



April 20, 2022

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

Attention: **Ms. Alexandra Wong**
Head Disclosure Department

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

Dear Ms. Wong,

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 March 31, 2022.
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 March 31, 2022

	Balance as at December 31, 2021	Movements during the quarter	Balance as at March 31, 2022
Gross proceeds	896,548,800.00		896,548,800.00
Offer expenses	(72,464,600.00)		(72,464,600.00)
Net proceeds	824,084,200.00	-	824,084,200.00
Use of proceeds			
Store network expansion and store improvement	(103,235,634.00)	(9,286,713.00)	(112,522,347.00)
Investments of Advances for Working Capital	(146,657,896.00)		(146,657,896.00)
Debt repayment	(174,732,180.00)		(174,732,180.00)
Acquisition opportunities and introduction of new conce	(84,298,453.00)	(11,429,415.00)	(95,727,868.00)
Acquisition of head office of FHI	(142,375,050.00)		(142,375,050.00)
Commissary expansion	(35,011,802.00)	(480,063.00)	(35,491,865.00)
Balance of amounts infused in subsidiaries	(43,514,783.00)	5,748,776.00	(37,766,007.00)
	(729,825,798.00)	(15,447,415.00)	(745,273,213.00)
Unapplied Proceeds	94,258,402.00	(15,447,415.00)	78,810,987.00



April 20, 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 March 31, 2022 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 March 31, 2022. A comparison of the actual use and planned use of the Proceeds as at March 31, 2022 is shown below:

	Actual			Revised Planned Application	Difference
	Balance as at December 31, 2021	Movements during the Quarter	Balance as at March 31, 2022		
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	(103,235,634)	(9,286,713)	(112,522,347)	(158,048,800)	45,526,453
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 December 31, 2021	Movements during the Quarter	Balance as at March 31, 2022		
Acquisition opportunities and introduction of new concepts	(P84,298,453)	(P11,429,415)	(95,727,868)	(P135,000,000)	P39,272,132
Commissary expansion	(35,011,802)	(480,063)	(35,491,865)	(60,000,000)	24,508,135
Balance of amounts infused in subsidiaries	(43,514,783)	5,748,776	(37,766,007)	–	(37,766,007)
	(729,825,798)	(15,447,415)	(745,273,213)	(820,048,800)	74,775,587
Unapplied Proceeds	P94,258,402	(15,447,415)	P78,810,987	P–	P78,810,987

1. The disbursements for store network expansion and store improvement program amounting to P9.3 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. Details of payments made related to acquisition opportunities and introduction of new concepts are as follows:

Payments made by Fruitasgroup, Inc. (FGI), a wholly-owned subsidiary, for store network expansion of Soy & Bean brand	P6,513,676
Payments made by Balai Ni Fruitas, Inc. (BNFI), a wholly-owned subsidiary, for store network expansion of Balai Pandesal brand	3,980,739
Payments made by BNFI for the acquisition of certain assets of Balai Pandesal Corporation (BPC)	935,000
	<u>P11,429,415</u>

In June 2021, FHI, through BNFI, acquired certain assets of 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.

As at March 31, 2022, total payments made amounted to P8.8 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 P480,063 pertain to payments made for improvements of the commissary of FHI's wholly-owned subsidiary, Negril Trading, Inc. (NTI). 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 details of the balance of amounts infused in subsidiaries are as follows:

	FGI	BNFI	NTI	Total
Balance as at December 31, 2021	P34,133,114	P3,885,391	P5,496,278	P43,514,783
Store network expansion and store improvement	(2,698,149)	(1,125,336)	(1,925,291)	(5,748,776)
Balance as at March 31, 2022	<u>P31,434,965</u>	<u>P2,760,055</u>	<u>P3,570,987</u>	<u>P37,766,007</u>

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, acknowledgment receipts, sales invoices and billing statements, and traced the cash outflow to the corresponding bank statement. No exceptions were noted.

The remaining balance of ₱36.8 million as at March 31, 2022 is intended for store and network expansion and continuous commissary expansions.

5. The unapplied proceeds of ₱78.8 million are accounted for as follows:

Cash invested in time deposits	₱50,238,384
Cash in a savings bank account	15,997,857
Cash in a designated bank account for Offering proceeds	14,501,625
Cash and cash equivalents	80,737,866
Unapplied proceeds	78,810,987
Difference	1,926,879
Interest income	(1,926,879)
	₱-

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

April 20, 2022

Makati City, Metro Manila