  <a href="https://www.merrymart.com/ph/board-committees">https://www.merrymart.com/ph/board-committees</a></p>
<p><b>Supplement to Recommendation 3.2</b></p>			
<p>1. Audit Committee approves all non-audit services conducted by the external auditor.</p>	<p><b>COMPLIANT</b></p>	<p>Provide proof that the Audit Committee approved all non-audit services conducted by the external auditor.</p>	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides that the Audit Committee:  "Evaluates and determines that non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporations' overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report."</p>
<p>2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.</p>	<p><b>COMPLIANT</b></p>	<p>Provide proof that the Audit Committee conducted regular meetings and dialogues with the external audit team without anyone from management present.</p>	<p>There is non-interference from the management when it comes to the meetings periodically done by the Audit Committee regarding the external audit team.</p>

**Optional: Recommendation 3.2**

1. Audit Committee meet at least four times during the year.		Indicate the number of Audit Committee meetings during the year and provide proof	
2. Audit Committee approves the appointment and removal of the internal auditor.		Provide proof that the Audit Committee approved the appointment and removal of the internal auditor.	
<b>Recommendation 3.3</b>			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	<b>NON-COMPLIANT</b>	Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.	The company has yet to establish the Corporate Governance Committee.
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	<b>NON-COMPLIANT</b>	Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship.	
3. Chairman of the Corporate Governance Committee is an independent director.	<b>NON-COMPLIANT</b>	Provide information or link/reference to a document containing information on the Chairman of the Corporate Governance Committee.	
<b>Optional: Recommendation 3.3.</b>			
1. Corporate Governance Committee meet at least twice during the year.		Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof.	
<b>Recommendation 3.4</b>			

1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	<b>NON-COMPLIANT</b>	Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions	The company has yet to establish the Board Risk Oversight Committee (BROC).
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	<b>NON-COMPLIANT</b>	Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	<b>NON-COMPLIANT</b>	Provide information or link/reference to a document containing information on the Chairman of the BROC	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	<b>NON-COMPLIANT</b>	Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROC.	
<b>Recommendation 3.5</b>			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	<b>NON-COMPLIANT</b>	Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.	The company has yet to establish the Related Party Transaction (RPT) Committee.

<p>2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.</p>	<p><b>NON-COMPLIANT</b></p>	<p>Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship.</p>	
<p><b>Recommendation 3.6</b></p>			
<p>1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.</p>	<p><b>COMPLIANT</b></p>	<p>Provide information on or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.</p>	<p>The Code of Corporate Governance of MerryWart Consumer Corp., provides that:</p> <p><b>(i) The Executive Committee</b></p>
<p>2. Committee Charters provide standards for evaluating the performance of the Committees.</p>	<p><b>COMPLIANT</b></p>		<p>The Executive Committee shall consist of at least (3) members of the Board. Members of the Committee shall be appointed by the Board, who shall also appoint a Committee Chairperson and Committee Secretary. In accordance with this, members of the Committee may be removed or replaced, and any vacancies in the Committee shall be filled by the Board.</p> <p>The Executive Committee's primary purpose is to function when the Board is not in session. The Committee shall have all the power and authority of the Board in the governance, management and direction of the business and affairs of the Company except for those</p>

			<p>matters expressly provided for in Section 35 of the Corporation Code, the Company's By-Laws and other pertinent laws, rules or regulations.</p> <p>The Executive Committee shall have the following duties and responsibilities:</p> <ol style="list-style-type: none"> <li>a. Assist the Board in overseeing the implementation of strategies and sustaining the Corporation's long-term success and competitiveness in a manner consistent with its mission/ vision;</li> <li>b. Review of major issues facing the organization;</li> <li>c. Monitoring of the operating activities of each business group;</li> <li>d. Defining and monitoring the Company's performance improvement goals;</li> <li>e. Defining group-wide policies and actions and overseeing their implementation;</li> <li>f. Fostering the sharing of information in all areas of the business group; and</li> <li>g. Performs other duties and responsibilities as the Committee may deem appropriate within the scope</li> </ol>
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			<p>of its primary functions or as may be assigned by the Board.</p> <p><b>(ii) The Audit Committee</b></p> <p>The Audit Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit Committee should be an independent director. The committee shall have the following functions:</p> <p>a. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal, and other risks of the Corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities;</p> <p>b. Recommends the approval the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;</p>
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			<p>c. Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data and information technology security, and (d) ensure compliance with applicable laws and regulations;</p> <p>d. Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services</p> <p>e. Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee</p>
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		<p>f. Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;</p> <p>g. Review the annual internal audit plan to ensure its conformity with the objectives of the Corporation. The plan shall include the audit scope, resources, and budget necessary to implement it;</p> <p>h. Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;</p> <p>i. Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance</p>
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			<p>Report:</p> <p>j. Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:</p> <ul style="list-style-type: none"> <li>• Any change/s in accounting policies and practices</li> <li>• Areas where a significant amount of judgment has been exercised</li> <li>• Significant adjustments resulting from the audit</li> <li>• Going concern assumptions</li> <li>• Compliance with accounting standards</li> <li>• Compliance with tax, legal and regulatory requirements</li> </ul> <p>k. Reviews the disposition of the recommendations in the External Auditor's management letter;</p> <p>l. Performs oversight functions over the corporation's Internal and External Auditors, including the review of reports submitted by them. It ensures the independence of Internal and External Auditors, and</p>
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			<p>that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;</p> <p>m. Coordinates, monitors and facilitates compliance with laws, rules and regulations;</p> <p>n. Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders.</p> <p>The Audit Committee meets with the Board without the presence of the CEO and periodically meets with the head of the internal audit.</p> <p><b>(ii) The Nomination Committee</b></p> <p>The Nomination Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent</p>
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		<p>director and another with audit experience.</p> <p>The Nomination Committee shall review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and shall assess the effectiveness of the Board's processes and procedures in the election or replacement of</p> <p><b>(iii) The Compensation and Personnel Committee</b></p> <p>The Compensation and Personnel Committee shall consist of at least three (3) directors, one of whom shall be an independent director.</p> <p>The Compensation and Personnel Committee shall establish a <b>formal</b> and transparent procedure for developing a policy for remuneration of directors and officers to ensure that</p> <p><b>(iv) The Compensation and Personnel Committee</b></p> <p>(a) The Board may also organize the following committees  (1) A Corporate Governance Committee that should be tasked to assist the Board in the performance of its corporate governance</p>
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			<p>responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee. It should be composed of at least three members, all of whom should be independent directors, including the Chairman thereof.</p> <p>(2) A separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness. The BROC should be composed of at least three members, the majority of whom should be independent directors, including the Chairman thereof. The Chairman should not be the Chairman of the Board or of any other committee. At least one member of the committee must have relevant thorough knowledge and experience on risk and risk management.</p> <p>(3) A Related Party Transaction (RPT) Committee, which should be tasked with reviewing all material related party transactions of the company and should be composed of at least three non-executive directors, two of whom should be independent, including the Chairman.</p>
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3. Committee Charters were fully disclosed on the company's website.	<b>COMPLIANT</b>	Provide link to company's website where the Committee Charters are disclosed.	<a href="https://www.merrymart.com/ph/corporate-governance?section=board-committees-27">https://www.merrymart.com/ph/corporate-governance?section=board-committees-27</a>
<b>Principle 4:</b> To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
<b>Recommendation 4.1</b>			
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	<b>COMPLIANT</b>	Provide information or link/reference to a document containing information on the process and procedure for tele/videoconferencing board and/or committee meetings.  Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee and shareholders' meetings.	The <b>Code of Corporate Governance</b> of MerryMart Consumer Corp. provides that: "To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business. The directors should attend and actively participate in all meetings of the Board Committees, and Shareholders, in person or through tele-/videoconferencing, conducted in accordance with the rules and regulations of the Commission, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so. In Board and Committee meetings, the director should review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations."
2. The directors review meeting materials for all Board and Committee meetings.	<b>COMPLIANT</b>		

<p>3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p>	<p><b>COMPLIANT</b></p>	<p>Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors</p>	<p>The members of the Board are permitted to raise questions on items presented before them. There are no impediments that prevent them from doing so.</p>
<p><b>Recommendation 4.2</b></p>			
<p>1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.</p>	<p><b>COMPLIANT</b></p>	<p>Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously. Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies</p>	<p><b>Guidelines:</b></p> <p>Multiple Board Seats</p> <p>The Board may consider the adoption of guidelines on the number of directorship that its members can hold in stock and non-stock corporations. The optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities.</p> <p>The Chief Executive Officer (CEO) and other directors may be covered by a lower indicative limit for membership in other boards. A similar limit may apply to independent who, at the same time, serve as full-time executives in other corporations. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve should not be compromised.</p>
<p><b>Recommendation 4.3</b></p>			

1. The directors notify the company's board before accepting a directorship in another company.	<b>NON - COMPLIANT</b>	Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed.	The company has yet to form a policy requiring directors to notify the company's Board before accepting a directorship in another company.
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**Optional: Principle 4**

1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.			
2. Company schedules board of directors' meetings before the start of the financial year.			
3. Board of directors meet at least six times during the year.		Indicate the number of board meetings during the year and provide proof	
4. Company requires as minimum quorum of at least 2/3 for board decisions.		Indicate the required minimum quorum for board decisions	

**Principle 5:** The board should endeavor to exercise an objective and independent judgment on all corporate affairs

**Recommendation 5.1**

1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	<b>NON - COMPLIANT</b>	Provide information or link/reference to a document containing information on the number of independent directors in the board	The Board has two (2) independent directors.
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**Recommendation 5.2**

<p>1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.</p>	<p><b>COMPLIANT</b></p>	<p>Provide information or link/reference to a document containing information on the qualifications of the independent directors.</p>	<p>MerryMart Consumer Corp. has two (2) independent directors, namely:</p> <p>1. <b>Gary P. Cheng</b> – is an investment banking professional with over 20 years of corporate finance and capital markets experience. He is currently the Managing Director and co-founder of Fortman Cline Capital Markets Limited since 2007. Dr. Cheng served as the former President/CEO of Amalgamated Investment Bancorporation from 2003 and 2008 and former Vice President of Investment Banking at J.P. Morgan from 1993 to 2001. Dr. Cheng obtained his doctorate in Philosophy from University of Leeds, England in 1991.</p> <p>2. <b>Atty. Victoria R. Tamayoao</b> – is an Independent Director of MM from 2020 to present. She is the Senior and Managing Partner of Tamayoao &amp; Affiliates, Attorneys-at-Law from 2006 to present and is the Chairman and President of Glory Facilities and Development Inc. from 2019 to present. She obtained her Bachelor of Laws and Bachelors of Science in Business Economics degrees from the University of the Philippines, Diliman.</p>
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**Supplement to Recommendation 5.2**

1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	<b>COMPLIANT</b>	Provide link/reference to a document containing information that directors are not constrained to vote independently.	No shareholder agreement with independent directors.
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**Recommendation 5.3**

1. The independent directors serve for a cumulative term of nine years (reckoned from 2020).	<b>COMPLIANT</b>	Provide information or link/reference to a document showing the years IDs have served as such.	The Independent Directors are: a) Mr. Gary P. Cheng who served as such for one (1) year; and (b) Atty. Victoria R. Tamayao who served as such for one (1) year.
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2. The company bars an independent director from serving in such capacity after the term limit of nine years.	<b>COMPLIANT</b>	Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director	The current set of independent directors served for one (1) year.
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3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	<b>COMPLIANT</b>	Provide reference to the meritorious justification and proof of shareholders' approval during the annual shareholders' meeting.	No independent director has served for more than nine (9) years.
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**Recommendation 5.4**

1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	<b>NON - COMPLIANT</b>	Identify the company's Chairman of the Board and Chief Executive Officer	The Chairman of the Board and Chief Executive Officer is Edgar J. Sia II.
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2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	<b>NON - COMPLIANT</b>	Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer.	Identify the relationship of Chairman and CEO.
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<b>Recommendation 5.5</b>	
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	<p><b>NON-COMPLIANT</b></p> <p>Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any.</p> <p>Indicate if Chairman is independent.</p>
The company has yet to establish the Corporate Governance Committee and has yet to incorporate its Code of Governance regarding this policy.	

<b>Recommendation 5.6</b>	
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	<p><b>NON-COMPLIANT</b></p> <p>Provide proof of abstention, if this was the case</p>
The company currently does not have a policy in the Code of Corporate Governance requiring directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	

<b>Recommendation 5.7</b>	
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	<p><b>NON-COMPLIANT</b></p> <p>Provide proof and details of said meeting, if any.</p> <p>Provide information on the frequency and attendees of meetings.</p>
2. The meetings are chaired by the lead independent director.	<p><b>COMPLIANT</b></p> <p>The <b>Code of Corporate Governance</b> provides: Audit Committee meet with the external auditor and the head of the Corporation's internal audit to discuss interim and annual financial statements of the Corporation at least twice a year to discuss the audit plan and audit results.</p> <p>The company has yet to incorporate its Code of Governance regarding this policy.</p>

**Principle 6:** The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body and assess whether it possesses the right mix of backgrounds and competencies.

<b>Recommendation 6.1</b>	
1. Board conducts an annual self-assessment of its performance as a whole.	<p><b>COMPLIANT</b></p> <p>Provide proof of self-assessments conducted for the whole board, the</p>
The Code of Corporate Governance of MerryWart Consumer Corp.,	

2. The Chairman conducts a self-assessment of his performance.	<b>COMPLIANT</b>	individual members, the Chairman and the Committees	provides that:  <b>Assessing Board Performance</b>  The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.
3. The individual members conduct a self-assessment of their performance.	<b>COMPLIANT</b>		
4. Each committee conducts a self-assessment of its performance.	<b>COMPLIANT</b>		
5. Every three years, the assessments are supported by an external facilitator.	<b>COMPLIANT</b>	Identify the external facilitator and provide proof of use of an external facilitator.	<p><b>A. Board Evaluation</b></p> <p>(i) The Board should conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. Every three years, the assessment should be supported by an external facilitator.</p> <p>(ii) The Board should have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system should allow for a feedback mechanism from the shareholders.</p>
<b>Recommendation 6.2</b>			

<p>1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.</p>	<p><b>COMPLIANT</b></p>	<p>Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders</p>	<p>The Code of Corporate Governance of MerryWart Consumer Corp., provides that:</p> <p style="text-align: center;"><b>Assessing Board Performance</b></p> <p>The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.</p> <p style="text-align: center;"><b>A. Board Evaluation</b></p> <p>(i) The Board should conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. Every three years, the assessment should be supported by an external facilitator.</p> <p>(ii) The Board should have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, committees and such system should allow for a feedback mechanism from the shareholders.</p>
<p>2. The system allows for a feedback mechanism from the shareholders.</p>	<p><b>COMPLIANT</b></p>		

**Principle 7:** Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

<p>1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.</p>		<p>Provide information on or link/reference to the company's Code of Business Conduct and Ethics.</p>	
<p>2. The Code is properly disseminated to the Board, senior management and employees.</p>	<p><b>COMPLIANT</b></p>	<p>Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees.</p>	
<p>3. The Code is disclosed and made available to the public through the company website.</p>	<p><b>COMPLIANT</b></p>	<p>Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/ disclosed.</p>	

<b>Supplement to Recommendation 7.1</b>			
<p>1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.</p>		<p>Provide information on or link/reference to a document containing information on the company's policy and procedure on curbing and penalizing bribery</p>	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides:</p> <p><b><u>DISQUALIFICATION OF DIRECTORS</u></b></p> <p>Permanent Disqualification</p> <p>The following shall be grounds for the permanent disqualification of a director:</p> <p style="padding-left: 40px;">xxx            xxx</p> <p>(iii) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts.;"</p>
<b>Recommendation 7.2</b>			
<p>1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.</p>	<b>COMPLIANT</b>	<p>Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.</p> <p>Indicate who are required to comply with</p>	<p>The company's Code of Ethics is firmly enscenced in the company. Publication of policies Internally and externally holds the directors and personnel accountable to the Code.</p>

