



January 14, 2022

**THE PHILIPPINE STOCK EXCHANGE**  
6F PSE Tower, 5<sup>th</sup> Avenue corner 28<sup>th</sup> 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 December 31, 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 December 31, 2021

	<b>Balance as at December 31, 2021</b>
<b>Gross proceeds</b>	896,548,800.00
<b>Offer expenses</b>	(72,464,600.00)
<b>Net proceeds</b>	824,084,200.00
<b>Use of proceeds</b>	
Store network expansion and store improvement	(158,048,691.00)
Investments of Advances for Working Capital	(146,657,896.00)
Debt repayment	(174,732,180.00)
Acquisition opportunities and introduction of new concept	(29,485,396.00)
Acquisition of head office of FHI	(142,375,050.00)
Commissary expansion	(35,011,802.00)
Balance of amounts infused in subsidiaries	(43,514,783.00)
	(729,825,798.00)
<b>Unapplied Proceeds</b>	<b>94,258,402.00</b>



January 13, 2022

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 December 31, 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 December 31, 2021. A comparison of the actual use and planned use of the Proceeds as at December 31, 2021 is shown below:

	Actual			Revised Planned Application	Difference
	Balance as at September 30, 2021	Movements during the Quarter	Balance as at December 31, 2021		
<b>Gross Proceeds</b>	<b>₱896,548,800</b>	<b>₱-</b>	<b>₱896,548,800</b>	<b>₱896,548,800</b>	<b>₱-</b>
<b>Offer Expenses</b>	<b>(72,464,600)</b>	<b>-</b>	<b>(72,464,600)</b>	<b>(76,500,000)</b>	<b>4,035,400</b>
<b>Net Proceeds</b>	<b>824,084,200</b>	<b>-</b>	<b>824,084,200</b>	<b>820,048,800</b>	<b>4,035,400</b>
<b>Use of Proceeds</b>					
Store network expansion and store improvement program	(148,827,526)	(9,221,165)	(158,048,691)	(158,048,800)	109
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 September 30, 2021	Movements during the Quarter	Balance as at December 31, 2021		
Acquisition opportunities and introduction of new concepts	(P28,550,396)	(P935,000)	(P29,485,396)	(P135,000,000)	P105,514,604
Commissary expansion	(33,443,175)	(1,568,627)	(35,011,802)	(60,000,000)	24,988,198
Balance of amounts infused in subsidiaries	(43,514,783)	-	(43,514,783)	-	(43,514,783)
	<b>(718,101,006)</b>	<b>(11,724,792)</b>	<b>(729,825,798)</b>	<b>(820,048,800)</b>	<b>90,223,002</b>
<b>Unapplied Proceeds</b>	<b>P105,983,194</b>	<b>(11,724,792)</b>	<b>P94,258,402</b>	<b>P-</b>	<b>P94,258,402</b>

1. The disbursements for store network expansion and store improvement program amounting to P9.2 million during the quarter pertain to security deposits and advance rentals paid for newly opened stores, kiosk construction and fabrication, and leasehold improvements.

We examined the supporting official receipts, collection receipts, acknowledgment receipts, sales invoices, and billing statements. We also 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., acquired certain assets of Balai Pandesal Corporation (BPC), a domestic company engaged in the retail of bread products. The assets include contracts with five franchised branches, trademarks, recipes and other technical know-how, store equipment, and inventories for a total consideration of P11.2 million.

In October 2021, FHI made an additional payment amounting to P935,000. As at December 31, 2021, total payments made amounted to P7.9 million as agreed in the Deed of Absolute Sale (DOAS). We traced the payment to the bank statement and examined the supporting DOAS and acknowledgment receipt. No exceptions were noted.

3. The disbursements for commissary expansion of P1.6 million pertain to payments made for improvements of the commissary of FHI's wholly-owned subsidiaries Fruitasgroup Incorporated and Negril Trading Inc. We examined the 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 unapplied proceeds of P94.3 million are accounted for as follows:

Cash invested in time deposits	P51,545,325
Cash in a savings bank account	24,742,534
Cash in a designated bank account for Offering proceeds	19,513,888
Cash and cash equivalents	95,801,747
Unapplied proceeds	94,258,402
Difference	1,543,345
Interest income	(1,543,345)
	<b>P-</b>

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. 8851714

Issued January 3, 2022, Makati City

January 13, 2022

Makati City, Metro Manila