

COVER SHEET

C S 2 0 1 5 0 3 0 1 4
SEC Registration Number

F R U I T A S H O L D I N G S , I N C .

(Company's Full Name)

N O . 6 0 C O R D I L L E R A S T .

B R G Y . D O N A J O S E F A Q U E Z O N C I T Y

(Business Address: No., Street City / Town / Province)

RUSHELL A. SALVADOR

Contact Person

+(632) 8731-8886

Company Telephone Number

SEC FORM 17-C

DISBURSEMENT OF PROCEEDS & PROGRESS
REPORT FOR THE YEAR ENDING 31 DEC 2022

FORM TYPE

1 2

Month

3 1

Day

Fiscal Year

0 7

Month

2 5

Day

Annual Meeting

Secondary License Type, If Applicable

Dept Requiring this Doc
Section

Amended Articles Number /

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. January 17, 2023
Date of Report (Date of earliest event reported)
2. SEC Identification Number- CS201503014
3. BIR Tax Identification No. - 008-961-476-000
4. FRUITASHOLDINGS INC
Exact name of issuer as specified in its charter
5. PHILIPPINES
Province, country or other jurisdiction
of incorporation
6. (SEC Use Only)
Industry Classification Code
7. 60 CORDILLERA ST. COR. E. RODRIGUEZ SR. AVE. QUEZON CITY 1113
Address of principal office Postal Code:
8. (02)8243-1741
Issuer's telephone number, including area code
9. N/A
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<u>Common</u>	<u>2,133,680,000</u>

11. Indicate the item numbers reported herein: ITEM 9- OTHER EVENTS

We hereby submit the Disbursement of Proceeds and Progress Report for the year ending December 31, 2022. Fruitas Holdings Inc. ("Company") realized a total Offer proceeds of Php896,548,800 from the Initial Public Offering ("Offer") of 533,660,000 common shares at an offer price of Php1.68 per share on 29 November 2019.

For the year ending December 31, 2022, the company has a total disbursement of Php 82,655,518 used for store network expansion, introduction of new concepts, debt repayment, advances for working capital and commissary expansion. As of December 31, 2022, the balance of the Unapplied Use of Proceeds amounts to Php 11,602,884.

Please refer to attached Annual Report for your reference.

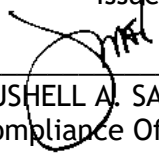
SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FRUITAS HOLDINGS INC.

Issuer

Date



RUSHELL A. SALVADOR
Compliance Office

17 January 2023

January 17, 2023

THE PHILIPPINE STOCK EXCHANGE
6F PSE Tower, 5th Avenue corner 28th Street
Bonifacio Global City, Taguig City
Philippines 1634

Attention: **Mr. Norberto T. Moreno Jr.**
Officer in Charge- PSE Listing Department

Ms. Alexandra Wong
Officer in Charge- Disclosure Department

THE SECURITIES AND EXCHANGE COMMISSION
Markets and Securities Regulation Department
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City, 1307

Attention: **Director Vicente Graciano P. Felizmenio, Jr.**
Markets and Securities Regulation Department

Subject: **Annual Disbursements of Initial Public Offering Proceeds Report ending
December 31, 2022**

Gentlemen:

In compliance with the disclosure requirements of the Philippines Stock Exchange, we hereby submit the following reports:

1. Summary of application of Proceeds from the Initial Public Offering for the year ending December 31, 2022
2. Certification of Reyes Tacandong and Co. on the accuracy of information provided in relation to progress report.

We hope you find everything in order.

FRUITAS HOLDINGS INC.


Junell Dominic P. Torio
Chief Financial Officer



FRUITAS HOLDINGS INC.
Annual Summary of Application of Proceeds
As of December 31, 2022

	Balance as at December 31, 2021	Movements during the year	Balance as at December 31, 2022
Gross proceeds	896,548,800.00		896,548,800.00
Offer expenses	(72,464,600.00)		(72,464,600.00)
Net proceeds	824,084,200.00	-	824,084,200.00
Use of proceeds			
Store network expansion and store improvement	(103,235,634.00)	(50,410,013.00)	(153,645,647.00)
Investments of Advances for Working Capital	(146,657,896.00)	(342,104.00)	(147,000,000.00)
Debt repayment	(174,732,180.00)	(267,820.00)	(175,000,000.00)
Acquisition opportunities and introduction of new conce	(84,298,453.00)	(68,852,959.00)	(153,151,412.00)
Acquisition of head office of FHI	(142,375,050.00)		(142,375,050.00)
Commissary expansion	(35,011,802.00)	(6,297,405.00)	(41,309,207.00)
Balance of amounts infused in subsidiaries	(43,514,783.00)	43,514,783.00	-
	(729,825,798.00)	(82,655,518.00)	(812,481,316.00)
Unapplied Proceeds	94,258,402.00	(82,655,518.00)	11,602,884.00



AGREED-UPON PROCEDURES ON THE USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

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 (IPO) of the Company's common shares (the "Offering") for the year ended December 31, 2022 in connection with its compliance with the reportorial requirements of the Philippine Stock Exchange, Inc. (PSE). This may not be suitable for another purpose.

