



October 14, 2021

THE PHILIPPINE STOCK EXCHANGE
6F PSE Tower, 5th Avenue corner 28th Street
Bonifacio Global City, Taguig City
Philippines 1634

Attention: **Ms. Janet A. Encarnacion**
Head Disclosure Department

Subject: **Quarterly Report on the Disbursements of Initial Public Offering Proceeds**

Dear Ms. Encarnacion,

In compliance with the disclosure requirements of the Philippines Stock Exchange, please find the enclosed the following;

1. Summary of application of Proceeds from the Initial Public Offering as of September 30, 2021
2. Certification of Reyes Tacandong and Co. on the accuracy of information provided in relation to progress report.

We hope you find everything in order


Juneil Dominic P. Torio
Chief Financial Officer

FRUITAS HOLDINGS INC.
Summary of Application of Proceeds
As of September 30, 2021

	Balance as at September 30, 2021
Gross proceeds	896,548,800.00
Offer expenses	(72,464,600.00)
Net proceeds	824,084,200.00
Use of proceeds	
Store network expansion and store improvement	(148,827,526.00)
Investments of Advances for Working Capital	(146,657,896.00)
Debt repayment	(174,732,180.00)
Acquisition opportunities and introduction of new concept	(28,550,396.00)
Acquisition of head office of FHI	(142,375,050.00)
Commissary expansion	(33,443,175.00)
Balance of amounts infused in subsidiaries	(43,514,783.00)
	(718,101,006.00)
Unapplied Proceeds	105,983,194.00



October 13, 2021

The Stockholders and the Board of Directors
Fruitas Holdings, Inc.
68 Data St., Brgy. Don Manuel
Quezon City

Report of Factual Findings

We have performed the procedures agreed to by the management of Fruitas Holdings, Inc. ("FHI" or the "Company") with respect to the use of the proceeds from the Initial Public Offering of the Company's common shares (the "Offering") for the quarter ended September 30, 2021, in connection with its compliance with the reportorial requirements of the Philippine Stock Exchange, Inc. (PSE). Our engagement was undertaken in accordance with the Philippine Standard on Related Services 4400, *Engagements to Perform Agreed-upon Procedures Regarding Financial Information*, applicable to agreed-upon procedures engagements.

Background

On August 24, 2019, the stockholders and the Board of Directors (BOD) authorized the Company's Offering of its common shares with the PSE. This was approved by the Securities and Exchange Commission (SEC) and by the PSE on October 17, 2019 and October 23, 2019, respectively. On November 29, 2019, the Company's 533,660,000 common shares were officially listed on the PSE at an offer price of ₱1.68 per share.

Procedures Performed and Results

We obtained the Company's Quarterly Report on the Disbursement of Proceeds from Initial Public Offering for the quarter ended September 30, 2021. A comparison of the actual use and planned use of the Proceeds as at September 30, 2021 is shown below:

	Actual			Revised Planned Application	Difference
	Balance as at June 30, 2021	Movements during the Quarter	Balance as at September 30, 2021		
Gross Proceeds	₱896,548,800	₱-	₱896,548,800	₱896,548,800	₱-
Offer Expenses	(72,464,600)	-	(72,464,600)	(76,500,000)	4,035,400
Net Proceeds	824,084,200	-	824,084,200	820,048,800	4,035,400
Use of Proceeds					
Store network expansion and store improvement program	(110,672,249)	(38,155,277)	(148,827,526)	(158,048,800)	9,221,274
Debt repayment	(174,732,180)	-	(174,732,180)	(175,000,000)	267,820
Investment or advances to subsidiaries for working capital	(146,657,896)	-	(146,657,896)	(147,000,000)	342,104
Acquisition of head office of FHI	(142,375,050)	-	(142,375,050)	(145,000,000)	2,624,950

(Forward)

	Actual			Revised Planned Application	Difference
	Balance as at June 30, 2021	Movements during the Quarter	Balance as at September 30, 2021		
Acquisition opportunities and introduction of new concepts	(P27,203,996)	(P1,346,400)	(28,550,396)	(P135,000,000)	P106,449,604
Commissary expansion	(31,617,702)	(1,825,473)	(33,443,175)	(60,000,000)	26,556,825
Balance of amounts infused in subsidiaries	(45,294,487)	1,779,704	(43,514,783)	–	(43,514,783)
	(678,553,560)	(39,547,446)	(718,101,006)	(820,048,800)	101,947,794
Unapplied Proceeds	P145,530,640	(39,547,446)	P105,983,194	P–	P105,983,194

1. The disbursements for store network expansion and store improvement program during the quarter amounting to P38.2 million pertain to store equipment, kiosk construction and fabrication, and leasehold improvements.

