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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, 2021:

1. CFO Letter-Certification; and
2. Report-Certification of the External Auditor, SGV & Co.

Other Relevant Information

N/A

Filed on behalf by:

Name	Aaron Jeric Legaspi
Designation	Alternate CIO



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October 15, 2021

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, 2021, the application of the net IPO proceeds is broken down as follows:

Use of Proceeds		As of September 30, 2021
Balance of IPO proceeds as of June 30, 2021		₱28,369,492,056
Less: IPO related expenses		
Underwriting and selling commission fees	329,048,459	
PSE listing and processing fees		
SEC registration and listing fees		
Professional and accounting fees	18,144,964	
Miscellaneous expenses	6,500	347,199,923
Net proceeds after IPO expenses		28,022,292,133
Payment of GIC Note	-	
Payment of term loans	12,223,610,686	
Payment of Fixed Assets:		
Capacity increase and innovation – Philippine operations	611,499,978	
Operational efficiency initiatives – Philippine operations	270,839,767	
End-to-end supply network redesign – Philippine operations	7,110,223	
Capacity increase and innovation - Thailand operations	249,478,112	13,362,538,766
Total		14,659,753,367
Unrealized foreign exchange gain		51,888,005
Unused Proceeds as of September 30, 2021		₱14,711,641,372

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 stylized flourish at the end.

Jesse C. Teo
Chief Financial Officer

REPORT OF FACTUAL FINDINGS

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

We have performed the procedures agreed with you and enumerated below with respect to the Quarterly Progress Report on Use of Proceeds from the Common Shares Offering (the “Progress Report”) as at September 30, 2021 on the use of proceeds from and expenses related to the initial public offering (IPO) of common shares of Monde Nissin Corporation (the Company) at the Philippine Stock Exchange on June 1, 2021. Our engagement was undertaken in accordance with the Philippine Standard on Related Services (PSRS) 4400, *Engagements to Perform Agreed-upon Procedures Regarding Financial Information*. These procedures were performed solely to enable the Company to comply with the Philippine Securities and Exchange Commission’s requirement to submit an external auditor’s certification on the information being presented by the Company relating to the Progress Report as of September 30, 2021.

Summarized below are the agreed-upon procedures performed and findings on the Progress Report for the period July 1 to September 30, 2021 as prepared by the Company and which is presented as Annex to this report.

Procedures performed

1. Obtained from management the Progress Report as at September 30, 2021 showing the following information:
 - a. Balance of net proceeds as of June 30, 2021;
 - b. Detailed schedule and description of disbursements for the period July 1, 2021 to September 30, 2021 (the period);
 - c. Amount of disbursement for the period; and
 - d. Balance of net proceeds as of September 30, 2021.
2. Checked the mathematical accuracy of the Progress Report.
3. Compared the disbursements as indicated in the Progress Report as at September 30, 2021 to the detailed schedule of disbursements during the period.
4. Traced the disbursements 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 list of disbursements.
5. Obtained a complete list of bank accounts, where the IPO proceeds are maintained and traced interbank transfers to bank statements. For bank transfers denominated in foreign currency, checked that the correct exchange rate was used based on published rates.

6. Traced the remaining balance of the net proceeds as of September 30, 2021 to the bank statements as of September 30, 2021.
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 of September 30, 2021 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 net proceeds as of June 30, 2021;
 - b. Detailed schedule and description of disbursements for the period July 1, 2021 to September 30, 2021 (the period);
 - c. Amount of disbursement for the period; and
 - d. Balance of net proceeds as of September 30, 2021.
2. With respect to item (2), no exception was noted.
3. With respect to item (3), we noted difference in the disbursements indicated in the Progress Report and its supporting detailed schedule for capital expenditure of Monde Nissin (Thailand) Co., LTD (MNTH) amounting to ₱101,349,252.

Difference noted in the detailed schedule of MNTH pertains to capital expenditures paid in September 2021, since disbursements indicated in the Progress Report are for those paid until August 2021 only. Based on our discussion with management, capital expenditures paid by the subsidiaries until August 2021 are charged against the IPO proceeds during the period while capital expenditures paid beginning September 2021 will be reflected in the next progress report. No other exceptions were noted.

