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Monde Nissin Corporation MONDE

PSE Disclosure Form 4-29 - Disbursement of Proceeds and Progress Report
References: Memorandum No. 626 - 2007 dated December 20, 2007
Section 4.4 of the Revised Disclosure Rules

- Annual Report
 Quarterly Report
 Others N/A

Subject of the Disclosure

Quarterly Report on the Use of Proceeds from Monde Nissin Corporation's ("MONDE's") Initial Public Offering ("IPO")

Background/Description of the Disclosure

In compliance with the PSE's Notice of Approval for MONDE's IPO on June 1, 2021, MONDE hereby submits the following documents relating to the application of net IPO proceeds for the quarter ended September 30, 2022:

1. CFO Letter-Certification; and
2. Report-Certification of MONDE's external auditor, SGV & Co.

Other Relevant Information

N/A



Monde Nissin

MONDE NISSIN CORPORATION
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October 14, 2022

The Philippine Stock Exchange, Inc.

PSE Tower, 5th Avenue corner 28th Street
Bonifacio Global City, 1634
Taguig City

Attention: **Ms. Janet A. Encarnacion**
Head, Disclosures Department

Subject: **Application of IPO Proceeds Quarterly Summary**

Ladies and Gentlemen:

In connection with Monde Nissin Corporation's ("Monde's") Initial Public Offering ("IPO") on June 1, 2021, we submit herewith our quarterly progress report ("Report") on the application of the net IPO proceeds. Accordingly, for the quarter ended September 30, 2022, the application of the net IPO proceeds is broken down as follows:

Use of Proceeds	As at September 30, 2022
Total IPO Proceeds (IPO fund)	₱48,600,000,000
Disbursements from June 1, 2021 to June 30, 2022	44,100,127,541
IPO fund as at June 30, 2022	₱4,499,872,459
Payment of operating expenditures	515,308,669
Payment of Fixed Assets:	
APAC BFB	
Capacity increase and innovation – Philippine operations	375,972,570
Operational efficiency initiatives – Philippine operations	9,255,511
Capacity increase and innovation - Thailand operations	4,953,320
End-to-end supply network redesign – Philippine operations	1,378,928
	391,560,330
Meat Alternative	
To expand capacity	253,355,390
To improve manufacturing and new product development capabilities	23,226,078
	276,581,468
Disbursements for the quarter ended September 30, 2022	1,183,450,467
IPO fund as at September 30, 2022, before the effect of foreign exchange	3,316,421,992
Movement in unrealized foreign exchange gain	(95,789,691)
IPO fund as at September 30, 2022	₱3,220,632,301

There were no other disbursements and applications made during the relevant quarter.

In compliance with the conditions of the Philippine Stock Exchange's IPO Notice of Approval, the undersigned hereby certifies the foregoing as true and correct based on available records. Likewise enclosed is the certification from Monde's external auditor, SGV & Co., in connection with the Report.

We trust that you find everything in order.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Jesse C. Teo', with a large loop at the beginning and a horizontal line at the end.

Jesse C. Teo
Chief Financial Officer

Agreed-Upon Procedures Report on the Quarterly Progress Report on the Use of Proceeds as at September 30, 2022

The Stockholders and the Board of Directors
Monde Nissin Corporation
Felix Reyes St., Barangay Balibago
Santa Rosa, Laguna

Purpose of this agreed upon procedures report

We have performed the procedures which were agreed to by Monde Nissin Corporation (the Company, the Corporation or MNC) and enumerated below with respect to the Quarterly Progress Report for the quarter ended September 30, 2022 on the Use of Proceeds from the Common Shares Offering of the Company on June 1, 2021 (the Subject Matter). Our report is solely for the purpose of assisting you in complying with the reporting requirements of the Philippine Stock Exchange (PSE) and may not be suitable for another purpose.

Restriction on Use

This agreed-upon procedures report (AUP Report) is intended solely for the information and use of the Company and the PSE and is not intended to be and should not be used by anyone else.

Responsibilities of the Company

The Company has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Company is responsible for the Subject Matter on which the agreed-upon procedures are performed. The sufficiency of these procedures is solely the responsibility of the Company.

Practitioner's Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with Philippine Standard on Related Services (PSRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Engaging Party, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness or the sufficiency of the agreed-upon procedures described below either for the purpose for which this AUP Report has been requested or for any other purpose.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

In performing the Agreed-Upon Procedures engagement, we complied with the ethical requirements in the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics). We are not required to be independent for the purpose of this engagement. We are the independent auditor of the Company and we have complied with the independence requirements of the Code of Ethics that apply in context of the financial statement audit.

Our firm applies International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

We have performed the procedures described below, which were agreed upon with the Company in terms of the engagement dated March 30, 2022, on the Subject Matter

Procedures performed

1. Obtained from management the Progress Report of the IPO fund as at September 30, 2022 showing the following information:
 - a. Balance of IPO fund as at June 30, 2022;
 - b. Detailed schedule and description of disbursements for the period July 1, 2022 to September 30, 2022 (the period);
 - c. Amount of disbursement for the period; and
 - d. Balance of IPO fund as at September 30, 2022.
2. Checked the mathematical accuracy of the Progress Report.
3. Compared the disbursements as indicated in the Progress Report as at September 30, 2022 to the detailed schedule of disbursements during the period.
4. Traced the disbursements for the quarter ended September 30, 2022 in the detailed schedule of disbursements to the supporting documents such as cash disbursement journal, billing statements, invoices, check vouchers, official receipts and bank statements, and agreed the amounts to the schedule.
5. Obtained a complete list of bank accounts, where the IPO funds are maintained and traced interbank transfers to bank statements for the period. For bank transfers denominated in foreign currency, checked that the exchange rate used was based on published rates.
6. Traced the remaining balance of the IPO fund as at September 30, 2022 to the bank statements as at September 30, 2022.
7. Obtained the list of Board of Directors minutes of meetings for the period and reviewed if there were reallocations or changes in the schedule of planned use of proceeds from the Offering.