<p>2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.</p>	<p><b>COMPLIANT</b></p>	<p>the Code of Business Conduct and Ethics and any findings on non-compliance.</p>	<p>Everyone affiliated with the company is required to comply with the Code.</p>
<p><b>Disclosure and Transparency</b></p>			
<p><b>Principle 8:</b> The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.</p>			
<p><b>Recommendation 8.1</b></p>			
<p>1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.</p>	<p><b>COMPLIANT</b></p>	<p>Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders</p>	<p>The Code of Corporate Governance of MerryWart Consumer Corp., provides:  <u><b>"DISCLOSURE AND TRANSPARENCY</b></u>  <b>VIII. Enhancing Company Disclosure Policies and Procedures</b>  The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.</p>

			<p>(i) The Board should establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.</p> <p>(ii) The Company should have a policy requiring all directors and officers to disclose/report to the company any dealings in the company's shares within three business days.</p> <p>The Board should fully disclose all relevant and material information on individual board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p> <p>(iv) The company should provide a clear disclosure of its policies and procedure for setting Board and executive remuneration, as well as the level and mix of the same in the Annual Corporate Governance Report. Also, companies should disclose the remuneration on an individual basis, including termination and retirement provisions.</p>
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			<p>(v) The company should disclose its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance. The material or significant RPTs reviewed and approved during the year should be disclosed in its Annual Corporate Governance Report.</p> <p>(vi) The company should make a full, fair, accurate and timely disclosure to the public of every material fact or event that occurs, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders. Moreover, the Board of the offeree company should appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.</p> <p>(vii) The company's corporate governance policies, programs and procedures should be contained in its Manual on Corporate Governance, which should be submitted to the regulators and posted on the company's website."</p> <p>Please see disclosures on the website.</p> <p><a href="http://www.merrymart.com.ph">www.merrymart.com.ph</a></p>
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<b>Supplement to Recommendations 8.1</b>			
<p>1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.</p>	<b>COMPLIANT</b>	<p>Indicate the number of days within which the consolidated and interim reports were published, distributed or made available from the end of the fiscal year and end of the reporting period, respectively.</p>	<p>The consolidated financial statements of MerryMart Consumer Corp. are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period, as required by the SEC.</p>
<p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>	<b>COMPLIANT</b>	<p>Provide link or reference to the company's annual report where the following are disclosed:</p> <ol style="list-style-type: none"> <li>1. principal risks to minority shareholders associated with the identity of the company's controlling shareholders;</li> <li>2. cross-holdings among company affiliates; and</li> <li>3. any imbalances between the controlling shareholders' voting power and overall equity position in the company.</li> </ol>	<p>MerryMart Consumer Corp.'s Annual Report shall be published in the website which will be submitted on its first year with this report. The link prepared is as follow under Company Disclosures. <a href="http://www.merrymart.com.ph">www.merrymart.com.ph</a></p>
<b>Recommendation 8.2</b>			
<p>1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.</p>	<b>COMPLIANT</b>	<p>Provide information on or link/reference to the company's policy requiring directors and officers to disclose their dealings in the company's share.</p>	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides:</p>

<p>2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.</p>	<p><b>COMPLIANT</b></p>	<p>Indicate actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction.</p>	<p style="text-align: center;"><b><u>"DISCLOSURE AND TRANSPARENCY</u></b></p> <p style="text-align: center;"><b>VIII. Enhancing Company Disclosure Policies and Procedures</b></p> <p>The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations</p> <p>(ii) The Company should have a policy requiring all directors and officers to disclose/report to the company any dealings in the company's shares within three business days."</p>
<p><b>Supplement to Recommendation 8.2</b></p>			
<p>1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).</p>	<p><b>COMPLIANT</b></p>	<p>Provide information on or link/reference to the shareholdings of directors, management and top 100 shareholders. Provide link or reference to the company's Conglomerate Map.</p>	<p>The monthly reports, the Top 100 shareholders, any purchase or shareholdings of the Directors and officers are indicated in the Public Ownership report and Form 23 filed at the PSE and/or SEC as required.</p> <p><a href="https://www.merrymart.com.ph/consumer-corp">https://www.merrymart.com.ph/consumer-corp</a></p>
<p><b>Recommendation 8.3</b></p>			

<p>1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	<p><b>COMPLIANT</b></p>	<p>Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.</p>	<p>This is provided currently in the Prospectus of the company.  <a href="https://www.merrymart.com.ph/company-disclosures-prospectus">https://www.merrymart.com.ph/company-disclosures-prospectus</a></p>
<p>2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	<p><b>COMPLIANT</b></p>	<p>Provide link or reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.</p>	
<p><b>Recommendation 8.4</b></p>			
<p>1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.</p>	<p><b>COMPLIANT</b></p>	<p>Disclose or provide link/reference to the company policy and practice for setting board remuneration</p>	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides:</p>
<p>2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.</p>	<p><b>COMPLIANT</b></p>	<p>Disclose or provide link/reference to the company policy and practice for determining executive remuneration</p>	<p><b>REMUNERATION OF DIRECTORS AND OFFICERS</b></p> <p>The levels of remuneration of MM should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance. MM may establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual directors and</p>

		<p>officers depending on the particular needs of the corporation. No director should participate in deciding on his remuneration.</p> <p>MM's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its directors and top four (4) management officers during the preceding fiscal year.</p> <p>To protect the funds of MM, the Commission may, in exceptional cases, e.g., when a corporation is under receivership or rehabilitation, regulate the payment of the compensation, allowances, fees and fringe benefits to its directors and officers.</p>
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<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p><b>COMPLIANT</b></p>	<p>Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.</p>	<p>The remuneration of the Directors is shown on the Annual Report to be submitted with this Report.</p>
<p><b>Recommendation 8.5</b></p>			
<p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.</p>	<p><b>COMPLIANT</b></p>	<p>Disclose or provide reference/link to company's RPT policies</p> <p>Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction.</p>	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides:</p> <p><b><u>"DISCLOSURE AND TRANSPARENCY</u></b></p> <p><b>VIII. Enhancing Company Disclosure Policies and Procedures</b></p> <p>The company should disclose its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance. The material or significant RPTs reviewed and approved during the year should be disclosed in its Annual Corporate Governance Report."</p>

<p>2. Company discloses material or significant RPTs reviewed and approved during the year.</p>	<p><b>COMPLIANT</b></p>	<p>Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs:</p> <ol style="list-style-type: none"> <li>1. name of the related counterparty;</li> <li>2. relationship with the party;</li> <li>3. transaction date;</li> <li>4. type/nature of transaction;</li> <li>5. amount or contract price;</li> <li>6. terms of the transaction;</li> <li>7. rationale for entering into the transaction;</li> <li>8. the required approval (i.e., names of the board of directors approving, names and percentage of shareholders who approved) based on the company's policy; and</li> <li>9. other terms and conditions</li> </ol>	<p>The Financial Statement also has a discussion on Related Party Transactions.</p>
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<b>Supplement to Recommendation 8.5</b>			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	<b>COMPLIANT</b>	Indicate where and when directors disclose their interests in transactions or any other conflict of interests.	Directors disclose their interest on a particular transaction to prevent conflict of interest.
<b>Optional : Recommendation 8.5</b>			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.		Provide link or reference where this is disclosed, if any	
<b>Recommendation 8.6</b>			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	<b>COMPLIANT</b>	Provide link or reference where this is disclosed	Any remuneration of the Directors is shown on the Annual Report to be submitted with this Report.
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	<b>COMPLIANT</b>	Identify independent party appointed to evaluate the fairness of the transaction price  Disclose the rules and procedures for evaluating the fairness of the transaction price, if any.	The company is aware of market values of properties acquired through third party agents and different property appraisers to ensure fairness of the transaction.
<b>Supplement to Recommendation 8.6</b>			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	<b>NON-COMPLIANT</b>	Provide link or reference where these are disclosed.	The company has yet to disclose the trust agreements.
<b>Recommendation 8.7</b>			

<p>1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).</p>	<p><b>COMPLIANT</b></p>	<p>Provide link to the company's website where the Manual on Corporate Governance is posted.</p>	<p><a href="https://www.merrymart.com.ph/corporate-governance?section=manual-on-corporate-governance-24">https://www.merrymart.com.ph/corporate-governance?section=manual-on-corporate-governance-24</a></p>
<p>2. Company's MCG is submitted to the SEC and PSE.</p>	<p><b>COMPLIANT</b></p>		

3. Company's MCG is posted on its company website.	<b>COMPLIANT</b>		
<b>Supplement to Recommendation 8.7</b>			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	<b>COMPLIANT</b>	Provide proof of submission.	The Company has just submitted the Code of Corporate Governance on January 24, 2020. There is no update yet on the Code.
<b>Optional: Principle 8</b>			
1. Does the company's Annual Report disclose the following information:	<b>COMPLIANT</b>	Provide link or reference to the company's Annual Report containing the said information.	The Annual Report submitted with this Report discloses the information indicated including the Risk factors and will be provided under the company disclosures on the website.
a. Corporate Objectives	<b>COMPLIANT</b>		
b. Financial performance indicators	<b>COMPLIANT</b>		
c. Non-financial performance indicators	<b>COMPLIANT</b>		
d. Dividend Policy	<b>COMPLIANT</b>		
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	<b>COMPLIANT</b>		
f. Attendance details of each director in all directors meetings held during the year	<b>COMPLIANT</b>		
g. Total remuneration of each member of the board of directors	<b>COMPLIANT</b>		

2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	<b>COMPLIANT</b>	Provide link or reference to where this is contained in the Annual Report	
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	<b>COMPLIANT</b>	Provide link or reference to where this is contained in the Annual Report	
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	<b>COMPLIANT</b>	Provide link or reference to where this is contained in the Annual Report	
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	<b>COMPLIANT</b>	Provide link or reference to where these are contained in the Annual Report	
<b>Principle 9:</b> The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.			
<b>Recommendation 9.1</b>			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	<b>COMPLIANT</b>	Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor.	The Code of Corporate Governance of MerryMart Consumer Corp., provides:  <b><u>INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT FRAMEWORK</u></b>  <b>IX. Strengthening the External</b>
2. The appointment, reappointment, removal, and fees of the external auditor is	<b>COMPLIANT</b>	Indicate the percentage of shareholders that ratified the appointment,	

<p>recommended by the Audit Committee, approved by the Board and ratified by the shareholders.</p>		<p>reappointment, removal and fees of the external auditor.</p>	<p><b>Auditor's Independence and Improving Audit Quality</b></p> <p>The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.</p> <p>“(A) External Auditor</p> <p>The Audit Committee should have a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditor. The appointment, reappointment, removal, and fees of the external auditor should be recommended by the Audit Committee, approved by the Board and ratified by the shareholders. For removal of the external auditor, the reasons for removal or change should be disclosed to the regulators and the public through the company website and required disclosures.</p> <p>The Audit Committee Charter should include the Audit Committee's responsibility on assessing the integrity and independence of external auditors and exercising effective oversight to review and monitor the</p>
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<p>3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.</p>	<p><b>COMPLIANT</b></p>	<p>Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor.</p>	<p>external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. The Charter should also contain the Audit Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p> <p>The company should disclose the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest. The Audit Committee should be alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity."</p> <p>The same external auditor is retained prior to and in the first year from listing.</p>
<p><b>Supplement to Recommendation 9.1</b></p> <p>1. Company has a policy of rotating the lead audit partner every five years.</p>			
<p><b>COMPLIANT</b></p>	<p><b>COMPLIANT</b></p>	<p>Provide information on or link/reference to a document containing the policy of rotating the lead audit partner every five years.</p>	<p>The lead auditor of the company which audited the financial statements of the company changed last 2014 and it is still the current lead auditor of the company.</p>
<p><b>Recommendation 9.2</b></p> <p>1. Audit Committee Charter includes the</p>			
<p><b>COMPLIANT</b></p>	<p><b>COMPLIANT</b></p>	<p>Provide link/reference to the company's</p>	<p>The <b>Code of Corporate Governance</b></p>

<p>Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> <li>i. assessing the integrity and independence of external auditors;</li> <li>ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and</li> <li>iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</li> </ul>		<p>Audit Committee Charter</p>	<p>Of MerryMart Consumer Corp. provides that:</p> <p>"The Audit Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit Committee should be an independent director. The committee shall have the following functions:</p> <ul style="list-style-type: none"> <li>a. Recommends the approval the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;</li> <li>b. Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in</li> </ul>
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	<p><b>COMPLIANT</b></p>	<p>Provide link/reference to the company's Audit Committee Charter</p>	

			<p>place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;</p> <p>c. Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;</p> <p>d. Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee;</p> <p>e. Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;</p> <p>f. Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to</p>
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			<p>secure proper coverage and minimize duplication of efforts;</p> <p>g. Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report;</p> <p>h. Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:</p> <ul style="list-style-type: none"> <li>• Any change/s in accounting policies and practices</li> <li>• Areas where a significant amount of judgment has been exercised</li> <li>• Significant adjustments resulting from the audit</li> <li>• Going concern assumptions</li> <li>• Compliance with accounting standards</li> </ul>
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			<ul style="list-style-type: none"> <li>• Compliance with tax, legal and regulatory requirements</li> </ul> <p>i. Reviews the disposition of the recommendations in the External Auditor's management letter;</p> <p>j. Performs oversight functions over the corporation's Internal and External Auditors. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;</p> <p>k. Coordinates, monitors and facilitates compliance with laws, rules and regulations;</p> <p>l. Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders."</p> <p>The Audit Committee meets with the Board without the presence of the CEO and periodically meets with the head of the internal audit.</p>
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**Supplement to Recommendations 9.2**

<p>1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.</p>	<p><b>COMPLIANT</b></p>	<p>Provide link/reference to the company's Audit Committee Charter</p>	<p>The <b>Code of Corporate Governance</b> of Merry/Mart Consumer Corp. provides that:</p> <p><b>(ii) The Audit Committee</b></p> <p>The Audit Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit Committee should be an independent director. The committee shall have the following functions:</p> <p>c. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal, and other risks of the Corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities;</p> <p>d. Recommends the approval the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;</p>
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			<p>k. Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data and information technology security, and (d) ensure compliance with applicable laws and regulations;</p> <p>l. Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services</p> <p>m. Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee</p> <p>n. Reviews and monitors</p>
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		<p>Management's responsiveness to the Internal Auditor's findings and recommendations;</p> <p>o. Review the annual internal audit plan to ensure its conformity with the objectives of the Corporation. The plan shall include the audit scope, resources, and budget necessary to implement it;</p> <p>p. Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;</p> <p>q. Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report;</p>
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			<p>r. Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:</p> <ul style="list-style-type: none"> <li>• Any change/s in accounting policies and practices</li> <li>• Areas where a significant amount of judgment has been exercised</li> <li>• Significant adjustments resulting from the audit</li> <li>• Going concern assumptions</li> <li>• Compliance with accounting standards</li> </ul>
<p>2. Audit Committee ensures that the external auditor has adequate quality control procedures.</p>	<p><b>COMPLIANT</b></p>	<p>Provide link/reference to the company's Audit Committee Charter</p>	<p>The <b>Code of Corporate Governance</b> of MerryWart Consumer Corp. provides that:</p> <p>"The Audit Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit</p>

Committee should be an independent director. The committee shall have the following functions:

- a. Recommends the approval the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;
- b. Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting,

and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;

c. Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;

d. Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee;

e. Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;

f. Prior to the commencement of the audit, discusses with the External

			<p>Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;</p> <p>g. Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report;</p> <p>h. Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:</p> <ul style="list-style-type: none"> <li>• Any change/s in accounting policies and practices</li> <li>• Areas where a significant amount of judgment has been exercised</li> <li>• Significant adjustments resulting from the audit</li> </ul>
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			<ul style="list-style-type: none"> <li>• Going concern assumptions</li> <li>• Compliance with accounting standards</li> <li>• Compliance with tax, legal and regulatory requirements</li> </ul> <p>k. Reviews the disposition of the recommendations in the External Auditor's management letter;</p> <p>l. Performs oversight functions over the corporation's Internal and External Auditors, including the review of reports submitted by them. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;</p> <p>o. Coordinates, monitors and facilitates compliance with laws, rules and regulations;</p> <p>p. Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial</p>
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statements should be prepared and presented to the stockholders.

