

January 14, 2020

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, 2019 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 authorized the Company's Offering of its common shares with the PSE. This was approved by the Securities and Exchange Commission (SEC) and 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 at the PSE at an offer price of ₱1.68 per share.

Procedures Performed and Results

We obtained the Company's Quarterly Report on the Disbursements of Initial Public Offering Periods Proceeds of the Company for the quarter ended December 31, 2019. A comparison of the planned use and actual use of the Proceeds as at December 31, 2019 is shown below:

	Estimated	Actual
Gross Proceeds	₱896,548,800	₱896,548,800
Offer Expenses	(76,500,000)	(37,833,642)
Net Proceeds	820,048,800	858,715,158
Use of Proceeds		
Store network expansion and store improvement	(470,048,800)	–
Debt repayment	(150,000,000)	(150,000,000)
Acquisition opportunities and introduction of new concepts	(135,000,000)	–
Commisary expansion	(40,000,000)	(3,212,152)
Expansion of food park business	(25,000,000)	–
Balance of amounts infused in subsidiaries	–	(55,037,848)
	(820,048,800)	(208,250,000)
Unapplied Proceeds	₱–	₱650,465,158

1. The amounts of planned use of proceeds were agreed to the Company's prospectus issued on November 14, 2019 for the Offering.
2. We traced the collections to the bank statement and the related sales report of the stock transfer agent bank. The gross proceeds aggregating ₱896.6 million were deposited with Metropolitan Bank and Trust Company.
3. Details of the actual Offer expenses aggregating ₱37.8 million are as follows:

Initial public offering tax	₱17,930,976
Professional, stock transfer and receiving agent fees	10,294,791
PSE filing fee	4,755,596
SEC registration and listing fees	909,340
Documentary stamp tax	533,660
Others	3,409,279
Actual Offer expenses	₱37,833,642

Others mainly pertain to cost of printing and marketing expenses.

We traced the disbursements to the Company's books of accounts and examined the underlying documents [i.e. official receipts (ORs), billing statements and payment slips] supporting the Offer expenses. We also traced the disbursements to the bank statement to ensure that the checks cleared the bank. Of the total disbursements of ₱37.8 million, ₱15.1 million were paid by the subsidiaries. The Company reimbursed the subsidiaries as at December 31, 2019.

4. The details of the debt repayment aggregating ₱150.0 million are as follows:

Borrower	Amount
Subsidiaries:	
Fruitasgroup Incorporated (FGI)	₱109,750,000
Buko Ni Fruitas Inc. (BNFI)	6,500,000
Negril Trading Inc. (NTI)	3,500,000
	119,750,000
FHI	30,250,000
	₱150,000,000

The amounts used for loan repayment aggregating ₱119.8 million came from the additional capital infusion from FHI to FGI (refer to Item 6 below).

We traced the disbursements to the ORs issued by the creditor banks. We also traced the cash outflow to the corresponding bank statement. No exceptions were noted.

5. The disbursement for commissary expansion amounting to ₱3.2 million represents downpayment for the construction of BNFI's commissary. We examined the related supporting ORs issued by the contractor. We also traced the cash outflow to the corresponding bank statement. No exceptions were noted.
6. On November 29, 2019, the Company subscribed to 200,000 FGI common shares at ₱400.0 per share and 80,000 FGI preferred shares at ₱1,000.0 per share or for a total consideration of ₱160.0 million. Also, on December 19, 2019, the Company subscribed to 60,000 BNFI shares at ₱300.0 per share or for a total consideration of ₱18.0 million.

We examined the board resolutions and traced the cash inflow to the corresponding bank statements of the subsidiaries. No exceptions were noted.

The details on the use of the capital infusion to the subsidiaries are as follows:

	FGI	BNFI	Total
Capital investment	₱160,000,000	₱18,000,000	₱178,000,000
Debt repayment	(109,750,000)	–	(109,750,000)
Advances to BNFI and NTI for debt repayment	(10,000,000)	–	(10,000,000)
Commissary expansion	–	(3,212,152)	(3,212,152)
<u>Unutilized Investment as at December 31, 2019</u>	<u>₱40,250,000</u>	<u>₱14,787,848</u>	<u>₱55,037,848</u>

Per inquiry, the remaining balance of ₱55.0 million is still unutilized as at December 31, 2019 and is intended for store and network expansion, foodpark acquisitions and continuous commissary expansions.

7. The unapplied proceeds amounting to ₱650.5 million were traced and agreed to the related bank reconciliation statement, bank statement, 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 August 15, 2021

SEC Accreditation No. 1614-A

Valid until March 1, 2020

BIR Accreditation No. 08-005144-014-2017

Valid until March 8, 2020

PTR No. 8116482

Issued January 6, 2020, Makati City

January 14, 2020

Makati City, Metro Manila