

January 29, 2018

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: **Annual Progress Report on the Use of Initial Public Offering Proceeds with External Auditor Certification**

Dear Ms. Encarnacion:

In compliance with the Initial Public Offering (IPO) of Wilcon Depot Inc. (WDI) on March 31, 2017, we submit herewith our report on the application of the proceeds coming from the primary offer of WDI shares amounting to SEVEN BILLION THIRTY NINE MILLION TWO HUNDRED TWENTY SIX THOUSAND THREE HUNDRED TEN PESOS (₱7, 039,226,310) for the year ended December 31, 2017.

COMPARISON OF ESTIMATED VERSUS ACTUAL

| | Estimated | Actual | Balance |
|-------------------------------|--------------------------|--------------------------|-----------------------|
| Gross Proceeds | PHP 7,039,226,310 | PHP 7,039,226,310 | PHP - |
| Underwriting and Selling Fees | (178,029,707) | (178,029,707) | - |
| | 6,861,196,603 | 6,861,196,603 | - |
| Other Offer Expenses | (121,346,603) | (111,102,294) | 10,244,309 |
| Net Proceeds | PHP 6,739,850,000 | PHP 6,750,094,309 | PHP 10,244,309 |

Since the actual offer expenses are less than the estimated amount, the Company allocated the proceeds amounting to ₱10, 244,309 to store network expansion based on the Prospectus. Accordingly, the planned and revised use of the proceeds is as follows:

| | Prospectus | Revised |
|----------------------------|--------------------------|--------------------------|
| Debt repayment | PHP 428,100,000 | PHP 428,100,000 |
| General corporate purposes | 200,000,000 | 200,000,000 |
| Store network expansion | 6,111,750,000 | 6,121,994,309 |
| Net Proceeds | PHP 6,739,850,000 | PHP 6,750,094,309 |

**APPLICATION OF NET PROCEEDS
AS OF DECEMBER 31, 2017**

| Use of Proceeds | Planned | Actual | April-December 2017 Utilized Amount | Total Unutilized Amount |
|-------------------------|--------------------------|--------------------------|--|----------------------------|
| Debt repayment | PHP 428,100,000 | PHP 428,100,000 | PHP 428,100,000 | PHP - |
| General corporate | 200,000,000 | 200,000,000 | 200,000,000 | - |
| Store network expansion | 6,121,994,309 | 6,121,994,309 | 509,691,585 | 5,612,302,724 |
| Other offer expenses | - | - | 765,802 | (765,802) |
| Total | PHP 6,750,094,309 | PHP 6,750,094,309 | PHP 1,138,557,387 | PHP 5,611,536,922 |


The input value-added tax and withholding tax amounting to ₱765, 802 on certain offer expenses that were paid by the Company prior to the Offering was reimbursed by the Company using the proceeds from the Offering in September 2017.

IN WITNESS WHEREOF, I have hereunto set my hand this day of 29 JAN 2018 at Quezon City, Metro Manila Philippines.


MARK ANDREW Y. BELO
 Chief Financial Officer

SUBSCRIBED AND SWORN to before me this day of 29 JAN 2018, affiant exhibited to me his Tax Identification No. 220-546-117-000.

Doc. No. 987;
 Page No. 70;
 Book No. 18;
 Series of 2018.


ATTY. RUBEN M. AZANES, JR.
 Notary Public
 Until December 2018
 PTR. No. 95611098, 01-09-2018
 Roll of Attorney's No. 46427
 IBP No. AR001205 Q.C. Chapter
 Admin Matter No. 233
 MCLE No. V-0024616
 TIN No. 149-394-836
 (PRBS) Camp, Crame, Quezon City



January 26, 2018

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 as at and for the period April 1, 2017 to December 31, 2017 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 the 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 proceeds from the Offering are being used by the Company for (i) store network expansion (ii) payment for the outstanding financial obligation and (iii) general corporate purposes.

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 as at and for the period April 1, 2017 to December 31, 2017.