The Audit Committee meets with the Board without the presence of the CEO and periodically meets with the head of the internal audit.

<https://merrymart.com/ph/audit-charter.pdf>

<b>Recommendation 9.3</b>			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	<b>COMPLIANT</b>	Disclose the nature of non-audit services performed by the external auditor, if any.	There are no non-audit services performed by the external auditor.
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	<b>COMPLIANT</b>	Provide link or reference to guidelines or policies on non-audit services	The <b>Code of Corporate Governance</b> Of MerryMart Consumer Corp. provides that the Audit Committee:  "Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report."
<b>Supplement to Recommendation 9.3</b>			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	<b>COMPLIANT</b>	Provide information on audit and non-audit fees paid.	The Audit Fees and Audit Related Fees of the External Auditor outweigh the all other fees.

**Additional Recommendation to Principle 9**

<p>1. Company's external auditor is duly accredited by the SEC under Group A category.</p>	<p><b>COMPLIANT</b></p>	<p>Provide information on company's external auditor, such as:</p> <ol style="list-style-type: none"> <li>1. Name of the audit engagement partner;</li> <li>2. Accreditation number;</li> <li>3. Date Accredited;</li> <li>4. Expiry date of accreditation; and</li> <li>5. Name, address, contact number of the audit firm.</li> </ol>	<p>The company's external auditor is:</p> <ol style="list-style-type: none"> <li>1. Dayl P. Virocel of R.G. Mandbat &amp; Co. (KPMG);</li> <li>2. With Accreditation no. of 1386-AR-1;</li> <li>3. Date Accredited: June 15, 2017;</li> <li>4. Expiry Date of Accreditation: June 14, 2020; and</li> <li>5. Name of Audit Firm: R.G. Mandbat &amp; Co.,</li> </ol> <p>Address: The KPMG Center, 6787 Ayala Ave, Makati Contact Number: (02) 885 7000</p>
<p>2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).</p>	<p><b>COMPLIANT</b></p>	<p>Provide information on the following:</p> <ol style="list-style-type: none"> <li>1. Date it was subjected to SOAR inspection, if subjected;</li> <li>2. Name of the Audit firm; and</li> <li>3. Members of the engagement team inspected by the SEC.</li> </ol>	<p>Since R.G. Mandbat &amp; Co., audits listed companies it is subject to the SEC's SOAR inspection. However, it has yet to receive notification from the SEC for this matter.</p>

**Principle 10:** The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

**Recommendation 10.1**

<p>1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.</p>	<p><b>COMPLIANT</b></p>	<p>Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.</p>	<p>The Code of Corporate Governance of MerryMart Consumer Corp., provides that:</p> <p><b>"Increasing Focus on Non-Financial and Sustainability Reporting</b></p> <p>MM ensures that the material and reportable non-financial and sustainability issues are disclosed. The Board should have a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability."</p>
<p>2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.</p>	<p><b>COMPLIANT</b></p>	<p>Provide link to Sustainability Report, if any. Disclose the standards used.</p>	<p><a href="https://merrymart.com.ph/social-responsibility.pdf">https://merrymart.com.ph/social-responsibility.pdf</a></p>
<p><b>Principle 11:</b> The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.</p>			
<p><b>Recommendation 11.1</b></p>			
<p>1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.</p>	<p><b>COMPLIANT</b></p>	<p>Disclose and identify the communication channels used by the company (i.e., website, Analyst's briefing, Media briefings /press conferences, Quarterly reporting, Current reporting, etc.). Provide links, if any.</p>	<p><a href="https://www.merrymart.com.ph/news">https://www.merrymart.com.ph/news</a></p>

**Supplemental to Principle 11**

1. Company has a website disclosing up-to-date information on the following:	<b>COMPLIANT</b>	Provide link to company website	<a href="http://www.merrymart.com.ph">www.merrymart.com.ph</a>
a. Financial statements/reports (latest quarterly)	<b>COMPLIANT</b>		Company discloses there include: a. Financial Statements b. Press Releases
b. Materials provided in briefings to analysts and media	<b>COMPLIANT</b>		c. Annual Report
c. Downloadable annual report	<b>COMPLIANT</b>		d. Notices and Minutes of ASM (currently has a ready link in preparation for the conduct of the ASM).
d. Notice of ASM and/or SSM	<b>NON-COMPLIANT</b>		e. Company's Articles of Incorporation
e. Minutes of ASM and/or SSM	<b>NON-COMPLIANT</b>		
f. Company's Articles of Incorporation and By-Laws	<b>COMPLIANT</b>		

<b>Additional Recommendation to Principle 11</b>			
1. Company complies with SEC-prescribed website template.	<b>COMPLIANT</b>		Pursuant to SEC Memorandum Circular No. 11 Series of 2014 providing for the template for publicly-listed companies' website, MM has complied with such and its website is:  <a href="https://www.merrymart.com.ph/">https://www.merrymart.com.ph/</a>
<b>Internal Control System and Risk Management Framework</b>			
<b>Principle 12:</b> To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
<b>Recommendation 12.1</b>			
1. Company has an adequate and effective internal control system in the conduct of its business.	<b>COMPLIANT</b>	List quality service programs for the internal audit functions.  Indicate frequency of review of the internal control system	The Code of Corporate Governance of MerryMart Consumer Corp., provides:  "XII. Strengthening the Internal Control System and Enterprise Risk Management Framework  A. To ensure the integrity, transparency and proper governance

			<p>in the conduct of its affairs, MM shall have a strong and effective internal control system and enterprise risk management framework. MM shall observe the following:</p> <p>ii. MM shall have in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations. The following are the functions of the internal audit, among others:</p> <p>a. Provides an independent-risk-based assurance service to the Board, Audit Committee and Management, focusing on reviewing the effectiveness of the governance and control processes in (1) promoting the right values and ethics, (2) ensuring effective performance management and accounting in the organization, (3) communicating risk and control information, and (4) coordinating the activities and information among the Board, external and internal auditors, and Management;</p> <p>b. Performs regular and special audit as contained in the annual audit plan and/or based on the company's risk assessment;</p>
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		<p>c. Performs consulting and advisory services related to governance and control as appropriate for the organization;</p> <p>d. Performs compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;</p> <p>e. Reviews, audits and assesses the efficiency and effectiveness of the internal control system of all areas of the company;</p> <p>f. Evaluates operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned;</p> <p>g. Evaluates specific operations at the request of the Board or Management, as appropriate; and</p> <p>h. Monitors and evaluates governance processes.”</p> <p>During the course of the company operations, the frequency of the review will be determined for this policy.</p>
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<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p><b>COMPLIANT</b></p>	<p>Identify international framework used for Enterprise Risk Management</p> <p>Provide information or reference to a document containing information on:</p> <ol style="list-style-type: none"> <li>1. Company's risk management procedures and processes</li> <li>2. Key risks the company is currently facing</li> <li>3. How the company manages the key risks</li> </ol> <p>Indicate frequency of review of the enterprise risk management framework.</p>	<p>The Code of Corporate Governance of MerryWart Consumer Corp., provides:</p> <p><b>C. Enterprise Management System</b></p> <p>MM shall establish a separate, effective enterprise risk management function to identify, assess and monitor key risk exposures. The risk management function involves the following activities, among others:</p> <ol style="list-style-type: none"> <li>a. Defining a risk management strategy;</li> <li>b. Identifying and analyzing key risk exposures relating to economic, environmental, social and governance (EESG) factors and the achievement of the organization's strategic objectives;</li> <li>c. Evaluating and categorizing each identified risk using the</li> </ol>
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			<p>Company's predefined risk categories and parameters;</p> <p>d. Establishing a risk register with clearly defined, prioritized and residual risks;</p> <p>e. Developing a risk mitigation plan for the most important risks to the Company, as defined by the risk management strategy;</p> <p>f. Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Board Risk Oversight Committee; and</p> <p>g. Monitoring and evaluating the effectiveness of the organization's risk management processes.</p>
<p><b>Supplement to Recommendations 12.1</b></p>			
<p>1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.</p>	<p><b>COMPLIANT</b></p>	<p>Provide information on or link/ reference to a document containing the company's compliance program covering compliance with laws and relevant regulations.</p> <p>Indicate frequency of review.</p>	<p>The company is complying with the SEC Rules on all the requirements to be submitted by a publicly-listed corporation (e.g. submission of the Annual Corporate Governance Report).</p>

<b>Optional: Recommendation 12.1</b>			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.	<b>COMPLIANT</b>	Provide information on IT governance process	The company has an IT governance process providing that for any disruption, there is an immediate troubleshooting to the company's servers/systems as well as assist and inform the users. For disaster recovery, the IT department of the company has a daily back-up using Net backup and a High Availability Disaster Recovery (HADR) which is located at PLDT E-Vitro in Pasig to avoid any data loss. For the company email, Equicom is a third-party service provider for troubleshooting and data security for all the emails.
<b>Recommendation 12.2</b>			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	<b>COMPLIANT</b>	Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm.	The internal audit is in-house.
<b>Recommendation 12.3</b>			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	<b>COMPLIANT</b>	Identify the company's Chief Audit Executive (CAE) and provide information	The Chief Audit Executive is Ms. Alona Gison. Her responsibility is to monitor

	<b>COMPLIANT</b>	on or reference to a document containing his/her responsibilities.	and evaluate the adequacy of effectiveness of the company's internal control system, integrity of financial reporting, and security of physical and information assets.
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	<b>COMPLIANT</b>		The qualified independent executive is Ms. Alona Gison.
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	<b>COMPLIANT</b>	Identify qualified independent executive or senior management personnel, if applicable.	
<b>Recommendation 12.4</b>			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	<b>COMPLIANT</b>	Provide information on company's risk management function.	<p>The Code of Corporate Governance of MerryWart Consumer Corp., provides:</p> <p><b>"Enterprise Management System</b></p> <p>MM shall establish a separate, effective enterprise risk management function to identify, assess and monitor key risk exposures. The risk management function involves the following activities, among others:</p> <ul style="list-style-type: none"> <li>a. Defining a risk management strategy;</li> <li>b. Identifying and analyzing key risk exposures relating to economic, environmental,</li> </ul>

			<p>social and governance (EESG) factors and the achievement of the organization's strategic objectives;</p> <p>c. Evaluating and categorizing each identified risk using the Company's predefined risk categories and parameters;</p> <p>d. Establishing a risk register with clearly defined, prioritized and residual risks;</p> <p>e. Developing, a risk mitigation plan for the most important risks to the Company, as defined by the risk management strategy;</p> <p>f. Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Board Risk Oversight Committee; and</p> <p>g. Monitoring and evaluating the effectiveness of the organization's risk management processes. "</p>
<b>Supplement to Recommendation 12.4</b>			
<p>1. Company seeks external technical support in risk management when such competence is not available internally.</p>	<b>COMPLIANT</b>	<p>Identify source of external technical support, if any.</p>	<p>The company seeks external technical support such as the Traffic Impact Assessment Study and Asian Appraisal should the project requires it.</p>

<b>Recommendation 12.5</b>			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	<b>NON - COMPLIANT</b>	Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.	Currently, the Company has not designated a Chief Risk Officer. However, the Company's Code of Corporate Governance provides that the Company shall have a Risk Officer-in-Charge who is the ultimate champion of Enterprise Risk Management (ERM) and has adequate authority, stature, resources and support to fulfill his/her responsibilities, subject to company's size, risk profile and complexity of operations.
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	<b>NON - COMPLIANT</b>		
<b>Additional Recommendation to Principle 12</b>			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	<b>NON- COMPLIANT</b>	Provide link to CEO and CAE's attestation	In this I-ACGR, the CEO AND CAE assure that there is a sound internal audit, control and compliance system that is in place and working effectively.
<b>Cultivating a Synergic Relationship with Shareholders</b>			
<b>Principle 13:</b> The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
<b>Recommendation 13.1</b>			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	<b>COMPLIANT</b>	Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed.	The Code of Corporate Governance of MerryWart Consumer Corp., provides:  <b>"Promoting Shareholder Rights</b>

		<p>MM shall treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.</p> <p>(i) It shall be the duty of the Board to promote shareholder rights, remove impediments to the exercise of shareholder rights and allow possibilities to seek redress for violation of their rights. The Board shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. The Board shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The Board shall pave the way for electronic filing and distribution of shareholder information necessary to make informed decisions, subject to legal constraints.</p> <p>(ii) In addition to the sending of notices, open communications shall be maintained with stockholders to encourage them to personally attend the stockholders' meeting. If they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy. The Board shall encourage active shareholder participation by sending the Notice of Annual and</p>
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		<p>Special Shareholders' Meeting with sufficient and relevant information at least twenty eight (28) business days before the meeting.</p> <p>(iii) The Board shall encourage active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting shall be available on the Company website within five (5) business days from the end of the meeting.</p> <p>(iv) The Board shall commit to respect the following rights of the stockholders:</p> <ul style="list-style-type: none"> <li>a. Voting Rights</li> <li>b. Pre-emptive Right</li> <li>c. Right of Inspection</li> <li>d. Right to Information</li> <li>e. Right to Dividend</li> <li>f. Appraisal Right</li> </ul> <p>(v) It is the responsibility of the Board of Directors to establish an alternative dispute resolution system to settle intra-corporate disputes in an amicable and effective manner. As such, the Board of Directors normally engages the services of a neutral third party to assist in the resolution of issues</p>
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		<p>between MM and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as MM and the circumstances sees fit. Consideration is given to the need to promote candor through confidentiality of the process, the policy of fostering prompt, economical, and amicable resolution of disputes in accordance with the principles of integrity of determination by the parties, and the policy that the decision-making authority in the process rests with the parties.</p> <p>(vi) MM shall establish an Investor Relations Office (IRO) to facilitate constant engagement with its shareholders. The IRO shall be present at every shareholders' meeting.</p> <p><b><u>DUTIES TO STAKEHOLDERS</u></b></p> <p><b>XIV. Respecting Rights of Stakeholders and Effective Redress for Violation of Stakeholder's Rights</b></p> <p>The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders'</p>
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			<p>rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.</p> <p>(i) The Board should identify the company's various stakeholders and promote cooperation between them and the company in creating wealth, growth and sustainability.</p> <p>(ii) The Board should establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p> <p>(iii) The Board should adopt a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights."</p>
<p>2. Board ensures that basic shareholder rights are disclosed on the company's website.</p>	<p><b>COMPLIANT</b></p>	<p>Provide link to company's website</p>	
<p><b>Supplement to Recommendation 13.1</b></p>			
<p>1. Company's common share has one vote for one share.</p>	<p><b>COMPLIANT</b></p>		<p>The Company's common share has one (1) vote for one share.</p>
<p>2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.</p>	<p><b>COMPLIANT</b></p>	<p>Provide information on all classes of shares, including their voting rights if any.</p>	<p>There is only one (1) class of shares, enjoying the same voting rights.</p>