Our engagement was undertaken in accordance with the Revised Philippine Standard on Related Services 4400 (Revised), *Agreed-upon Procedures Engagements*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with you, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

Background

On August 24, 2019, the stockholders and the Board of Directors (BOD) 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 on the PSE at an offer price of ₱1.68 per share.

Procedures Performed and Results

1. On October 28, 2022, the Company's BOD approved to increase the allocation of IPO proceeds to "Acquisition opportunities and introduction of new concepts" from ₱135.0 million to ₱153.7 million. The increase in allocation of IPO proceeds to "Acquisition opportunities and introduction of new concepts" was sourced from the following: (1) the additional net proceeds resulting from lower offer expenses compared to initial estimate; (2) unused portion of the proceeds previously allocated to acquisition of property; and (3) a portion of the proceeds initially allocated to commissary expansion.

Details are as follows:

	Planned Application (Old)	Budget Reallocation	Updated Proceeds Allocation (New)
Gross Proceeds	₱896,548,800	–	₱896,548,800
Offer Expenses	(76,500,000)	4,035,400	(72,464,600)
Net Proceeds	820,048,800	4,035,400	824,084,200
Use of Proceeds			
Store network expansion and store improvement	(158,048,800)	–	(158,048,800)
Debt repayment	(175,000,000)	–	(175,000,000)
Acquisition opportunities and introduction of new concepts	(135,000,000)	(18,660,350)	(153,660,350)
Working capital	(147,000,000)	–	(147,000,000)
Acquisition of property	(145,000,000)	2,624,950	(142,375,050)
Commissary expansion	(60,000,000)	12,000,000	(48,000,000)
Total	(₱820,048,800)	(4,035,400)	(₱824,084,200)

We obtained the signed board resolution authorizing the reallocation of ₱18.7 million. We also obtained the disclosure made to the PSE for the reallocation of proceeds from the Offering. No exceptions were noted.

- We obtained the Company's Yearly Report on the Disbursement of Proceeds from Initial Public Offering for the year ended December 31, 2022. A comparison of the actual use and planned use of the Proceeds as at December 31, 2022 is shown below:

	Actual				Difference
	Balance as at December 31, 2021	Movements during the Year	Balance as at December 31, 2022	Updated Proceeds Allocation	
Gross Proceeds	₱896,548,800	₱–	₱896,548,800	₱896,548,800	₱–
Offer Expenses	(72,464,600)	–	(72,464,600)	(72,464,600)	–
Net Proceeds	824,084,200	–	824,084,200	824,084,200	–
Use of Proceeds					
Store network expansion and store improvement program	(103,235,634)	(50,410,013)	(153,645,647)	(158,048,800)	4,403,153
Debt repayment	(174,732,180)	(267,820)	(175,000,000)	(175,000,000)	–
Investment or advances to subsidiaries for working capital	(146,657,896)	(342,104)	(147,000,000)	(147,000,000)	–
Acquisition of head office of FHI	(142,375,050)	–	(142,375,050)	(142,375,050)	–
Acquisition opportunities and introduction of new concepts	(84,298,453)	(68,852,959)	(153,151,412)	(153,660,350)	508,938
Commissary expansion	(35,011,802)	(6,297,405)	(41,309,207)	(48,000,000)	6,690,793
Balance of amounts infused to the subsidiaries	(43,514,783)	43,514,783	–	–	–
	(729,825,798)	(82,655,518)	(812,481,316)	(824,084,200)	11,602,884
Unapplied Proceeds	₱94,258,402	(₱82,655,518)	₱11,602,884	₱–	₱11,602,884

- The disbursements for store network expansion and store improvement program amounting to ₱50.4 million during the year pertain to security deposits and advance rentals paid for newly opened stores, kiosk construction and fabrication, and leasehold improvements.

We obtained and inspected the supporting official receipts, collection receipts, acknowledgment receipts, sales invoices, and billing statements. We also traced the cash disbursements to the corresponding bank statement. No exceptions were noted.

- The debt repayment amounting to ₱267,820 pertains to the payment of the loan of Frutasgroup Incorporated (FGI), a wholly-owned subsidiary. We compared the amount of debt repayment to the ORs issued by the creditor banks. We also traced the cash disbursements to the corresponding bank statement. No exceptions were noted.

5. The advances to subsidiaries amounting to ₱342,104 pertain to advances for FGI's working capital purposes. We traced the disbursement from the cash disbursements of the Company and also traced the advances to the corresponding bank statements of FGI. No exceptions were noted.