We examined the related supporting official receipts, collection receipts, acknowledgment receipts, sales invoices and billing statements, and traced the cash outflow to the corresponding bank statement. No exceptions were noted.

2. In June 2021, FHI, through its wholly-owned subsidiary Buko Ni Fruitas, Inc. (BNFI), acquired certain assets of Balai Pandesal Corporation (BPC), a domestic company engaged in the retail of bread products. The assets include five franchised stores, trademarks, recipes and other technical know-how, store equipments and inventories for a total consideration of P11.2 million. Outstanding liability arising from this transaction amounted to P4.3 million as at September 30, 2021.

We traced the payments made during the quarter amounting to P1.3 million to the bank statements and examined the related supporting acknowledgement receipt. No exceptions were noted.

3. The disbursements for commissary expansion amounting to P1.8 million represent commissary improvements of Fruitasgroup Incorporated., a wholly-owned subsidiary. We examined the related supporting sales invoices and official receipts issued by the contractor. We also traced the cash outflow to the corresponding bank statement. No exceptions were noted.
4. The details of the balance of amounts infused in subsidiaries are as follows:

	Fruitasgroup Incorporated	BNFI	Negril Trading, Inc.	Total
Balance as at June 30, 2021	P34,133,114	P5,665,095	P5,496,278	P45,294,487
Advances to BNFI for additional payments to BPC	–	(1,346,400)	–	(1,346,400)
Store network expansion and store improvement	–	(433,304)	–	(433,304)
Balance as at September 30, 2021	P34,133,114	P3,885,391	P5,496,278	P43,514,783

The disbursements for store network expansion and store improvement pertain to rental deposits and leasehold improvements during the quarter.

We examined the related supporting official receipts, collection receipts, acknowledgement receipts, sales invoices and billing statements and traced the cash outflow to the corresponding bank statement. No exceptions were noted.

The remaining balance of P43.5 million as at September 30, 2021 is intended for store and network expansion and continuous commissary expansions.

5. The unapplied proceeds of ₱106.0 million as at September 30, 2021 are accounted for as follows:

Cash invested in time deposits	₱46,336,052
Cash in a savings bank account	23,708,620
Cash in a designated bank account for Offering proceeds	36,637,795
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Cash and cash equivalents	106,682,467
Unapplied proceeds	105,983,194
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Difference	699,273
Interest income	(699,273)
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	₱-
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The cash and cash equivalents were traced and agreed to the related bank reconciliation statements, bank statements, and certificates of time deposits. We also checked the mathematical accuracy and verified the reconciling items. No exceptions were noted.

The sufficiency of the foregoing procedures is solely the responsibility of the Company. Accordingly, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other purpose.

Because the foregoing procedures do not constitute either an audit or a review made in accordance with Philippine Standards on Auditing or Philippine Standards on Review Engagements, we do not express any assurance on any of the financial statement accounts of the Company.

Had we performed additional procedures or performed an audit or a review of the financial statements in accordance with Philippine Standards on Auditing or Philippine Standards on Review Engagements, other matters might have come to our attention that would have been reported to you. 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. This report relates only to items specified in the foregoing and does not extend to any financial statements of the Company taken as a whole.

REYES TACANDONG & CO.



WILSON P. TEO

Partner

CPA Certificate No. 92765

Tax Identification No. 191-520-944-000

BOA Accreditation No. 4782; Valid until April 13, 2024

SEC Accreditation No. 92765-SEC Group A

Issued January 28, 2020

Valid for Financial Periods 2019 to 2023

BIR Accreditation No. 08-005144-014-2020

Valid until January 1, 2023

PTR No. 8534283

Issued January 5, 2021, Makati City

October 13, 2021

Makati City, Metro Manila