3. Board has an effective, secure, and efficient voting system.	<b>NON-COMPLIANT</b>	Provide link to voting procedure. Indicate if voting is by poll or show of hands.	The Board voting system is by poll but the provided on the website once the ASM will be conducted by the Company for this year.
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	<b>NON - COMPLIANT</b>	Provide information on shareholder voting mechanisms such as supermajority or "majority of minority", if any.	There is no voting mechanism that requires "supermajority" or "Majority of minority".
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	<b>COMPLIANT</b>	Provide information on how this was allowed by board (i.e., minutes of meeting, board resolution)	Shareholders meeting, for any purpose or purposes, may be called by any of the following: (a) Board of Directors, at its own instance, or by (b) President.
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	<b>COMPLIANT</b>	Provide information or link/reference to the policies on treatment of minority shareholders	The Code of Corporate Governance of MerryMart Consumer Corp., provides:  <b>Promoting Shareholder Rights</b>  "MM shall treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights."
7. Company has a transparent and specific dividend policy.	<b>COMPLIANT</b>	Provide information on or link/reference to the company's dividend Policy.	<a href="https://merrymart.com.ph/upload/dividend-policy.pdf">https://merrymart.com.ph/upload/dividend-policy.pdf</a>

			company paid the dividends within 60 days from declaration	
<b>Optional: Recommendation 13.1</b>				
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	<b>COMPLIANT</b>	Identify the independent party that counted/validated the votes at the ASM, if any.	The company intends to have the Votes by validated and counted by the company's Stock and Transfer Agent, Rizal Commercial Banking Corporation, as adjoined by its Auditors, KPMG R.G. Mandabat & Co.	
<b>Recommendation 13.2</b>				
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	<b>COMPLIANT</b>	Indicate the number of days before the annual stockholders' meeting or special stockholders' meeting when the notice and agenda were sent out  Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting.  Provide link to the Agenda included in the company's Information Statement (SEC Form 20-1S)	The Code of Corporate Governance of MerryMart Consumer Corp provides twenty-eight (28) days.	
<b>Supplemental to Recommendation 13.2</b>				
1. Company's Notice of Annual Stockholders' Meeting contains the following information:	<b>NON-COMPLIANT</b>	Provide link or reference to the company's notice of Annual Shareholders' Meeting	The ASM is yet to be set and conducted for the first year.	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	<b>NON-COMPLIANT</b>		The information mentioned in the recommendation will be included in the Notice of the ASM.	
b. Auditors seeking appointment/re-appointment	<b>NON-COMPLIANT</b>			

c. Proxy documents	<b>NON-COMPLIANT</b>		
<b>Optional: Recommendation 13.2</b>			
1. Company provides rationale for the agenda items for the annual stockholders meeting	<b>NON-COMPLIANT</b>	Provide link or reference to the rationale for the agenda items	The Company Disclosures on the website has a ready link for the upload of the minutes for the conduct of the ASM in this first year.
<b>Recommendation 13.3</b>			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	<b>NON-COMPLIANT</b>	Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.	The Company Disclosures on the website has a ready link for the upload of the minutes to contain the information, once the ASM is conducted.
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	<b>NON-COMPLIANT</b>	Provide link to minutes of meeting in the company website. Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes. Indicate also if the voting on resolutions was by poll. Include whether there was opportunity to ask question and the answers given, if any	

<b>Supplement to Recommendation 13.3</b>			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholder questions during the ASM and SSM.	<b>COMPLIANT</b>	Indicate if the external auditor and other relevant individuals were present during the ASM and/or special meeting	Yes. The external auditor and other relevant individuals were present during the ASM.
<b>Recommendation 13.4</b>			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	<b>COMPLIANT</b>	Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes	The <b>Code of Corporate Governance</b> of MerryMart Consumer Corp., provides:  <b>General Responsibility</b>  "Establish and maintain an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities."
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	<b>COMPLIANT</b>	Provide link/reference to where it is found in the Manual on Corporate Governance	<b>Promoting Shareholder Rights</b>  "It is the responsibility of the Board of Directors to establish an alternative dispute resolution system to settle intra-corporate disputes in an amicable and effective manner. As such, the Board of Directors normally engages the services of a neutral third party to assist in the resolution of issues between MM and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, minimal, or any

			combination thereof, as MM and the circumstances sees fit. Consideration is given to the need to promote candor through confidentiality of the process, the policy of fostering prompt, economical, and amicable resolution of disputes in accordance with the principles of integrity of determination by the parties, and the policy that the decision-making authority in the process rests with the parties."
<b>Recommendation 13.5</b>			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	<b>COMPLIANT</b>	Disclose the contact details of the officer/office responsible for investor relations, such as: 1. Name of the person 2. Telephone number 3. Fax number 4. E-mail address	1. Marriana H. Yulo 2.+632 8743 1111 3. +632 8743 1111 4. mhy@merrymart.com.ph
2. IRO is present at every shareholder's meeting.	<b>COMPLIANT</b>	Indicate if the IRO was present during the ASM.	Yes, the IRO was present during the ASM.
<b>Supplemental Recommendations to Principle 13</b>			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	<b>COMPLIANT</b>	Provide information on how anti-takeover measures or similar devices were avoided by the board, if any.	The anti-takeover measures or similar devices were avoided by allowing stockholders to participate and exercise their voting rights and their right to be voted upon, as well as increase their shareholdings.
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	<b>NON-COMPLIANT</b>	Indicate the company's public float.	20.80% (a)

**Optional: Principle 13**

1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting		Disclose or provide link/reference to policies and practices to encourage shareholders' participation beyond ASM	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.		Disclose the process and procedure for secure electronic voting in absentia, if any.	

**Duties to Stakeholders**

**Principle 14:** The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

**Recommendation 14.1**

1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	<b>COMPLIANT</b>	Identify the company's shareholder and provide information or reference to a document containing information on the company's policies and programs for its stakeholders.	The <b>Code of Corporate Governance</b> of MerryMart Consumer Corp., provides:  <b>Promoting Shareholder Rights</b>  "MM shall treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.  (i) It shall be the duty of the Board to promote shareholder rights, remove impediments to the exercise of shareholder rights and allow possibilities to seek redress for violation of their rights. The Board shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. The Board shall be instrumental in removing excessive costs
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		<p>and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The Board shall pave the way for electronic filing and distribution of shareholder information necessary to make informed decisions, subject to legal constraints.</p> <p>(ii) In addition to the sending of notices, open communications shall be maintained with stockholders to encourage them to personally attend the stockholders' meeting. If they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy. The Board shall encourage active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least twenty eight (28) business days before the meeting.</p> <p>(iii) The Board shall encourage active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting shall be available on the Company website within five (5) business days from the end of the meeting.</p> <p>(iv) The Board shall commit to respect the following rights of the stockholders:</p>
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			<p>a. Voting Rights  b. Pre-emptive Right  c. Right of Inspection  d. Right to Information  e. Right to Dividend  f. Appraisal Right</p> <p>(v) It is the responsibility of the Board of Directors to establish an alternative dispute resolution system to settle intra-corporate disputes in an amicable and effective manner. As such, the Board of Directors normally engages the services of a neutral third party to assist in the resolution of issues between MM and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as MM and the circumstances sees fit. Consideration is given to the need to promote candor through confidentiality of the process, the policy of fostering prompt, economical, and amicable resolution of disputes in accordance with the principles of integrity of determination by the parties, and the policy that the decision-making authority in the process rests with the parties.</p> <p>(vi) shall establish an Investor Relations Office (IRO) to facilitate constant engagement with its shareholders. The IRO shall be present at every shareholders' meeting.</p>
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			<p style="text-align: center;"><b>DUTIES TO STAKEHOLDERS</b></p> <p style="text-align: center;"><b>Respecting Rights of Stakeholders and Effective Redress for Violation of Stakeholder's Rights</b></p> <p>"The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.</p> <p>(i) The Board should identify the company's various stakeholders and promote cooperation between them and the company in creating wealth, growth and sustainability.</p> <p>(ii) The Board should establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p> <p>(iii) The Board should adopt a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights."</p>
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**Recommendation 14.2**

<p>1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p>	<p><b>COMPLIANT</b></p>	<p>Identify policies and programs for the protection and fair treatment of company's stakeholders</p>	<p>The <b>Code of Corporate Governance</b> of MerryMart Consumer Corp. provides:</p> <p><b>Promoting Shareholder Rights</b></p> <p>"MM shall treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.</p> <p>(i) It shall be the duty of the Board to promote shareholder rights, remove impediments to the exercise of shareholder rights and allow possibilities to seek redress for violation of their rights. The Board shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. The Board shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The Board shall pave the way for electronic filing and distribution of shareholder information necessary to make informed decisions, subject to legal constraints.</p> <p>(ii) In addition to the sending of notices, open communications shall be maintained with stockholders to encourage them to personally attend the stockholders' meeting. If they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy. The Board shall</p>
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		<p>encourage active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least twenty eight (28) business days before the meeting.</p> <p>(iii) The Board shall encourage active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting shall be available on the Company website within five (5) business days from the end of the meeting.</p> <p>(iv) The Board shall commit to respect the following rights of the stockholders:</p> <ul style="list-style-type: none"> <li>a. Voting Rights</li> <li>b. Pre-emptive Right</li> <li>c. Right of Inspection</li> <li>d. Right to Information</li> <li>e. Right to Dividend</li> <li>f. Appraisal Right</li> </ul> <p>(v) It is the responsibility of the Board of Directors to establish an alternative dispute resolution system to settle intra-corporate disputes in an amicable and effective manner. As such, the Board of Directors normally engages the services of a neutral third party to assist in the resolution of issues</p>
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			<p>between MM and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as MM and the circumstances sees fit. Consideration is given to the need to promote candor through confidentiality of the process, the policy of fostering prompt, economical, and amicable resolution of disputes in accordance with the principles of integrity of determination by the parties, and the policy that the decision-making authority in the process rests with the parties.</p> <p>(vi) MM shall establish an Investor Relations Office (IRO) to facilitate constant engagement with its shareholders. The IRO shall be present at every shareholders' meeting."</p> <p style="text-align: center;"><b>DUTIES TO STAKEHOLDERS</b></p> <p style="text-align: center;"><b>Respecting Rights of Stakeholders and Effective Redress for Violation of Stakeholder's Rights</b></p> <p>The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of</p>
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			<p>their rights.</p> <p>(i) The Board should identify the company's various stakeholders and promote cooperation between them and the company in creating wealth, growth and sustainability.</p> <p>(ii) The Board should establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p> <p>(iii) The Board should adopt a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights."</p>
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<b>Recommendation 14.3</b>			
<p>1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.</p>	<b>COMPLIANT</b>	<p>Provide the contact details (i.e., name of contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights.</p> <p>Provide information on whistleblowing policy, practices and procedures for stakeholders</p>	<p>The Investor Relations Department with contact number +632 8743 1111</p> <p>The policy on Whistle-blowing adopted is published on the website, as follows:  <a href="https://merrymart.com.ph/whistleblowing-policy.pdf">https://merrymart.com.ph/whistleblowing-policy.pdf</a></p>

**Supplement to Recommendation 14.3**

<p>1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.</p>	<p><b>COMPLIANT</b></p>	<p>Provide information on the alternative dispute resolution system established by the company.</p>	<p>The <b>Code of Corporate Governance</b> of MerryMart Consumer Corp., provides that: "It is the responsibility of the Board of Directors to establish an alternative dispute resolution system to settle intra-corporate disputes in an amicable and effective manner. As such, the Board of Directors normally engages the services of a neutral third party to assist in the resolution of issues between MM and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as MM and the circumstances sees fit. Consideration is given to the need to promote candor through confidentiality of the process, the policy of fostering prompt, economical, and amicable resolution of disputes in accordance with the principles of integrity of determination by the parties, and the policy that the decision-making authority in the process rests with the parties."</p>
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<b>Additional Recommendations to Principle 14</b>			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	<b>COMPLIANT</b>	Disclose any requests for exemption by the company and the reason for the request.	
2. Company respects intellectual property rights.	<b>COMPLIANT</b>	Provide specific instances, if any.	
<b>Optional: Principle 14</b>			
1. Company discloses its policies and practices that address customers' welfare	<b>COMPLIANT</b>	Identify policies, programs and practices that address customers' welfare or provide link/reference to a document containing the same.	Concerns of customers can be conveyed to the company through its Customer Care.
2. Company discloses its policies and practices that address supplier/contractor selection procedures	<b>COMPLIANT</b>	Identify policies, programs and practices that address supplier/contractor selection procedures or provide link/reference to a document containing the same.	The company has adopted a policy on the accreditation and selection of suppliers and contractors through bidding.

**Principle 15:** A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

**Recommendation 15.1**

<p>1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.</p>	<p><b>COMPLIANT</b></p>	<p>Provide information on or link/reference to company policies, programs and procedures that encourage employee participation.</p>	<p>The <b>Code of Corporate Governance</b> of provides:</p> <p><b>Encouraging Employees' Participation</b></p> <p>"A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.</p> <p>(i) The Board should establish policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.</p> <p>(ii) The Board should set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct. Further, the Board should disseminate the policy and program to employees across the organization through trainings to embed them in the company's culture.</p> <p>(iii) The Board should establish a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns. The</p>
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			Board should be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement."
<b>Supplement to Recommendation 15.1</b>			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	<b>NON-COMPLIANT</b>	Disclose if company has in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders.	.
2. Company has policies and practices on health, safety and welfare of its employees.	<b>COMPLIANT</b>	Disclose and provide information on policies and practices on health, safety and welfare of employees. Include statistics and data, if any.	<a href="https://merrymart.com.ph/Health&amp;Safety.pdf">https://merrymart.com.ph/Health&amp;Safety.pdf</a>
3. Company has policies and practices on training and development of its employees.	<b>COMPLIANT</b>	Disclose and provide information on policies and practices on training and development of employees. Include information on any training conducted or attended.	The company facilitates training and Development of employees through update of skills and knowledge. <a href="https://merrymart.com.ph/safety-training.pdf">https://merrymart.com.ph/safety-training.pdf</a>

<b>Recommendation 15.2</b>			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	<b>COMPLIANT</b>	Identify or provide link/reference to the company's policies, programs and practices on anti-corruption	The <b>Code of Corporate Governance</b> of MerryMart Consumer Corp., provides:  <b>Encouraging Employees' Participation</b>
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	<b>COMPLIANT</b>	Identify how the board disseminated the policy and program to employees across the organization	"The Board should set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct. Further, the Board should disseminate the policy and program to employees across the organization through trainings to embed them in the company's culture."  The initial policy against receipt of gifts for third parties and the need to surrender of any Christmas gifts to the Human Resources was disseminated through the organization through electronic mail.
<b>Supplement to Recommendation 15.2</b>			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	<b>COMPLIANT</b>	Identify or provide link/reference to the company policy and procedures on penalizing employees involved in corrupt practices. Include any finding of violations of the company policy.	The Code of Business Ethics provides on receiving gifts from third parties that:  "Every employee must perform his duties in accordance with the highest ethical and professional standards of the Company with diligence of a good father of a family. Further, receipt of gifts from third parties must at all times be dealt with in a prudent manner."  <a href="https://merrymart.com.ph/code-of-ethics.pdf">https://merrymart.com.ph/code-of-ethics.pdf</a>

**Recommendation 15.3**

<p>1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation</p>	<p><b>COMPLIANT</b></p>	<p>Disclose or provide link/reference to the company whistle-blowing policy and procedure for employees.  Indicate if the framework includes procedures to protect the employees from retaliation.  Provide contact details to report any illegal or unethical behavior.</p>	<p>Section 5 of the Whistle-Blowing Policy provides that:</p> <p><b>"PROTECTION OF AND REMEDIES OF A WHISTLE-BLOWER</b></p> <p>5.1 For this policy to be effective, the concerned parties must be adequately assured that the information given will be treated in a confidential manner and, above all, that they will be protected against retaliation from within or without the Company. The Company will maintain as confidential the whistleblower's identity unless: xxxxx</p> <p>5.2 Retaliation against any whistleblower shall not be permitted."</p>
<p>2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.</p>	<p><b>COMPLIANT</b></p>	<p>Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.</p>	<p>Section 2 , on Purpose of the Policy, provides:</p> <p>" xxxx The other aims if this Policy are:</p> <p>a) To provide an avenue for raising concerns related to corruption, fraud and other misconduct."</p>
<p>3. Board supervises and ensures the enforcement of the whistleblowing framework.</p>	<p><b>COMPLIANT</b></p>	<p>Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.</p>	<p>Further, in Section 5, the Policy commits to the whistle-blower the help of the President and the Managing Director under certain circumstances:</p> <p>"xxxxx the President or his duly authorized representative, subject to the Company's rules and regulations, shall guarantee the confidentiality of the identity an individual who submits a</p>

			<p>whistle-blowing complaint or is a witness in an investigation;</p> <p>xxxxx</p> <p>c) Where a party external to the Company reasonably believes he or she is threatened with retaliation because he or she assisted in an investigation or an audit by the Company, the Managing Director, on the recommendation of the President or his duly authorized representative, shall commit the Company to provide reasonable and appropriate assistance to secure that party's protection."</p>
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**Principle 16:** The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

**Recommendation 16.1**

<p>1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.</p>	<p><b>COMPLIANT</b></p>	<p>Provide information or reference to a document containing information on the company's community involvement and environment-related programs.</p>	<p>The Code of Corporate Governance</p> <p>"The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.</p> <p>The company should recognize and place an importance on the interdependence between business and society, and promote a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates."</p>
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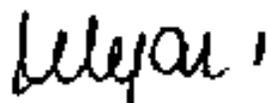
**Optional: Principle 16**

<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>	<p><b>COMPLIANT</b></p>	<p>Identify or provide link/reference to policies, programs and practices to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development.</p>	<p><a href="https://merrymart.com.ph/social-responsibility.pdf">https://merrymart.com.ph/social-responsibility.pdf</a></p>
<p>2. Company exerts effort to interact positively with the communities in which it operates</p>	<p><b>COMPLIANT</b></p>	<p>Identify or provide link/reference to policies, programs and practices to</p>	<p>The Company has signed a Corporate Social Responsibility Partnership deal with</p>

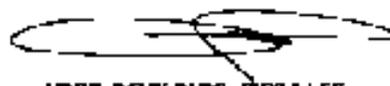
		<p>interact positively with the communities in which it operates.</p>	<p>Jollibee Group Foundation on June 27, 2019 to support its programs, primarily the Farmer Entrepreneurship Program. This program aims to increase the capabilities of smallholder farmers as well as enhance their income by linking them to the supply chain of institutional markets such as Jollibee and MerryMart. All MerryMart supermarkets nationwide will also host the foundation's coin banks for its Busog Lusog Talino school feeding program across the country</p>
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Pursuant to the requirement of the Securities and Exchange Commission (SEC), this Integrated Annual Corporate Governance Report of the MerryMort Consumer Corp. (Company) is signed by the undersigned in PASAY CITY on MAY 14 2021.