4. With respect to item (4), disbursements totaling ₱1,138.9 million (see item 8 below) include payments on capital expenditures made by MNTH, Monde M.Y San Corporation (MMYSC) and Monexco International Company Limited (MIL) prior to the receipt of the IPO proceeds (i.e. disbursements from January to May 2021) as follows:

	Amount (in ₱ millions)
MMYSC	₱407.2
MNTH	92.0
MIL	37.5
	<u>₱536.7</u>

The above amounts were initially paid out of the Companies' operating funds and subsequently charged against the IPO proceeds. We traced the above amounts to the related invoices and purchase orders when the funds were originally disbursed. We noted no exception.

5. We respect to item (5), we noted that the Company invested the IPO Proceeds 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.

No exception was noted.

6. With respect to item (6), we noted a difference of ₱40,981,425 and ₱125,504 pertaining to interest income earned by the Company on its cash in bank and investments and required balance to open a bank account, respectively, which were not considered as part of the proceeds from the Offering.
7. With respect to item (7), on a board resolution dated August 9, 2021, the Board of Directors approved the change in use of IPO proceeds previously earmarked for capital expenditures to prepay outstanding principal of remaining term loans amounting to ₱15,564,468,459 as well as accrued interest. This action was done to avoid the significant negative carry associated with large cash balances as these have substantially lower investment returns than the interest payments on the outstanding debt. We presented below the comparison of the planned allocation indicated in the offering circular and the revised allocation based on the approved change in the use of proceeds:

	Unused Offering Proceeds as of June 30, 2021	Adjustment	Revised Allocation of Offering Proceeds
	<i>(in ₱ millions)</i>		
Capital expenditure			
Meat alternative	₱15,718.0	(₱9,225.2)	₱6,492.8
APAC BFB	9,562.1	(6,339.3)	3,222.8
	25,280.1	(15,564.5)	9,715.6
Loan payment	2,350.4	15,564.5	17,914.9
IPO related expenses	716.6	–	716.6
Foreign exchange gain	22.4	–	22.4
	₱28,369.5	–	₱28,369.5

In the same board resolution, the Board of Directors confirms that there is no change in its planned capital expenditures as stipulated in its final IPO prospectus on file with the Securities and Exchange Commission. Thus, the ₱15,564,468,459 capital expenditure fund that was reallocated to loan payment shall be financed using the operating fund.

8. With respect to item (8), we present below the summary of the breakdown and application of the Offering Proceeds as of September 30, 2021 based on the information we obtained from the Company.

	Revised Allocation of Offering Proceeds	Application of Offering Proceeds during the period	Unused Offering Proceeds as of September 30, 2021
<i>(in ₱ millions)</i>			
Capital expenditure			
Meat alternative	6,492.8	–	6,492.8
APAC BFB	3,222.8	1,138.9	2,083.9
	9,715.6	1,138.9	8,576.7
Loan payment	17,914.9	12,223.6	5,691.3
IPO related expenses	716.6	347.2	369.4
Foreign exchange gain	22.4	(51.9)	74.3
	₱28,369.5	₱13,657.8	₱14,711.7

Because the above procedures do not constitute either an audit or a review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standards on Review Engagements (PSRE), respectively, we do not express any assurance on the Company's financial statements.

Had we performed additional procedures, or had we performed an audit or review of the financial statements in accordance with PSA or PSRE, other matters might have come to our attention that would have been reported to you. This report is intended solely for the purpose set forth in the first paragraph of this report and should not be used for any other purpose or be distributed to any other parties who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report relates only to the accounts and items specified above and do not extend to any financial statements of the Company taken as a whole.

SYCIP GORRES VELAYO & CO.



Editha V. Estacio

Partner

CPA Certificate No. 91269

Tax Identification No. 178-486-845

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 91269-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-094-2020, July 27, 2020, valid until July 26, 2023

PTR No. 8534246, January 4, 2021, Makati City

October 14, 2021

Annex: Progress Report for the period July 1 to September 30, 2021

Use of Proceeds	As of September 30, 2021
Balance of IPO proceeds as of June 30, 2021	₱28,369,492,056
Less: IPO related expenses	
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	347,199,923
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