As at December 31, 2017, the status of planned and actual use of proceeds is summarized below:

| | Estimated | Actual | Over (Under) |
|----------------------------|------------------------|------------------------|-------------------------|
| Gross Proceeds | ₱7,039,226,310 | ₱7,039,226,310 | ₱- |
| Use of the Proceeds | | | |
| Debt repayment | (428,100,000) | (428,100,000) | - |
| General corporate purposes | (200,000,000) | (200,000,000) | - |
| Store network expansion | (6,121,994,309) | (509,691,585) | (5,612,302,724) |
| | (6,750,094,309) | (1,137,791,585) | (5,612,302,724) |
| Offer expenses | (289,132,001) | (289,897,803) | 765,802 |
| Unapplied Proceeds | ₱- | ₱5,611,536,922 | (₱5,611,536,922) |

2. On March 31, 2017, the gross proceeds from the Offering amounting to ₱7,039.2 million, net of underwriting and selling fees amounting to ₱186.4 million or ₱6,852.8 million, respectively, were deposited to the Company's savings account with Metropolitan Bank and Trust Company (MBTC Account). We have traced the bank statement and found it in order.

On April 11, 2017, however, an additional amount of ₱8.4 million was deposited to the MBTC Account. This amount representing a refund of an overpayment of underwriting and selling fees was traced to the bank statement.

Thus, the proceeds from the Offering, net of the underwriting and selling fees of ₱178.0 million, amounted to ₱6,861.2 million.

3. The payment for offer expenses other than underwriting and selling fees amounting to ₱111.9 million was traced to various supporting documents such as official receipts and documentary stamp tax returns duly received by the Bureau of Internal Revenue. The other offer expenses pertain to initial public offering tax, listing fees, professional and legal fees, documentary stamp tax and other fees directly related to the initial public offering. No exceptions were noted.

Of the total offer expenses of ₱289.9 million, ₱34.5 million were disbursed from various regular disbursing bank accounts of the Company. These were reverted back by the Company to the various regular disbursing bank accounts from the Offering proceeds in July and September 2017.

4. On April 4 and May 5, 2017, the Company fully settled short-term and long-term loan obligations to Bank of the Philippine Islands (BPI) amounting to ₱245.0 million and ₱183.1 million, respectively.

- During the period April 1, 2017 to December 31, 2017, the Company used ₱200.0 million as additional working capital fund for purchases of inventories and payments of selling and marketing expenses of the new and existing stores.

We traced the fund transfer of ₱200.0 million to the approved application for fund transfer and respective bank statements from the MBTC Account to the BPI and Rizal Commercial Banking Corporation (RCBC) regular disbursing bank accounts. No exceptions were noted.

- During the period April 1, 2017 to December 31, 2017, the Company made actual disbursements amounting to ₱509.7 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 ₱452.5 million. The underlying documents examined include, among others, the contracts, duly approved quotations, delivery receipts, sales invoices and official receipts issued by the suppliers. No exceptions were noted.

The Company also made disbursements for acquisition of fixed assets, supplies and initial inventory amounting to ₱57.2 million. We traced the disbursements to the bank statements and examined the sales invoices and official receipts issued by the suppliers. No exceptions were noted.

Of the total disbursements of ₱509.7 million, ₱172.0 million were disbursed from various regular disbursing bank accounts of the Company. The ₱10.9 million and ₱161.2 million were reverted back by the Company to the various regular disbursing bank accounts from the Offering proceeds in July 2017 and January 2018, respectively.

- The unapplied proceeds from the Offering are maintained in various current and savings accounts with MBTC, BDO Unibank, Inc. and RCBC, money market placements, time deposits and marketable securities with First Metro Investment Corporation, Metrobank Card Corporation, RCBC and and China Banking Corporation.

We traced to the underlying documents of the unapplied proceeds as follows: the bank statements for cash in banks, promissory notes and confirmation for money market placements, time deposits and marketable security, respectively. No exceptions were noted, except for the matter discussed in Item no 6.

Details are as follows:

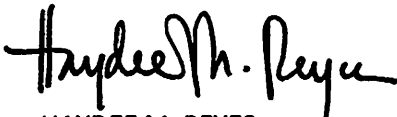
| | |
|--|----------------------------|
| Cash in banks | ₱285,113,056 |
| Cash equivalents | 2,487,580,715 |
| Marketable security | 3,000,000,000 |
| | <hr/> |
| | 5,772,693,771 |
| Amount disbursed from various accounts | 161,156,849 |
| Unapplied proceeds as at December 31, 2017 | <hr/> <hr/> ₱5,611,536,922 |

The sufficiency of the foregoing procedures is solely the responsibility of the Company. Consequently, 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 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 December 31, 2018

SEC Accreditation No. 0663-AR-3 Group A

Valid until August 30, 2020

BIR Accreditation No. 08-005144-006-2017

Valid until January 13, 2020

PTR No. 6607959

Issued January 3, 2018, Makati City

January 26, 2018

Makati City, Metro Manila