  
EDGAR J. SIA II  
Chairman 

  
FERDINAND J. SIA  
President

  
JOSE ROELPHIE DESALES  
Compliance Officer

  
ATTY. JACQUETTE ANN MARIBOU GOMEZ  
Corporate Secretary

  
ATTY. VICTORIA R. TAMAYO  
Independent Director

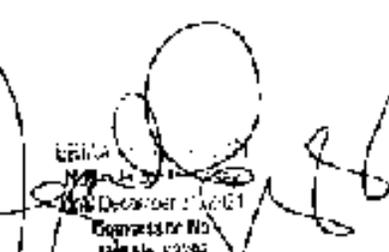
  
GARY P. CHENG  
Independent Director

MAY 14 2021

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ Affiants  
exhibited to me the following competent evidence and identify, as follows:

Name	Passport/ID	Valid Until	Issued At
EDCAR J. SIA II	P2057771A	February 27, 2022	DFA Manila
FERDINAND J. S. A	P7882799A	July 10, 2028	DFA Manila
JOSE ROELPH E. DESALES	P94-95-02/676	April 2, 2024	DFA Manila
JACQUILINE ANN MARIE C. GOMEZ	P6783876A	April 16, 2028	DFA Manila
VICTORIA R. TAMAYO	P7675941A	6/25/2028	DFA Manila
GARY P. CHENG	P7178698A	5/15/2028	DFA Manila

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Book No. 4  
Series of 2021

  
BEENA  
Notary Public  
156 December 1, 2021  
Registry No.  
Roll No. 63385  
156 Lina Alina Member No. 012614/0125-2014  
EPN No. 752012 MAIN/2011/Manila City  
Cebu Dragon Headquarters, 101 Meralco Tower 1  
Davao Dragon Plaza, Old Meralco Park  
Cor. Macapagal Avenue & LUNA Rd., Bay Area, Davao City

## SUSTAINABILITY REPORT

### Contextual Information

Company Details	
Name of Organization	<b>MerryMart Consumer Corp.</b> (“MM” or the “Company”)
Location of Headquarters	9 <sup>th</sup> Floor, Tower 1, DoubleDragon Plaza, EDSA Extension corner Macapagal Avenue, Pasay City
Location of Operations	Various places around the Philippines (Annex A)
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	MerryMart Grocery Centers, Inc.
Business Model, including Primary Activities, Brands, Products, and Services	MERRYMART is composed of company-owned and franchised retail stores and wholesale/distribution centers. The business model is to shift existing local and traditional groceries to modern branded retail chain network using online digital network and applications, in line with the future developments of the country.
Reporting Period	January 1, 2021- December 31, 2021
Highest Ranking Person responsible for this report	Jose Roelph Desales – Chief Compliance Officer

*\*If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

## Materiality Process

### Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.<sup>1</sup>

The experience brought in by key executive and managerial personnel of the Company complemented by interaction and close dealings with customers, regulators, suppliers and other stakeholders (collectively “stakeholders”) contributed largely to the determination of the factors which are key to the operations of the Company.

The following steps were undertaken:

- Understanding the Sustainability Context.
- Consultations and Dialogue with Stakeholders.
- Identifying Material Topics.
- Measuring Performance and Defining Management Approaches.

We referred to the UN Sustainable Development Goals as our reference to evaluate our impact to environment, economy, and society is linked to delivering on specific SDG targets.

## ECONOMIC

MERRYMART is committed to the **12-12-12 Vision 2030** with the goal of rolling out a total of 1,200 MERRYMART branches nationwide. This number and volume will achieve the Php 120 Billion in systemwide sales revenue envisioned, and eyes a timetable to achieve the set targets within 12 years from listing in the year of 2020. MM’s aims and ensures that it will have all the essential goods in one place or just a digital click away to help guarantee this mission and vision.

### Economic Performance

#### Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	3,931,137,517	PhP
Direct economic value distributed:		
a. Operating costs	3,860,021,060	PhP
b. Employee wages and benefits	121,453,457	PhP
c. Payments to suppliers, other operating costs	3,912,412,452	PhP
d. Dividends given to stockholders and interest payments to loan providers	-	PhP
e. Taxes given to government	118,926,898	PhP
f. Investments to community (e.g. donations, CSR)	-	PhP

<sup>1</sup> See [GRI 102-46](#) (2016) for more guidance.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>The Company has 78 stores operating nationwide in the year 2021.</p> <p>The company will continue to innovate in the distribution centers and online order and system.</p>	<p>Employees, Community, Suppliers, Investors, Creditors, Government</p>	<p>The Company continues to prioritize inclusive growth and building the network to sustainably connect the products to the end-user.</p>

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p>The current risks identified are market competition, weather catastrophes that causes disruption in the chain of delivery of consumer goods and logistical challenges racing along with the e-commerce.</p> <p>MM will continue to increase and improve its flow of goods has a fixed capacity in terms of storage, sale and delivery. The Annual Report contains the discussion of the risks identified during the operations.</p>	<p>Employees, Suppliers, Investors, Government</p>	<p>The MM management will continue to use its advantage of nimble execution to fully respond to the current conditions of the market. It will continue its approach of ably fine-tuning its execution to mitigate any risks and challenges during the operations.</p> <p>The management already prioritizes digital innovations for faster distribution of goods, in response to the needs of the customers especially in the areas with limited movement programs.</p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p>The significant opportunity highlighted by the pandemic experience is the need for a larger and more robust and responsive essential goods service network. The need to focus on better delivery of service was a clear takeaway from the company's experience.</p>	<p>Employees, Suppliers, Investors, the Community and Government</p>	<p>Along with the continuous move towards automation of processes, and online presence. The management will pursue collaborative opportunities with the local government to serve and help the specific needs of each community, and on the precise moment they need it.</p>

Climate-related risks and opportunities<sup>2</sup>

MM will continue to find opportunities to lessen the negative impact of operations on the climate.

MM is aware that climate-related risks are manifested as natural catastrophes. The Company will align with initiatives to help the general welfare, locally and nationally. The operations team have experienced the effect of several typhoons but have never shut down operations. These challenges provide the team with invaluable scenarios to apply and set the best-practice protocol to future-proof the MM operations.

MM will further study and apply sustainable practices in the course of its operations.

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<sup>2</sup> Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset

owners.

**Procurement Practices**

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	Not yet monitored	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>MM continues to provide fresh capital in this expansion stage by investing in more areas nationwide. It redounds to the benefit and advantage of the localities of its stores and centers.</p> <p>MM continues in its plan to support and expand the development of every locality in which it operates the business.</p>	Suppliers and contractors	The Company's accreditation process requires or supports the proper registration of business entities and yearly reporting (e.g. SEC and DTI Registration, BIR registration, Business Permits, Audited Financial Statements). The local pool of suppliers and contractors are tapped for provisions of the sites.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Logistic delays, availability of goods based on demand, and damage to the quality of goods that may occur due to the nature or the items, are risks identified in the distribution of the supplies.	Employees, Suppliers, and Customers.	<p>The Company continues to learn, innovate and set the protocols and standards of its operations through policies and make sure that all stakeholders will be able to comply with it.</p> <p>MM values the best approaches learned through experience and being part of the industry, it uses the industry standards as the guidelines for the Company Policies and Conduct within its organization and highlighted during the relevant orientation of the stakeholders.</p>

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p>New channels for business such as better and more sustainable materials for packaging to ensure uniform standard of goods, service and delivery.</p> <p>Better synergy with the suppliers and customers with the use of technology and the online network for faster, consistent, uniform and efficient routine transactions.</p>	Employees, Suppliers, and Customer.	The Company monitors and checks the system of sourcing and collaboration with the providers regularly. This will ensure competitive edge in the industry.

### Anti-corruption

#### Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	N/A	%
Percentage of employees that have received anti-corruption training	100	%

MM's has a strict policy against corruption.

This policy is likewise discussed in every orientation for new employees and annual employee general assembly.

The company will continue to review the policies aimed to prevent and deter corruption.

- Conflict of Interest
- Conduct of Business and Fair Dealings
- Prohibition on Solicitation/Receipt of Gifts from Third Parties
- Compliance with Laws and Regulations
- Respect for Trade Secrets/Use of Non-public Information
- Protection of Data Privacy
- Use of Company Funds and Assets
- Employment and Labor Laws and Policies
- Whistleblowing
- Related Party Transactions

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
MM knows the impact and effects of Corruption is inconsistent with its priorities and vision. Unfair practices will be implemented once corruption is in the system, Corrupt practices will erode the goals set to achieve the common vision of the Company.	Employees, Suppliers, Government Regulators	The Company has the above policies to keep employees and other stakeholders aware of the proper actions in transactions and dealings. These policies are either posted in the Company's website and incorporated in various contracts entered by the Company.  The Company ensures to keep the implementation of anti-corrupt practices consistent from top to bottom of the company and give it the proper importance, educating all the stakeholders to be mindful in everyday dealings.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Stakeholders will only lookout for themselves and their immediate concern. The net benefit to the company and all the stakeholders will be diminished and delay the growth potential of the company.	Employees, Suppliers, Investors	The Company ensures the standards set in the Policies are always given importance by the employees, and suppliers. Programs are continuously being developed to keep everyone educated of the proper way in doing transactions to avoid corrupt practices.
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
No significant opportunities identified.		

#### Incidents of Corruption

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
There was no case of corruption within or against the Company in the reporting year.	Employees, Suppliers and Government	The Company continues as practice, introduces the Anti-corruption policies to all the stakeholders, especially the employees. Then the internal controls and monitoring put in place in the daily transactions strengthens it during implementation of tasks and dealings.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The risk will be always present as the Company continually grows, develops and evolves for its needs.	Employees, Suppliers and Government	<p>The Company will always make the Policies a priority during the selection and hiring of new employees, and regularly conduct re-orientation programs.</p> <p>As the Company uses more technologically advanced tools for more efficiency and responsive actions for the needs of the times, the management will ensure that checks and balances will be in place to ensure and comply with the Anti-Corruption Policies.</p>
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company implements and continuously finds ways to advance with technology. There is an opportunity to integrate applications and securities as check and balances for corruption.	Employees, Suppliers and Government.	The Company will allocate enough resources to ensure that the Policies will be given the same advancement through technology.

## ENVIRONMENT

### Resource Management

#### Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	N/A	GJ
Energy consumption (gasoline)	58,247.22	liters
Energy consumption (LPG)	N/A	GJ
Energy consumption (diesel)	2,518.69	liters
Energy consumption (electricity)	10,414,544.00	kWh

#### Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	N/A	GJ
Energy reduction (LPG)	N/A	GJ
Energy reduction (diesel)	N/A	GJ
Energy reduction (electricity)	N/A	kWh
Energy reduction (gasoline)	N/A	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>It is to be expected that there is a continues increase in the Company's energy consumption and dependency on the grid because of it is in its fast- growing stage of its business operations.</p> <p>The Company bears in minds and keeps sustainable practices in the use of resources as it continues to build more establishments and sites.</p>	<p>Employees, suppliers and customers</p>	<p>The management explores ways to implement sustainable practices in the operations. It keeps abreast of advancements and best practices for future implementation within the organization.</p>

<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
No identified significant risks yet.		
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
There is a greater push to increase online presence through online stores, online payment and better logistic delivery systems. This would help in the efficient use of energy and resources to deliver the items to the consumers.	Landlords if any, suppliers, and customers.	The Company will continue to align with programs to ensure reduction of energy consumption. In the business operations, sustainable practices will be given priority in the planning and execution of these plans.

Water consumption within the organization

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Water withdrawal	N/A	Cubic meters
Water consumption	14,238	Cubic meters
Water recycled and reused	N/A	Cubic meters

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<p>The Company continues and only sources its water supply from compliant water companies and providers. We do not use water from unregulated suppliers exploiting underground water causing water depletion.</p> <p>The Company continues to adhere to safety and pollution controls in the efficient use of its water supply.</p>	Suppliers, customers, employees and community	The management has already put in place and continue the program on water conservation education in areas where water is used in each department. The employees are trained to keep these conservation policies in each location. Each site has the pollution control officers ensure that each location is compliant on the level required by the government
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Water depletion and shortage.	Suppliers, employees, customers, the community and the Company itself.	<p>The Company will prioritize water haulers/suppliers with proper government accreditation and safe practices.</p> <p>The Company will align its contracts and Policies towards mitigating these risks.</p>
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The developments towards use of technology and the digital network will provide an opportunity for less consumption of the water resource.	Suppliers, employees, customers, the community and the Company itself.	The Company may explore avenues to use less and contribute in keep our underground water with enough levels to sustain the future needs.

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
<input type="checkbox"/> renewable	N/A	kg/liters
<input type="checkbox"/> non-renewable	N/A	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	N/A	%

The Company is located in malls with properly government- accredited garbage haulers. And the Company will only contract with haulers who are compliant with government standards.

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
N/A	N/A	N/A
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
N/A	N/A	N/A
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
N/A	N/A	N/A

Ecosystems and biodiversity (whether in upland/ watershed or coastal/ marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A	
Habitats protected or restored	N/A	ha
IUCN <sup>3</sup> Red List species and national conservation list species with habitats in areas affected by operations	N/A	

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<sup>3</sup> International Union for Conservation of Nature

None of the Company's operational sites are located within protected areas.

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
N/A	N/A	N/A
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
N/A	N/A	N/A
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
N/A	N/A	N/A

### Environmental impact management

#### Air Emissions

#### GHG

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Direct (Scope 1) GHG Emissions	No available data	Tonnes CO2e
Energy indirect (Scope 2) GHG Emissions	No available data	Tonnes CO2e
Emissions of ozone-depleting substances (ODS)	N/A	Tonnes

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<p>The scope 1 GHG emissions are the result of operation of generator sets, which are provided by the malls.</p> <p>The Company's impact is only in places prone to temporary power outage.</p>	Landlords (malls, and other sites), customers and the community.	The Company is participating in trainings and seminars of the Department of Energy and Natural Resources on reduction of emission of Greenhouse Gases. Planning ahead of announced power outage will limit the operations reliance on the power given by the generator sets.