8. Compared the disbursements in the Progress Report as at September 30, 2022 to the use of proceeds section of the Offering Circular, as updated for any reallocations as approved by the Board of Directors.

Findings

1. With respect to item (1), we were able to obtain the Progress Report (see Annex) showing the following information:
 - a. Balance of IPO fund as at June 30, 2022;
 - b. Detailed schedule and description of disbursements for the period July 1, 2022 to September 30, 2022 (the period);
 - c. Amount of disbursement for the period; and
 - d. Balance of IPO fund as at September 30, 2022.

We noted no exception.

2. With respect to item (2), we checked the mathematical accuracy of the Progress Report for the quarter ended September 30, 2022 and traced the beginning balance of IPO fund to the Progress Report as at June 30, 2022. No exception was noted.
3. With respect to item (3), no exception was noted.
4. With respect to item (4), total capital and operating expenditures for the quarter ended September 30, 2022 amounted to ₱1,183.5 million (see item 7 below). We noted the following:
 - a. Meat Alternative - operating expenditure of ₱515.3 million and capital expenditure of ₱276.6 million

We traced the above amounts to the related invoices and purchase orders when the funds were originally disbursed. We noted no exception.

- b. APAC BFB - ₱391.6 million
 - i. Out of the ₱391.6 million total capital expenditure of APAC BFB, ₱15.7 million capital expenditure were funded by Monde Nissin Thailand (MNTN) and Monde M.Y San Corporation (MMYSC) using their respective cashflows.

On August 9, 2021, the Board of Directors (BOD) of MNC approved “the transfer from the IPO Proceeds to the operating cash of the Corporation, such amounts of capital expenditure paid by the significant subsidiaries of the Corporation during the year using their respective cashflow”. As confirmed by MNC’s Corporate Secretary, capital expenditure paid by the Company’s significant subsidiaries subsequent to 2021 are also covered by this BOD resolution.

Following the above board resolution, ₱15.7 million was transferred from the IPO funds to MNC’s operating funds during the quarter ended September 30, 2022. We traced the above amounts to the related invoices and purchase orders when the funds were originally disbursed by MNTN and MMYSC using their operating funds.

- ii. We traced APAC BFB segment's capital expenditure amounting to ₱391.6 million (₱15.7 million capital expenditure disbursed by MNTH and MMYSC as discussed in 4.b.i and ₱375.9 million capital expenditure disbursed by MNC) to the related invoices and purchase orders when the funds were originally disbursed by the subsidiaries. We noted no exception.
 - iii. Out of the ₱391.6 million capital expenditure, we were able to trace disbursements amounting to ₱389.2 million (99%) to the bank statements of MNC, MNTH and MMYSC. The remaining ₱2.4 million pertains to unpaid capital expenditures as of September 30, 2022.
5. With respect to item (5), we noted that the Company invested the IPO fund in the following accounts:
- a. Savings account with local banks;
 - b. Foreign currency denominated savings account; and
 - c. Derivative investment and trust funds to reduce negative carry adhering to the following investment principles: no mark-to-market risk, short tenor of up to 180 days and principal protection.

We traced the interbank transfers during the period to the bank statements. No exceptions were noted.

6. With respect to item (6), we noted a difference of ₱534.2 million between the balance per bank statement and balance per Progress Report of the IPO fund as follows:

	Amount
	<i>(in millions)</i>
Bank balance of IPO proceeds	₱3,754.8
Balance of IPO fund (see Annex)	3,220.6
<u>Excess of bank balance over IPO fund</u>	<u>₱534.2</u>

Bank over noted pertains primarily to the net interest income, realized foreign exchange gain, mark-to-market gains, and other adjustments which were not considered as part of the proceeds from the Offering.

7. With respect to item (7), no board resolution related to the reallocation or change in the schedule of planned use of proceeds from the offering was noted during the quarter ended September 30, 2022.

8. With respect to item (8), we present below the summary of the breakdown and application of the Offering Proceeds as at September 30, 2022 based on the information we obtained from the Company.

	Unused Offering Proceeds as of June 30, 2022	Application of Offering Proceeds during the period	Unused Offering Proceeds as of September 30, 2022
	<i>(in millions)</i>		
Meat Alternative			
Capital expenditure	₱277.7	₱276.6	₱1.1
Operating expenditure	3,443.1	515.3	2,927.8
APAC BFB			
Capital expenditure	391.7	391.6	0.1
	4,112.5	1,183.5	2,929.0
IPO related expenses	228.8	–	228.8
Foreign exchange gain (loss)	158.6	(95.8)	62.8
	₱4,499.9	₱1,087.7	₱3,220.6

Explanatory paragraph

The Company is responsible for the source documents that are described in the specified procedures and related findings section. We were not engaged to perform and we have not performed any procedures other than those previously listed. We have not performed procedures to test the accuracy or completeness of the information provided to us except as indicated in our procedures. Furthermore, we have not performed any procedures with respect to the preparation or verification of any of the source documents. We have no responsibility for the verification of any underlying information upon which we relied in forming our findings.

The agreed-upon procedures do not constitute an audit or a review of financial statements or part thereof, the objective of which is the expression of an opinion or conclusion on the financial statements or part thereof.

We undertake no responsibility to update this AUP Report for events and circumstances occurring after the AUP Report is issued.

SYCIP GORRES VELAYO & CO.



Editha V. Estacio
Partner

Oct 14, 2022
Makati City

Annex: Progress Report for the period July 1 to September 30, 2022

Use of Proceeds	As at September 30, 2022
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