6. Details of payments made related to acquisition opportunities are as follows:

Payments made by SoyKingdom Inc. (SKI), a wholly-owned subsidiary, for acquisition of 100% outstanding common shares of LN Banaue Inc. and identified assets relating to Ling Nam business	₱53,493,116
Payments made by FGI for store network expansion of Soy & Bean brand	7,761,676
Payments made by BNFI for store network expansion of Balai Pandesal brand	4,325,667
Payments made by BNFI for the acquisition of certain assets of Balai Pandesal Corporation (BPC)	3,272,500
	₱68,852,959

On June 30, 2022, FHI through SoyKingdom Inc. (SKI), entered into a Memorandum of Agreement (MOA) to acquire 100.0% of the outstanding common shares of LN Banaue Inc. (LNBI) and identified assets relating to Ling Nam restaurant business in the Philippines. The assets include all equipments, factory, and warehouse, all registered intellectual property, manuals, and recipes, which constitute technical know-how relating to Ling Nam business.

As at December 31, 2022, the total payments made amounted to ₱53.5 million was taken from the IPO Proceeds. We traced the payments to the bank statement to check that the issued checks have cleared the bank and compared the amount to the supporting acknowledgment receipt. No exceptions were noted.

For the payments made related to the store network expansion of Soy & Bean brand and Balai Pandesal brand by FGI and BNFI, respectively, we obtained and inspected the related supporting official receipts, collection receipts, sales invoices and billing statements and traced the cash disbursements to the corresponding bank statement. No exceptions were noted.

On June 2021, FHI, through BNFI, acquired certain assets of BPC, a domestic company engaged in the retail of bread products. The assets include contracts with five franchised branches, trademarks, recipes and other technical know-how, store equipment, and inventories for a total consideration of ₱11.2 million. As at April 6, 2022, the balance amounting to ₱3.3 million was fully paid as agreed in the Deed of Absolute Sale (DOAS). We traced the payments to the bank statement and also inspect and compared the supporting DOAS and acknowledgment receipt. No exceptions were noted.

7. The disbursements for commissary expansion amounting to ₱4.9 million pertain to the commissaries of the following:

FGI	₱5,817,342
Negril Trading, Inc. (NTI), a wholly-owned subsidiary	480,063
	₱6,297,405

We inspected the related supporting billing statements, SIs and ORs issued by the contractor. We also traced the cash disbursements to the corresponding bank statement. No exceptions were noted.

8. The details of the amounts infused to the subsidiaries are as follows:

	FGI	BNFI	NTI	Total
Unutilized Investment as at December 31, 2021	₱34,133,114	₱3,885,391	₱5,496,278	₱43,514,783
Movements during the year:				
Transferred funds from FGI to NTI	(4,000,000)	–	4,000,000	–
Transferred funds from BNFI to FGI	490,399	(490,399)	–	–
Store network expansion and store improvement	(30,623,513)	(3,394,992)	(9,496,278)	(43,514,783)
	(34,133,114)	(3,885,391)	(5,496,278)	(43,514,783)
Unutilized Investment as at December 31, 2022	₱–	₱–	₱–	₱–

FGI transferred funds to NTI amounting to ₱4.0 million for NTI's store network expansion activities. We obtained supporting documents and traced the transferred funds to the corresponding bank statement. No exceptions were noted.

BNFI transferred funds to FGI amounting to ₱490,399 for FGI's store network expansion activities. We obtained supporting document and traced the transferred funds to the corresponding bank statement. No exceptions noted.

The disbursements for store network expansion and store improvement pertain to rental deposits and leasehold improvements during the year ended December 31, 2022. We obtained and inspected the related supporting official receipts, collection receipts, acknowledgment receipts, sales invoices and billing statements, and traced the cash disbursements to the corresponding bank statement. No exceptions were noted.

9. The reconciliation of the unapplied proceeds amounting to ₱11.6 million as at December 31, 2022 and the balances of the cash and cash equivalents as at that date is as follows:

Unapplied proceeds		₱11,602,884
Less: Cash and cash equivalents		
Cash in a savings bank account	12,081,635	
Cash in a designated bank account for Offering proceeds	2,627,531	14,709,166
Difference		3,106,282
Less: Interest Income		3,106,012
		₱–

We traced the outstanding balance of the unapplied proceeds to the related bank reconciliation statements, bank statements and certificate of investments. We also checked the mathematical accuracy and traced the reconciling items to the bank statement. Furthermore, we traced the balances of the cash and cash equivalents as at December 31, 2022 to the related bank reconciliation statements, bank statements, and certificates of time deposits. No exceptions were noted.

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.

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 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 the Company.

We have complied with the relevant ethical requirements in making informed decisions about the courses of action that are appropriate in the circumstances of the agreed-upon procedures engagement. For all the purpose of this engagement, there are no independence requirements with which we are required to comply.

Our Firm applies Philippine Standard on Quality Control (PSQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, 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.

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.



CEDRIC M. CATERIO

Partner

CPA Certificate No. 87322

Tax Identification No. 102-083-647-000

BOA Accreditation No. 4782; Valid until April 13, 2024

SEC Accreditation No. 87322-SEC Group A;

Issued April 20, 2022;

Valid for Financial Periods 2021 to 2025

BIR Accreditation No. 19-005765-001-2022;

Issued December 13, 2022

Valid until December 13, 2025

PTR No. 9564563

Issued January 3, 2023, Makati City

January 13, 2023

Makati City, Metro Manila