<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
No significant risk identified <i>yet</i> .		
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
No significant opportunities identified <i>yet</i> .		

Air pollutants

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
NO <sub>x</sub>	N/A	kg
SO <sub>x</sub>	N/A	kg
Persistent organic pollutants (POPs)	N/A	kg
Volatile organic compounds (VOCs)	N/A	kg
Hazardous air pollutants (HAPs)	N/A	kg
Particulate matter (PM)	N/A	kg

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company is not yet operating any generator sets causing air pollution. So far the impact of the company is insignificant.	Employees, customers and community.	The Company will comply with the standards set by the government for clean air emissions.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
No significant risks identified <i>yet</i> .		
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
No significant opportunities <i>yet</i> .		

**Solid and Hazardous Wastes**

*Solid Waste*

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Total solid waste generated	N/A	kg
Reusable	N/A	kg
Recyclable	N/A	kg
Composted	N/A	kg
Incinerated	N/A	kg
Residuals/Landfilled	N/A	kg

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company observes proper disposition of waste before it is collected by accredited waste disposal contractors. This practice gives the haulers a more efficient way to recycle the waste materials.	Contractors, customers, and the community.	The management will strengthen pollution controls in the business operations. Pollution Control training will be conducted by the officers sent by the company for training with the Department of Environment and Natural Resources.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
No significant risks are identified yet.		

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
No significant opportunities are identified yet.		

*Hazardous Waste*

Disclosure	Quantity	Units
Total weight of hazardous waste generated	N/A	kg
Total weight of hazardous waste transported	N/A	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
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The Company knows and observes the proper waste disposal of hazardous materials. It ensures that the collection of these materials will be compliant to the proper process.	Suppliers, customers and community.	The Company ensures that hazardous waste is hauled by a contracted waste disposal contractor duly accredited by the DENR which dispose it in landfills duly identified by the government.
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What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
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No significant risks are identified yet.		
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What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
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No significant opportunities identified yet.		
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## Effluents

Disclosure	Quantity	Units
Total volume of water discharges	N/A	Cubic meters
Percent of wastewater recycled	N/A	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company knows that the proper way of disposal of waste water is through waste water treatment facilities. The Company requires and asks that its landlords which are usually the malls, to make sure it observes waste water treatment.	Community, suppliers , employees and government	The Company ensures that its wastewater treatment facilities comply with the regulatory requirements set by the DENR. It prioritizes the importance of safety of the stakeholders in the community.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No significant risks are identified yet.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
No significant opportunities are identified yet.		

## Environmental compliance

### Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	N/A	#
No. of cases resolved through dispute resolution mechanism	N/A	#

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The company studies and complies the government standards in the use of the natural resources. The Policies being put in place considers the standards set by the government for compliance of the Company thereby reducing unlawful use of water, and other resources.	Employees, the Company and community.	The Company ensures compliance of environmental laws and standards on all of its sites and units.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
No significant risks identified yet.		
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
No significant opportunities identified yet.		

## SOCIAL

### Employee Management

#### Employee Hiring and Benefits

##### Employee data

Disclosure	Quantity	Units
Total number of employees <sup>4</sup>	360	
a. Number of female employees	200	#
b. Number of male employees	160	#
Attrition rate <sup>5</sup>	1.7%	Ave Rate
Ratio of lowest paid employee against minimum wage	1:1	

##### Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	100%	100%
PhilHealth	Y	100%	100%
Pag-IBIG	Y	100%	100%
Parental leaves	Y		
Vacation leaves	Y	100%	100%

*Sustainability Report for 2021*

Sick leaves	Y	100%	100%
Medical benefits (aside from PhilHealth))	Y	HMO -57%	HMO - 43%
Housing assistance (aside from Pag-IBIG)	N		
Retirement fund (aside from SSS)	Y		
Further education support	Y		
Company stock options	N		
Telecommuting	Y		
Flexible-working Hours	Y		
(Others) Life Insurance	Y		

*\*\*Unutilized sick and vacation leaves are convertible to cash.*

*\*\*\*All employees are covered by mandatory benefits set by law.*

MM is fully compliant to mandatory benefits, minimum wage and the labor standards set by law. The Company also provides additional benefits and perks based on industry standards to provide and take care of its employees..

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<sup>4</sup> Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

<sup>5</sup> Attrition are = (no. of new hires - no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

## Workplace Safety

Much like in the year 2020, in 2021 the Company had no incidents resulting to deaths, nor serious injuries involving permanent or probationary employees. The Company will continue to monitor and ensure that work safety standards in place are maintained to keep the safety of employees a priority.

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
<p>The Company provides and or renovates its sites to be a safe environment in each locality, following the prescribed standards of its consultants and the building and accessibility laws.</p> <p>The impact on the over-all surroundings of the employees generate a healthier and safer work environment.</p>	<p>MM provides in addition to the basic employee benefits mandated by law, competitive compensation and benefit package which are higher than the minimum. The Company also provides ample amount of commutable leave credits, health card availment, so that prevention of sickness will be available for the employees and others.</p>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
<p>The Covid-19 measure implemented during the pandemic identified risks of travel and health safety of our front-liners in the business. The Company prioritizes and provides subsidy for the employee's well-being.</p>	<p>MM puts importance in employee welfare. Subsidies for essentials are provided as well as shelter accommodations during lockdown to maintain the free flow of essential goods in the market.</p>

What are the Opportunity/ies Identified?	Management Approach
MM will explore more advanced tools to limit the risk exposures in the frontlines.	MM will continuously improve in providing adequate automated facilities and tools for its employees.

#### Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	440	hours
b. Male employees	536	hours
Average training hours provided to employees		
a. Female employees	2.2	hours/employee
b. Male employees	3.35	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
MM is newly-expanding company and knows the need to train and develop employee skills and supporting career development. By providing opportunities for training and development, the Company hopes that the employees will also quickly adapt to new challenges in the company's hypergrowth years.	<p>The Company, throughout the pandemic continued hiring. The team still provided departmental immersion and safety compliance during training of the new hires.</p> <p>Selected key employees continue to attend certification training such as Basic Occupational Health and Safety Training.</p>

<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
The need for safety compliance and social distancing has provided challenges for the team in providing relevant experience training and orientation.	Through Management support and priority, the team provides online materials and training seminars for the employees.
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
The Company has established training materials and development program that will continue to address the competency requirements of the employees to increase productivity and improve engagement in the workplace.  The Company will continue to develop online or materials based training.	The Company has implemented Performance Review process and will continue to provide baseline reference to create learning and development programs.

#### Labor-Management Relations

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	0	#

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
MM management continues its vital role of harmonious labor-management relations. As the Company continues on its growth, the employees are given greater chance to contribute in the company policies and plans through feedbacks and suggestions.	The management implements a consultative and open-door approach to raise concerns and gather feedback from our employees.  These concerns whether business or personal related are addressed and given priority during Policy changes..

<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
No material risks identified yet.	
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
No opportunities identified yet.	

### Diversity and Equal Opportunity

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
% of female workers in the workforce	55	%
% of male workers in the workforce	45	%
Number of employees from indigenous communities and/or vulnerable sector*	2	#

*\*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
The Company does not discriminate its employees on the basis of personal characteristics, such as but not limited to, race, sex, religion, gender orientation, political opinion, and others. In fact, the company has more or less an equal number of male and female employees.	The Company promotes equal employment opportunity to applicants, without discrimination on the basis of race, sex, religion, gender orientation, or other personal characteristics.  The Company also ensures to comply with Philippine labor laws related to diversity; including policies on discrimination and harassment, and unfair treatment in the workplace.
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
No significant risks identified yet.	
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
No opportunities identified yet.	

## Workplace Conditions, Labor Standards, and Human Rights

### Occupational Health and Safety

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Safe Man-Hours	N/A	Man-hours
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work related ill-health	0	#
No. of safety drills	0	#

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
<p>The Company's designed workplaces follows drawings and designs of consultants to minimize or prevent accidents as well as raise efficiency.</p> <p>Before hiring the employees are physically checked for conditions which may be at risk at work and the annual physical exam is done to keep everyone healthy within the workplace.</p> <p>Because the company allocates resources for proper renovations with workplace safety in mind, the stores in leased premises are identical to company-owned stores. These have passed the standards and inspection of the government agencies.</p>	<p>The Company partners with a Health Maintenance Organization (HMO) and ensures its employees' health and wellness by mandating employees to undergo annual physical examinations. The Company aims to prevent illnesses and/or progress of illnesses.</p> <p>The company supports the training of Safety Officers and First-Aiders and an nurses/doctors, if the number of employees require it, who provide immediate assistance. Moreover, various sites have partnerships with nearby clinics and hospitals. Personnel can assist in taking the employee to a nearby medical facility for treatment.</p> <p>The Company also sends representatives for Basic Occupational Safety &amp; Health Training, as well as first-aid training.</p>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
No risks identified yet.	
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
No opportunities identified yet.	

### Labor Laws and Human Rights

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the Company policy
Forced labor	N	While the Company does not have a written policy on these subjects, the Company complies with the provisions of labor laws which prohibits forced labor, child labor and ensures protection of human rights.
Child labor	N	
Human Rights	N	

*For holding companies, the services and products of its subsidiaries may be disclosed.*

## **Relationship with Community**

### **Significant Impacts on Local Communities**

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
No data yet.					

*\*Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available:

### **Not applicable.**

Certificates	Quantity	Units
FPIC process is still undergoing	N/A	#
CP secured	N/A	#

<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
No significant risks identified yet.	
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
MM will support local retail suppliers. It will align with the DTI, for local retailers to have opportunities.	The Company will align with the LGUs and local communities to offer support on programs to strengthen community relationships and bonds.

## **Customer Management**

### **Customer Satisfaction**

<b>Disclosure</b>	<b>Score</b>	<b>Did a third party conduct the customer satisfaction study (Y/N)?</b>
Customer satisfaction	N/A	N

No survey on customer satisfaction has been conducted by a third party.

### **Health and Safety**

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	N/A	#

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

### **Marketing and labeling**

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
No. of substantiated complaints on marketing and labeling	0	#
No. of complaints addressed	0	#

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
<p>The Company's commitment to compliance with building standards, health and sanitation programs, procedures and facilities ensures that the sites are safe for the customers and employees.</p> <p>The Company ensures that the structures under its management are equipped and safe lessening the over-all risk of accidents in the locality.</p>	<p>The Company endeavors to update itself in the progress of accessible facilities and equipment and other measures for priority persons such as children, senior citizens and the differently-abled persons.</p> <p>The Company participates in fire prevention drills, national disaster coordination and will continue to join the programs of the government in preparation for any disaster.</p>

<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
<p>Occurrence of situations like Covid,-19 outbreak and pandemic, accidental mishaps and natural disasters most of the time cannot be prevented.</p>	<p>The Company will continue to assess, prepare and implement health programs of the government, disaster preparedness and training. The Company will give proper support for the training of the employees.</p>

	Medical and administrative teams at every project will be equipped to handle first aid procedures in case of emergencies, and cooperation with clinics are also on standby for any emergency, and have connections with hospitals near the malls for major emergencies.
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
No Opportunities identified yet.	

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	N/A	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

Data Privacy and Security

MM collects personal data of its customers, clients and other individuals the Company has transactions depending on the type of information the law requires to support and complete a particular transaction. The data is processed in local servers equipped with access controls and logs through specific and designated computers. MM ensures that it contracts IT and data services only with reputable and credible companies .

**UN SUSTAINABLE DEVELOPMENT GOALS**

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Essential Goods Supply and Distribution Through Stores  Creation of Online Order and Delivery Systems	The Company provides an accessible and safe way to respond to the current needs of the customers. It contributes to a faster, more efficient and safer operation to support an increased economic activity and promote job creation in the areas where our businesses are located.	Use of non-sustainable packaging.	The Company will endeavor to use sustainable packaging and consider best practices towards this goal.
Distribution Centers in Other Localities of the Philippines  Partnerships with Online Distribution Companies	Decentralizing supply centers will help keep more supplies for localities and decongest the ports and roads due to frequent need for stocking and deliveries. It will help empower the localities because of the sufficient supply of goods in the area.	These centers will be large structures had a negative effect with the use on raw materials and smoke emissions during construction.	The Company will explore avenues to throughout its operations to provide positive impact in the locality.

*\*None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*

**Annex D**  
**Unaudited Audited Financial Statements**  
**as of September 30, 2022**

**MERRYMART CONSUMER CORP.  
AND SUBSIDIARIES**

(Formerly Injap Supermart Inc.)

**UNAUDITED CONDENSED CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS**

**As at September 30, 2022 and December 31, 2021 and  
For the Nine Months Ended September 30, 2022 and 2021**

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

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**CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**

	September 30, 2022 Unaudited PHP	December 31, 2021 Audited PHP
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	P1,740,630,810	P2,030,327,961
Receivables	138,550,880	86,062,063
Inventories	2,282,488,462	1,372,727,670
Prepaid expenses and other current assets	466,712,900	292,638,800
<b>Total Current Assets</b>	<b>4,628,383,052</b>	<b>3,781,756,494</b>
<b>Noncurrent Asset</b>		
Property and equipment	2,390,869,154	1,718,685,658
Right-of-use asset	466,108,691	449,025,449
Intangible asset	49,746,930	54,962,301
Deferred tax asset	66,144,987	37,919,270
Other noncurrent assets	659,445,460	450,109,053
<b>Total Noncurrent Asset</b>	<b>3,632,315,222</b>	<b>2,710,701,731</b>
	<b>P8,260,698,274</b>	<b>P6,492,458,225</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and other current liabilities	P1,092,781,149	822,473,155
Short-term loans payable	2,285,773,943	1,295,000,000
Income tax payable	20,380,061	-
<b>Total Current Liabilities</b>	<b>3,398,935,153</b>	<b>2,117,473,155</b>
<b>Noncurrent Liability</b>		
Retirement benefits liability	32,727,271	9,085,689
Loans payable	2,224,369,919	1,997,053,555
Lease Liabilities	435,679,437	407,535,140
Other noncurrent liabilities	43,220,681	2,580,000
<b>Total Noncurrent Liabilities</b>	<b>2,735,997,308</b>	<b>2,416,254,384</b>
<b>Total Liabilities</b>	<b>6,134,932,461</b>	<b>4,533,727,539</b>
<b>Equity</b>		
Capital stock	379,746,835	379,746,835
Additional paid-up capital	1,386,292,253	1,386,292,253
Retained earnings	203,479,643	180,339,438
Remeasurement gain on defined benefit	659,303	659,303
	<b>1,970,178,034</b>	<b>1,947,037,829</b>
Non Controlling Interest	155,587,779	11,692,857
<b>Total Equity</b>	<b>2,125,765,813</b>	<b>1,958,730,686</b>
	<b>P8,260,698,274</b>	<b>P6,492,458,225</b>

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

**CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021**

	September 30, 2022	September 30, 2021
	Unaudited	Unaudited
<b>REVENUE</b>		
Sale of goods	P4,464,082,981	P2,753,066,867
Display rental	16,821,850	18,346,083
Other operating income	73,703,025	38,425,528
	4,554,607,856	2,809,838,478
<b>COST OF SALES</b>	<b>3,783,187,596</b>	<b>2,395,502,992</b>
<b>GROSS PROFIT</b>	<b>771,420,260</b>	<b>414,335,486</b>
<b>OPERATING EXPENSES</b>	<b>699,311,251</b>	<b>376,527,915</b>
<b>INCOME FROM OPERATIONS</b>	<b>72,109,009</b>	<b>37,807,571</b>
INTEREST EXPENSE	(17,425,382)	(8,754,019)
INTEREST INCOME	1,476,734	1,215,234
<b>INCOME BEFORE TAX</b>	<b>56,160,361</b>	<b>30,268,786</b>
<b>INCOME TAX EXPENSE (BENEFIT)</b>		
Current	(15,647,013)	(29,334,134)
Deferred	1,978,935	22,070,748
	(13,668,078)	(7,263,386)
<b>NET INCOME/TOTAL COMPREHENSIVE INCOME</b>	<b>P42,492,283</b>	<b>P23,005,400</b>
<b>Net income/Total comprehensive income attributable to:</b>		
Equity holders of the Parent Company	23,140,205	23,005,400
Non-controlling interest	19,352,078	-
	P42,492,283	P23,005,400

