

October 12, 2020

THE DISCLOSURE DEPARTMENT
THE PHILIPPINE STOCK EXCHANGE, INC.
3rd Floor, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

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

Subject: **Quarterly Summary of the Application of Proceeds from the Initial Public Offering (IPO)**

Dear Ms. Encarnacion:

In compliance with the disclosure requirements of the Philippine Stock Exchange, please find enclosed the following:

1. *Quarterly Summary of Application of Proceeds from the Initial Public Offering of the common shares of stocks of Wilcon Depot, Inc. (the "Corporation") as of September 30, 2020.*
2. Certification of Reyes Tacandong & Co. on the accuracy of information provided in relation to the progress report.

WILCON DEPOT, INC.



MARK ANDREW Y. BELO
Treasurer

WILCON DEPOT, INC.
Quarterly Summary of Application of Proceeds
As of September 30, 2020

Gross Offering Proceeds:		PHP 7,039,226,310
Less: IPO related expenses		
Underwriting and selling fees	PHP 178,029,707	
Philippine Securities and Exchange Commission registration, filing and research fees, taxes paid by the Company and Philippine Stock Exchange listing and processing fees	102,111,680	
Professional and legal fees	8,200,000	
Other offer expenses	1,556,416	<u>289,897,803</u>
Net Offerring Proceeds		6,749,328,507
Less: Disbursements		
Costs Incurred from April 01, 2017 to December 31, 2017		
Store network expansion	509,691,585	
Debt repayment	428,100,000	
General corporate purposes	<u>200,000,000</u>	1,137,791,585
Costs Incurred from January 01, 2018 to December 31, 2018		
Store network expansion		2,038,473,904
Costs Incurred from January 01, 2019 to December 31, 2019		
Store network expansion		2,172,394,046
Costs Incurred from January 01, 2020 to March 31, 2020		
Store network expansion		298,446,154
Costs Incurred from April 01, 2020 to June 30, 2020		
Store network expansion		188,159,477
Costs Incurred from July 01, 2020 to September 30, 2020		
Store network expansion		698,913,654
Total Disbursements up to September 30, 2020		<u>6,534,178,820</u>
Balance of the Net Offerring Proceeds as of September 30, 2020		<u>215,149,687</u>

IN WITNESS WHEREOF, I have hereunto set my hand this day of 13 OCT 2020 at Quezon City, Metro Manila Philippines.


MARK ANDREW Y. BELO
 Treasurer

SUBSCRIBED AND SWORN to before me this day of 13 OCT 2020 affiant exhibited to me his

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Book No. 1711 :
Series of 2020.


ATTY. ROGELIO J. BOLIVAR
NOTARY PUBLIC IN QUEZON CITY

AM Adm. Not Com. No. NP-124-1-12-19 until 12-31-2020
IBP O.R. No. 055255 Jan. 2019 & IBP O.R. No. 055256 Jan 2020
PTR O.R. No. 9332194 C 1-3-2020 / Roll No. 33832 / TIN# 129-871-000
MCLE No. VI-0029583 valid from 12/16/19 Valid until 04/14/22 Quezon City
Address : 31-F Harvard St. Q.C.

October 12, 2020

The Stockholders and the Board of Directors
WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT and WILCON HOME ESSENTIALS
No. 90 E. Rodriguez Jr. Avenue
Brgy. Ugong Norte Libis, Quezon City

Report of Factual Findings

We have performed the procedures agreed to by management of WILCON DEPOT, INC. Doing Business under the Name and Style of WILCON DEPOT and WILCON HOME ESSENTIALS (the Company) with respect to the Progress Report of the Company for the quarter ended September 30, 2020 on the use of the proceeds from the Initial Public Offering (the Offering) of the Company's common shares 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 September 13, 2016, the stockholders and Board of Directors of the Company authorized the Company to undertake the Offering of its shares with the PSE. Subsequently, on February 23 and March 8, 2017, the Securities and Exchange Commission (SEC) and the PSE approved the Company's application for the Offering, respectively.

The shares of stock of the Company are officially listed at the PSE on March 31, 2017. The Company listed 1,393,906,200 common shares at an offer price of ₱5.05 per share.

The remaining proceeds from the Offering are being used by the Company for store network expansion.

Procedures Performed and Results

The agreed-upon procedures and the results thereof are summarized as follows:

1. We obtained the Progress Report on the Use of the Proceeds from the Offering for the quarter ended September 30, 2020.

Balances and movements of unapplied proceeds as at and for the quarter ended September 30, 2020 are as follows:

Unapplied proceeds as at June 30, 2020	₱914,063,341
Disbursements for store network expansion	(698,913,654)
<u>Unapplied proceeds as at September 30, 2020</u>	<u>₱215,149,687</u>

2. During the quarter ended September 30, 2020, the Company made actual disbursements amounting to ₱698.9 million for the on-going construction of new stores.

We traced the disbursements to the bank statements and examined the underlying documents supporting the construction cost amounting to ₱637.9 million. The underlying documents examined include, among others, duly approved quotations, delivery receipts, sales invoices and official receipts issued by the suppliers to the Company. No exceptions were noted.

The Company also disbursed ₱61.0 million for the acquisition of fixed assets, supplies and initial inventory for the new stores. We traced the disbursements to the bank statements and examined the sales invoices and official receipts issued by the suppliers to the Company. No exceptions were noted.

3. Details of unapplied proceeds as at September 30, 2020 are as follows:

Cash in designated bank accounts for Offering proceeds	₱53,814,033
Money market placements	1,050,066,021
	<u>1,103,880,054</u>
Funds from various regular bank accounts	(888,730,367)
	<u>₱215,149,687</u>

As at September 30, 2020, the unapplied proceeds amounting to ₱215.1 million are maintained in a designated bank account for Offering proceeds and money market placements.

We traced to the bank statements the total cash in banks for various regular bank accounts, which includes the ₱888.7 million funds from regular bank accounts, and a designated bank account for Offering proceeds.

The money market placements were traced to promissory notes and time deposit certificates. No exceptions were noted.

4. As at September 30, 2020, the status of planned and actual use of proceeds is summarized below:

	Allocation Based on Prospectus	Allocation Based on Actual Net Proceeds	Actual Disbursements
Gross Proceeds	₱7,039,226,310	₱7,039,226,310	₱7,039,226,310
Offer Expenses	(289,132,001)	(289,897,803)	(289,897,803)
Net Proceeds	6,750,094,309	6,749,328,507	6,749,328,507
Use of the Proceeds			
Debt repayment	(428,100,000)	(428,100,000)	(428,100,000)
General corporate purposes	(200,000,000)	(200,000,000)	(200,000,000)
Store network expansion	(6,121,994,309)	(6,121,228,507)	(5,906,078,820)
	(6,750,094,309)	(6,749,328,507)	(6,534,178,820)
Unapplied Proceeds	₱-	₱-	₱215,149,687

The unapplied proceeds will be used for the store network expansion.

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 of the Company in accordance with Philippines 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.



HAYDEE M. REYES

Partner

CPA Certificate No. 83522

Tax Identification No. 102-095-265-000

BOA Accreditation No. 4782; Valid until August 15, 2021

SEC Accreditation No. 83522-SEC Group A

Valid until March 9, 2025

BIR Accreditation No. 08-005144-006-2019

Valid until October 20, 2022

PTR No. 8116475

Issued January 6, 2020, Makati City

October 12, 2020

Makati City, Metro Manila