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

**CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2022 AND 2021**

	<b>September 30, 2022</b>	September 30, 2021
	<b>Unaudited</b>	<b>Unaudited</b>
<b>REVENUE</b>		
Sale of goods	<b>P1,645,178,526</b>	P949,867,183
Display rental	<b>4,440,907</b>	5,712,255
Other operating income	<b>30,391,372</b>	10,498,431
	<b>1,680,010,805</b>	966,077,869
<b>COST OF SALES</b>	<b>1,413,086,063</b>	798,169,430
<b>GROSS PROFIT</b>	<b>266,924,742</b>	167,908,439
<b>OPERATING EXPENSES</b>	<b>247,956,859</b>	157,219,799
<b>INCOME FROM OPERATIONS</b>	<b>18,967,883</b>	10,688,640
INTEREST EXPENSE	<b>(5,692,342)</b>	(2,277,037)
INTEREST INCOME	<b>287,185</b>	283,331
<b>INCOME BEFORE TAX</b>	<b>13,562,726</b>	8,694,934
<b>INCOME TAX EXPENSE (BENEFIT)</b>		
Current	<b>11,349,811</b>	(11,786,053)
Deferred	<b>(14,666,811)</b>	9,683,153
	<b>(3,317,000)</b>	(2,102,900)
<b>NET INCOME/TOTAL</b>		
<b>COMPREHENSIVE INCOME</b>	<b>P10,245,725</b>	P6,592,034
<b>Net income/Total comprehensive income attributable to:</b>		
Equity holders of the Parent Company	<b>4,946,844</b>	6,592,034
Non-controlling interest	<b>5,298,882</b>	-
	<b>P10,245,725</b>	P6,592,034

**MERRYMART CONSUMER CORP. AND SUBSIDIARY**  
(Formerly Injap Supermart Inc.)  
(A Wholly-owned Subsidiary of Injap Investments, Inc.)  
**CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY**

	Capital		Additional paid-up capital	Remeasurement loss on defined benefit	Retained Earnings		Non- Controlling Interest	Total
	Stock				Unappropriated	Appropriated		
Balance at December 31, 2020	P379,746,835	P1,386,292,253	(P1,456,391)	P146,834,756	P-	P146,834,756	P-	P1,911,417,453
Stock issuance cost	-	-	-	(800,000)	-	(800,000)	-	(800,000)
Net income/total comprehensive income for the period	-	-	-	23,005,400	-	23,005,400	-	23,005,400
Balance at September 30, 2021	P379,746,835	P1,386,292,253	(P1,456,391)	P169,040,156	P-	P169,040,156	P-	P1,933,622,853
Balance at December 31, 2021	P379,746,835	P1,386,292,253	P659,303	P180,339,438	P-	P180,339,438	P11,692,857	P1,958,730,686
Net income/total comprehensive income for the period	-	-	-	23,140,205	-	23,140,205	19,352,078	42,492,283
Non controlling interest in incorporated subsidiary	-	-	-	-	-	-	124,542,844	124,542,844
Balance at September 30, 2022	P379,746,835	P1,386,292,253	P659,303	P203,479,643	P-	P203,479,643	P155,587,779	P2,125,765,813

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

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**CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
**UNAUDITED**

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	<b>Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	<b>P56,160,361</b>	P30,268,786
Adjustments for:		
Depreciation and amortization	<b>144,855,990</b>	82,276,788
Interest expense	<b>17,425,382</b>	8,754,019
Retirement benefits expense	<b>24,906,684</b>	-
Interest income	<b>(1,476,734)</b>	(1,215,234)
Operating income before working capital changes	<b>241,871,683</b>	120,084,359
Decrease (increase) in:		
Receivables	<b>(52,488,817)</b>	(15,622,161)
Inventories	<b>(909,760,792)</b>	(370,915,592)
Other current assets	<b>(174,074,100)</b>	(51,052,700)
Increase (decrease) in:		
Accounts payable and other current liabilities	<b>270,307,994</b>	133,080,515
Due to a related party	<b>-</b>	(62,482,842)
Cash used in operations	<b>(624,144,032)</b>	(246,908,421)
Income tax paid	<b>(18,137,801)</b>	(8,088,923)
Interest paid	<b>(157,038,581)</b>	(37,999,590)
Interest received	<b>1,476,734</b>	1,215,234
Net cash used in operating activities	<b>(797,843,680)</b>	(291,781,700)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for PPE acquisition	<b>(610,324,846)</b>	(271,088,305)
Payments for intangible assets acquisition	<b>(2,026,562)</b>	(12,896,652)
Increase in other noncurrent assets	<b>(65,441,485)</b>	(3,560,586)
Net cash used in investing activities	<b>(677,792,893)</b>	(291,781,700)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from availment of loans	<b>1,314,840,307</b>	450,000,000
Payment of loans	<b>(96,750,000)</b>	(41,666,667)
Increase in other noncurrent liabilities	<b>40,640,681</b>	1,200,000
Lease payment	<b>(72,791,566)</b>	(28,574,761)
Stock issuance cost	<b>-</b>	(800,000)
Net cash provided by financing activities	<b>1,185,939,422</b>	380,158,572
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(289,697,151)</b>	(224,051,370)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>2,030,327,961</b>	940,641,989
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>P1,740,630,810</b>	P716,590,619

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

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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**1. Corporate Information**

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

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

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

On January 23, 2020, the SEC approved the increase in the Parent Company’s authorized capital stock from P5,000,000 divided into 50,000 shares of the par value of P100.00 each to P1,200,000,000 divided into 24,000,000,000 shares of the par value of P0.05 each. On the same date, the SEC also approved the amendment of its primary purpose and of the principal place of business of the Parent Company to the 9th Floor, Tower 1, DoubleDragon Plaza, DD Meridian Park, Corner Macapagal Avenue and Edsa Extension, Bay Area, Barangay 76, Pasay City.

On January 23, 2020, the Board of Directors (BOD) and shareholders of the Parent Company approved to offer, subject to compliance with existing laws, and the rules and regulations of the SEC, up to 1,594,936,709 primary common shares through an initial public offering (IPO) at the price up to P1.00 per share. On January 27, 2020, the Parent Company filed its Registration Statement with the SEC covering its IPO. On March 10, 2020, the SEC approved the Parent Company’s Registration Statement for 7,594,936,709 common shares to be listed and traded on the Small, Medium and Emerging board of the Philippine Stock Exchange (“PSE”). The offering consists of 1,594,936,709 primary common shares with the maximum price set at P1.00 per share.

On June 15, 2020, the Parent Company completed its initial public offering and was listed in the PSE under the stock symbol “MM”. III remains as the ultimate parent company and controlling shareholder of MM.

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**2. Basis of Preparation**

Statement of Compliance

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

Basis of Measurement

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

Functional and Presentation Currency

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

Basis of Consolidation

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

Subsidiaries	Percentage of Ownership	
	September 30, 2022	December 31, 2021
MerryMart Grocery Centers, Inc. (MMGC)	100	100
MM Consumer Technologies Corp. (MTech)	100	100
Carlos Drugs – Lucena, Inc. (CDLI)	72	-
Z.C. Ramthel Corporation (Ceciles)	53	-
M Supplies Corp. (M Supplies)	100	-

#### *MMGC*

MMGC was incorporated and registered with the SEC on September 28, 2018. It is engaged to acquire, hold, own, operate or manage of wholesale or retail trade of foodstuffs, grocery items, household items, consumer goods and merchandise, on any lands, buildings, supermarkets, malls, stores, stalls or structures owned, leased, held, operated, managed or occupied by the entity.

#### *MTech*

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

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

#### *MBOX*

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

MBox is 70% owned by MTech.

#### *CDLI*

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

#### *Ceciles*

Z.C. Ramthel Corporation was registered in the SEC to engage in, conduct, and carry on the business of buying and selling of pharmaceutical products and all kinds of grocery and food items usually known as convenience stores.

#### *M Supplies*

M Supplies was incorporated and registered with the SEC on March 29, 2022 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 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 or other structures.

A subsidiary is an entity controlled by the Group. The Group controls an entity if, and only if, the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When the Group has less than majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date when the Group obtains control and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. Intergroup balances and transactions, including intergroup unrealized profits and losses, are eliminated in preparing the consolidated financial statements.

Non-controlling interests include the portion of profit or loss and net assets not attributable to the equity holders of the Parent Company and are presented in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from the equity attributable to equity holders of the Parent Company.

Non-controlling interests also include the interests not held by MMCC in CDLI, MBox and Ceciles as at September 30, 2022.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, the Group: (i) derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interests and the cumulative transaction differences recorded in equity; (ii) recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss; and (iii) reclassify the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

The place of incorporation and the place of registration of the subsidiaries are the same with the Parent Company. The Parent Company and its Subsidiaries are domiciled in the Philippines.

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### **3. Summary of Significant Accounting Policies**

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

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

The Group has adopted the following new standards, amendments to standards and interpretations starting January 1, 2021 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Group's consolidated financial statements.

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

due on or before September 30, 2022.

The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Earlier application is permitted. A lessee applies the amendments retrospectively, recognizing the cumulative effect of the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate. The adoption is mandatory for lessees that chose to apply the practical expedient introduced by the 2020 amendments and may result in reversal of lease modifications that was ineligible for the practical expedient under the 2020 amendments, but becomes eligible as a result of the extension.

#### Standards Issued But Not Yet Adopted

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

#### *Effective January 1, 2022*

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

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

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

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

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

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

- **Annual Improvements to PFRS Standards 2018-2020**. This cycle of improvements contains amendments to four standards, of which the following is applicable to the Group:
  - **Fees in the '10 per cent' Test for Derecognition of Financial Liabilities** (*Amendment to PFRS 9, Financial Instruments*). The amendment clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. It applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting

period in which the entity first applies the amendment.

- *Lease Incentives* (Amendment to Illustrative Examples accompanying PFRS 16). The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

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

- Reference to the Conceptual Framework (Amendment to PFRS 3, *Business Combinations*). The amendments:
  - updated PFRS 3 so that it now refers to the 2018 Conceptual Framework;
  - added a requirement that, for transactions and other events within the scope of PAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, an acquirer applies PAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
  - added an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

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

#### *Effective January 1, 2023*

- Classification of Liabilities as Current or Noncurrent (Amendments to PAS 1, *Presentation of Financial Statements*). To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:
  - removed the requirement for a right to defer settlement of a liability for at least 12 months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
  - clarified that a right to defer settlement exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and
  - clarified that settlement of a liability includes transferring a company's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or non-current.

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

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

- Conditions which the entity must comply within twelve months after the reporting period will have no effect on the classification as current or non-current.
- Additional disclosure requirements will apply to non-current liabilities subject to such conditions to enable the assessment of the risk that the liability could become repayable within twelve months.

- Separate presentation in the statement of financial position will be required for non-current liabilities for which the right to defer settlement is subject to conditions within 12 months after the reporting period.
- The effective date of the amendments will be deferred to no earlier than January 1, 2024.

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

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

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

- Disclosure of Accounting Policies (Amendments to PAS 1 and PFRS Practice Statement 2, *Making Materiality Judgements*). The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:
  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

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

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

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

#### Basic and Diluted Earnings Per Common Share (EPS)

Basic EPS is computed by dividing the net income for the period attributable to equity holders of the Parent Company by the weighted average number of issued and outstanding common shares during the period, with retroactive adjustment for any stock dividends declared. Diluted EPS is computed by dividing net income for the year attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares

that would be issued on conversion of all the dilutive potential common shares into common shares.

#### Operating Segments

The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Chief Executive Officer (the chief operating decision maker) reviews management reports on a regular basis. As of September 30, 2022, the Group has single segment, which is the sale of goods to customers.

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

#### Contingencies

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

#### Events After the Reporting Date

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

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#### **4. Use of Judgments and Estimates**

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

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

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#### **5. Cash and Cash Equivalents**

This account consists of:

	<b>September 30, 2022</b>	December 31, 2021
Cash on hand	<b>P34,805,642</b>	P62,584,942
Cash in banks	<b>1,705,825,168</b>	1,967,743,019
	<b>P1,740,630,810</b>	P2,030,327,961

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

Total interest income earned from cash and cash equivalents amounted to P1.48 million and P1.22 million for the nine months ended September 30, 2022 and September 30, 2021, respectively.

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## 6. Receivables

This account consists of:

	<b>September 30, 2022</b>	December 31, 2021
Trade	<b>P115,558,316</b>	P60,549,738
Receivable from franchisee	<b>5,314,864</b>	6,831,305
Advances to employees	<b>14,330,431</b>	8,385,060
Advances to suppliers	-	2,816,739
Others	<b>3,347,269</b>	7,479,221
	<b>P138,550,880</b>	P86,062,063

Trade receivables pertain to receivables from credit card sales and in-house charge sales, and receivable from display rental. These receivables generally have 1-7 days credit terms.

Other receivables mainly pertain to receivables from employees and insurance company.

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## 7. Inventories

This account consists of groceries and other consumer products held for sale in the ordinary course of business on wholesale or retail basis.

	<b>September 30, 2022</b>	December 31, 2021
Merchandise inventories	<b>P2,268,565,889</b>	P1,359,218,058
Packaging materials	<b>13,922,573</b>	13,509,612
	<b>P2,282,488,462</b>	P1,372,727,670

Inventories charged to cost of sales amounted to P3,783.19 million and P2,395.50 million for the nine months ended September 30, 2022 and September 30, 2021, respectively.

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## Prepaid expenses and other current assets

This account consists of:

	<b>September 30, 2022</b>	December 31, 2021
Input VAT - net	<b>P385,614,810</b>	P261,328,991
Prepaid expenses	<b>26,400,961</b>	18,929,482
Advances to contractors and suppliers	<b>23,766,838</b>	10,640,710
Creditable withholding tax	<b>2,079,754</b>	1,270,463
Others	<b>30,361,198</b>	469,154
	<b>P468,223,561</b>	P292,638,800

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

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

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

Creditable withholding taxes pertain to taxes withheld by the Group's customers which can be applied against

any future income tax liability.

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## 8. Intangible Asset

	September 30, 2022	December 31, 2021
<i>Cost</i>		
Beginning balance	P65,965,262	P46,583,745
Additions	2,026,562	19,381,517
	<b>67,991,824</b>	65,965,262
<i>Accumulated amortization</i>		
Beginning balance	11,002,961	3,673,492
Amortization for the year	7,241,934	7,329,469
	<b>18,244,895</b>	11,002,961
	<b>P49,746,930</b>	P54,962,301

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

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## 9. Other Noncurrent Assets

This account consists of:

	September 30, 2022	December 31, 2021
Goodwill	P312,711,610	P-
Prepaid rent	174,550,906	P170,478,144
Security deposits	165,223,554	161,447,516
Advances to third party	-	115,810,226
Construction bond	2,600,082	2,373,167
Other noncurrent assets	4,359,308	-
	<b>P659,445,460</b>	P450,109,053

Prepaid rent pertains to the amount paid in advance for the use of place or property.

Security deposits pertain to non-interest bearing deposits paid to and held by the Group's lessors which are refundable at the end of the lease term.

Goodwill pertains to the difference in net assets and acquisition cost of the acquired subsidiaries of the Group.

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## 10. Short-term and Long-term Loans Payable

Loans payable pertains to unsecured loans obtained from local banks.

Details of the account are as follows:

	September 30, 2022	December 31, 2021
Balance at beginning of the year	3,292,053,555	P700,000,000
Additions	1,314,840,307	2,664,970,222
Principal payments	(96,750,000)	(72,916,667)
Balance at end of period	4,510,143,862	3,292,053,555
Less short-term notes and current portion of long-term notes	2,285,773,943	1,295,000,000
Noncurrent portion	<b>P2,224,369,919</b>	P1,997,053,555

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## 11. Revenues

### Revenues from Contract with Customers

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

	<b>For the nine months ended September 30, 2022</b>	For the nine months ended September 30, 2021
Sale of goods	<b>P4,464,082,981</b>	P1,803,199,684
Application fees*	<b>375,000</b>	3,300,000
	<b>P4,464,457,981</b>	P1,806,499,684

\* Included under "Other Operating income" account

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

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

### Display Rental

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

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## 12. Cost of Sales

This account consists of:

	<b>For the nine months ended September 30, 2022</b>	For the nine months ended September 30, 2021
Beginning inventory	<b>P1,372,727,670</b>	P737,572,923
Add: Purchases	<b>4,692,948,388</b>	2,766,418,584
Total goods available for sale	<b>6,065,676,058</b>	3,503,991,507
Less: Ending inventory	<b>2,282,488,462</b>	1,108,488,515
	<b>P3,783,187,596</b>	P2,395,502,992

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## 13. Lease Arrangements

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

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

- a. The Group leases its office space for a period of 10 years starting April 1, 2019 until January 30, 2029. The monthly rental rate shall escalate by 5% every four years. The agreement is subject to renewal upon mutual agreement of the parties.
- b. The Group leases its warehouse space for a period of 3 years starting November 4, 2019 until November 3, 2022. The monthly rental rate shall escalate by 5% every year. The agreement is subject to renewal upon mutual agreement of the parties.
- c. The Group leases store spaces. The terms of the leases are for periods ranging from 5 to 15 years,

renewable upon mutual agreement of the parties. The rent shall escalate by an average of 5% each year.

Interest expense recognized in profit or loss amounted to P17.43 million and P8.75 million for the nine months ending September 30, 2022 and September 30, 2021, respectively.

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

Total security deposits and advance rental payments from these lease arrangements amounted to P165.22 million and P331.93 million as at September 30, 2022 and December 31, 2021. These are included under “Other noncurrent assets” account in the consolidated interim statements of comprehensive position.

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#### 14. Income Taxes

Income tax expense (benefit) consists of:

	<b>For the nine months ended September 30, 2022</b>	For the nine months ended September 30, 2021
Current	<b>P15,647,013</b>	P29,334,134
Deferred	<b>(1,978,935)</b>	(22,070,748)
	<b>P13,668,078</b>	P7,263,386

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

	<b>For the nine months ended September 30, 2022</b>	For the nine months ended September 30, 2021
Income before income tax	<b>P56,160,361</b>	P30,268,786
Income tax at the statutory income tax rate of 25%	<b>14,040,090</b>	7,567,196
Income tax effects of interest income subjected to final tax	<b>(369,184)</b>	(303,810)
Non deductible expenses	<b>(2,829)</b>	-
	<b>P13,668,078</b>	P7,263,386

The BIR issued Revenue Regulations (RR) No. 25-2020 to implement Section 4 of Republic Act (RA) No. 11494, Bayanihan to Recover as One Act, which provides that the NOLCO incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

On March 26, 2021, the President of the Philippines has approved the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act (the “CREATE Act”), with nine (9) provisions vetoed by the President. Below are the salient features of the CREATE Act that are relevant to the Company:

- a) Corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5 million and with total assets not exceeding P100 million. All other domestic corporations and resident foreign corporations will be subject to 25% income tax. Said reductions are effective July 1, 2020.
- b) MCIT rate is reduced from 2% to 1% effective July 1, 2020 to June 30, 2023.
- c) The imposition of improperly accumulated earnings tax has been repealed.

On April 8, 2021, the BIR issued the following implementing RR that are effective immediately upon publication:

- BIR RR No. 2-2021, *Amending Certain Provisions of RR No. 2-98, As Amended, to Implement the Amendments Introduced by Republic Act No. 11534, or the CREATE Act, to the National Revenue Code of 1997, as Amended, Relative to the Final Tax on Certain Passive Income;*
- BIR RR No. 3-2021, *Rules and Regulations Implementing Section 3 of the CREATE Act, Amending Section 20 of the National Internal Revenue Code of 1997, As Amended;*
- BIR RR No. 4-2021, *Implementing the Provisions on Value-Added Tax (VAT) and Percentage Tax Under the CREATE Act Which Further Amended the National Revenue Code of 1997, as Amended, as Implemented by RR No. 16-2005 (Consolidated VAT Regulations of 2005), As Amended;* and
- BIR RR No. 5-2021, *Implementing the New Income Tax Rates on the Regular Income of Corporations, on Certain Passive Incomes, Including Additional Allowable Deductions from Gross Income of Persons Engaged in Business or Practice of Profession Pursuant to CREATE Act, Which Further Amended the National Revenue Code of 1997.*

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## 15. Equity and Earnings per Share

### Capital Stock

As at September 30, 2022 and December 31, 2021, the authorized and issued capital stock of the Parent Company consists of:

	<b>September 30, 2022</b>	December 31, 2021
<b>Authorized Capital Stock</b>		
Common – P0.05 par value	<b>1,200,000,000</b>	1,200,000,000
<b>Number of Shares Authorized</b>		
Common	<b>24,000,000,000</b>	24,000,000,000
<b>Issued Capital Stock</b>		
Common – P0.05 par value	<b>379,746,835</b>	379,746,835
<b>Number of Shares Issued</b>		
Common	<b>7,594,936,709</b>	7,594,936,709

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

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

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

### Retained Earnings

On December 21, 2020, the BOD approved the reversal of P111 million appropriated retained earnings made in 2016 and 2018.

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

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

#### EPS

EPS is computed as follows:

	<b>For the nine months ended September 30, 2022</b>	For the nine months ended September 30, 2021
Net income attributable to common shareholders of the Parent Company	<b>P23,140,205</b>	P23,005,400
Weighted average number of common shares for basic EPS	<b>7,594,936,709</b>	7,594,936,709
Basic/Diluted EPS	<b>P0.00305</b>	P0.00303

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

---

## **16. Financial Risk and Capital Management Objectives and Policies**

### Objectives and Policies

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

- Credit Risk
- Liquidity Risk

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

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

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

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

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

### Credit Risk

Credit risk represents the risk of loss the Group would incur if credit customers and counterparties fail to perform their contractual obligations. The risk arises principally from the Group's cash, receivables and security deposits. The objective is to reduce the risk of loss through default by counterparties.

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

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

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

	<b>September 30, 2022</b>	December 31, 2021
Cash and cash equivalents (excluding cash on hand)	<b>P1,705,825,168</b>	P1,967,743,019
Receivables (excluding advances to employees)	<b>124,220,449</b>	74,860,264
Security deposits (included under other noncurrent assets)	<b>165,223,554</b>	161,447,516
	<b>P1,995,269,171</b>	P2,204,050,799

These financial assets are subjected to 12-month ECL.

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

These financial assets are neither past due nor impaired and has credit quality of high grade financial assets as at September 30, 2022 and December 31, 2021.

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

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

#### Liquidity Risk

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

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

<b>September 30, 2022</b>	<b>Carrying Amount</b>	<b>Contractual Cash Flow</b>	<b>1 Year or Less</b>	<b>1 Year - 5 Years</b>	<b>More than 5 Years</b>
<b>Financial Liabilities</b>					
Accounts payable and other current liabilities*	P945,400,502	P945,400,502	P945,400,502	P -	P -
Loans payable	4,510,143,862	4,551,342,439	2,265,333,333	2,265,000,000	
Due to a related party	-	-	-	-	-
Lease liabilities**	500,613,479	500,613,479	64,934,043	435,679,437	-

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

\*\*including current portion of lease liabilities

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

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

\*\*including current portion of lease liabilities

### Fair Values

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

#### *Cash and Cash Equivalents/Receivables/Accounts Payable and Other Current Liabilities/Loans Payable/Due to a Related Party*

The carrying amounts of these accounts approximate their fair values due to the relatively short-term nature of these financial instruments.

#### *Security Deposits/Lease Liabilities*

Security deposits and lease liabilities are reported at their present values, which approximate the cash amounts that would fully satisfy the obligations as at reporting date.

### Capital Management

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

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

The BOD seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group defines capital as equity, which includes capital stock and retained earnings. There were no changes in the Group's approach to capital management as at September 30, 2022 and December 31, 2021. The Group is not subject to externally-imposed capital requirements.

**Annex E**  
**Certification Of Independent Directors**

## 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
Orzat Development Corporation	Independent Director	November 2019 - Present
DoubleDragon Properties Corp.	Independent Director	January 2014 - Present
Fortman Cline Capital Markets Limited	Co-Founder and Managing Director	February 2007 - Present
Institute of Corporate Directors	Fellow	July 2004 - Present
British Alumni Association	Member	2004 - Present
Peregrine Eye and Laser Institute	Board Director	May 2012 - 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]*

IN WITNESS WHEREOF, I have hereunto set my hand this 03 NOV 2022  
CITY OF MANILA, Philippines.

*Gary P. Cheng*  
Independent Director

SUBSCRIBED AND SWORN to before me this day of 03 NOV 2022, affiant  
exhibited to me his/her competent evidence of identity P7178698A issued at DFA  
Manila valid until 5/15/2028.

Doc No.: 124  
Page No.: 24  
Book No.: VIII  
Series of 2022..

**ATTY. HENRY D. ADASA**

NOTARIO PUBLICO SUPLENTE

NOTARIAL COMMISSIONER (SUPLENTE) - REPUBLIC OF PHILIPPINES

NOT. NO. 123456789 - MANILA, PHILIPPINES

OFFICE: 123456789 - UNIT 123, TUNGGO, MANILA



## CERTIFICATION OF INDEPENDENT DIRECTOR

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

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

NAME OF OFFICE	POSITION	PERIOD OF SERVICE
Tamayao & Associates, <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
Medicall 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
Alexey Corporation	Corporate Secretary	Since 2009
AB Holdings Corporation	Corporate Secretary	Since 2009

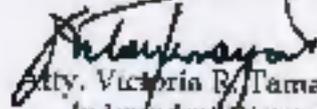
\*Publicly-listed company

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.

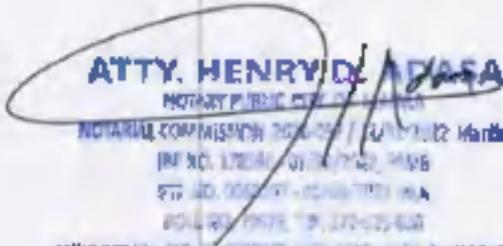
*[Signature page follows]*

IN WITNESS WHEREOF, I have hereunto set my hand this 03 NOV 2022 in  
CITY OF MANILA, Philippines.

  
Atty. Victoria B. Tamayao  
Independent Director

SUBSCRIBED AND SWORN TO BEFORE ME this 03 NOV 2022 at  
CITY OF MANILA, affiant exhibiting to me her Passport Identification Number P7676941A  
issued by DPA Manila; valid until 25 June 2028.

Doc No.: 125;  
Page No.: 24;  
Book No.: VIII;  
Series of 2022.

  
**ATTY. HENRY D. ADASA**

NOTARY PUBLIC

NOTARIAL COMMISSION NO. 1001 / CITY OF MANILA

PR. NO. 17291 / 01/01/2021, PAB

ST. JO. OCCIDENTAL AVENUE, MANILA

MOBILE: 0917 171-021-608

MCLE COMPL. NO. 10000188-00000001-0000 APR 19, 2025

URBAN LEGAL SERVICES INCORPORATED, UNIT 602, TORREJO, MIA. 

CERTIFICATION OF  
INDEPENDENT DIRECTOR

Atty. Victoria B. Tamayao

Page 3 of 3

**Annex F**  
**Certification On**  
**No Government Connection**

REPUBLIC OF THE PHILIPPINES )  
City of \_\_\_\_\_ )

SS.

**SECRETARY'S CERTIFICATE**

I, Atty. Jacqueline Ann Marie O. Gomez, of legal age, Filipino citizen, with office address at MerryMart Headquarters, 9<sup>th</sup> Flr. Tower 1 DoubleDragon Plaza, Macapagal Ave. cor. EDSA Extension Avenue, Pasay City, after being sworn in accordance with law hereby declare that:

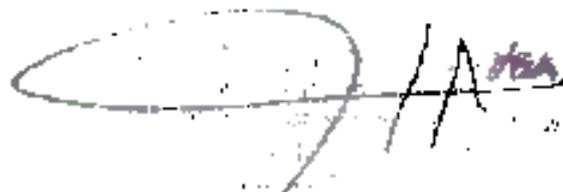
1. I am the Corporate Secretary of MerryMart Consumer Corp. ("the Company"), a corporation duly organized and existing under Philippine laws with principal at 9<sup>th</sup> Flr. Tower 1 DoubleDragon Plaza, DD Meridian Park, Macapagal Ave. cor. EDSA Extension Avenue, Brgy. 76 Pasay City, Philippines 1302 after having been duly sworn in accordance with the law, hereby certify that:
2. None of the directors or officers of the Company are connected with any government agencies or instrumentalities.

IN WITNESS WHEREOF, I have hereunto set my hand on the date at Makati City.

  
ATTY. JACQUELINE ANN MARIE O. GOMEZ  
CORPORATE SECRETARY

SUBSCRIBED AND SWORN TO before me this 21 NOV 2022 at \_\_\_\_\_  
place stated above, affiant exhibiting to me her Passport No. 16743876A issued by the DfP  
Manila, on April 16, 2018.

Doc. No. 182 ;  
Page No. 26 ;  
Book No. VIII ;  
Series of 2022.



**Annex E**  
**Minutes of the Last Stockholders' Meeting**

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

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

**On December 17, 2021 10:30 AM**

<b>STOCKHOLDERS PRESENT:</b>	No. of Outstanding and Voting Shares <b>6,003,425,200</b>	Percentage <b>79.045%</b>
------------------------------	--	------------------------------

**DIRECTORS PRESENT:**

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

**I. CALL TO ORDER**

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

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

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

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

The Corporate Secretary reported that the notice of the meeting, together with copies of the

Information Statement and the Audited and Interim Financial Statements of the Company, were posted on the Company's website and disclosed through PSE EDGE. The notice of meeting was published in the business sections of the Manila Bulletin and The Manila Times, on 24 and 25 November 2021 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 (6,003,425,200) shares or 79.045% shares, which constitute more than majority of the total issued and 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 17, 2021 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	6,003,421,096	-	-
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 2019- 2020. Upon motion duly made and seconded, the Company's updates and report was duly noted.

### V. APPROVAL OF THE 2020 AUDITED FINANCIAL STATEMENTS AND 2020 ANNUAL REPORT

The 2020 Audited Financial Statements and 2020 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	6,003,421,096	-	-
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 2020 and the Audited Financial Statements for the year ended December 31, 2020.”

**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 13, 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	6,003,421,096	-	-
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 2021-2022. 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	6,001,989,996	-	1,431,100
Ferdinand J. Sia	6,001,989,996	-	1,431,100
Marriana H. Yulo-Luccini	6,001,989,996	-	1,431,100
Atty. Victoria R. Tamayao	6,001,989,996	-	1,431,100
Gary P. Cheng	6,001,989,996	-	1,431,100
Atty Jacqueline Ann Marie O. Gomez	6,001,989,996	-	1,431,100
Jose Roelph E. Desales	6,001,989,996	-	1,431,100

The following directors were thus elected to serve for the year 2021-2022 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, 2021.

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	6,003,421,096	-	-
Percentage based on shares present	100.000%	-	-

“**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, 2021.”

### IX. ADJOURNMENT

As provided for in the Procedures for Participating in the 2021 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 [asm2021@merrymart.com.ph](mailto:asm2021@merrymart.com.ph) on or before 6:00 PM of December 14, 2021.

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