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Upson International Corp. UPSON

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 -

Subject of the Disclosure

Disbursement of Proceeds and Progress Report

Background/Description of the Disclosure

In line with our Initial Public Offering (IPO) on April 3, 2023, we are submitting herewith the attached SEC Form 17-C on the report on the application of our IPO Proceeds for the quarter ended December 31, 2024.

Other Relevant Information

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Filed on behalf by:

Name	Arlene Louisa Sy
Designation	Chief Executive Officer

COVER SHEET

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S.E.C. Registration Number

U	P	S	O	N		I	N	T	E	R	N	A	T	I	O	N	A	L		C	O	R	P	.					
D	O	I	N	G		B	U	S	I	N	E	S	S		U	N	D	E	R		T	H	E		N	A	M	E	
A	N	D		S	T	Y	L	E		O	F		O	C	T	A	G	O	N		C	O	M	P	U	T	E	R	
S	U	P	E	R	S	T	O	R	E	;		M	I	C	R	O	V	A	L	L	E	Y							
C	O	M	P	U	T	E	R		S	U	P	E	R	S	T	O	R	E	;		G	A	D	G	E	T			
W	O	R	L	D	;		O	C	T	A	G	O	N		M	O	B	I	L	E	;		U	N	I	S	O	;	
G	A	D	G	E	T		K	I	N	G	;		A	N	D		L	A	M	P		L	I	G	H	T			

(Company's Full Name)

[illegible]

(Principal Address: No. Street City / Town / Province)

Dennis F. Uy

Contact Person

8526-7152

Company Telephone Number

1	2
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Month

3	1
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Day

Fiscal Year

17-C

FORM TYPE

0	5
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Month

2	5
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Day

Annual Meeting

Not applicable

Secondary License Type, If Applicable

M	S	R	D	
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Dept. Requiring this Doc.

Not applicable

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Borrowings	

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

[illegible]

Document I.D.

Cashier

STAMPS

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 13, 2025
Date of Report (Date of earliest event reported)
2. SEC Identification Number AS95003836 3. BIR Tax Identification No. 004-780-008-000
4. UPSON INTERNATIONAL CORP.
doing business under the name and style of OCTAGON COMPUTER SUPERSTORE;
MICROVALLEY COMPUTER SUPERSTORE; GADGET WORLD; OCTAGON MOBILE; UNISO; GADGET
KING AND LAMP LIGHT
Exact name of issuer as specified in its charter
5. Metro Manila, Philippines (SEC Use Only)
Province, country or other jurisdiction of Industry Classification Code:
incorporation
7. Unit 2308, 23/F Capital House Tower 1, 9th Avenue cor.
34th Street, Bonifacio Global City, Taguig City 1635
Address of principal office Postal Code
8. (+63 2) 8526 7152
Issuer's telephone number, including area code
9. Not applicable
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock
<u>Common Shares</u>	Outstanding and Amount of Debt Outstanding
	<u>3,125,001,300</u>
11. Indicate the item numbers reported herein:

Please refer to the attached Letter to the Securities and Exchange Commission and the Philippine Stock Exchange, Inc.

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.

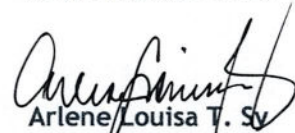
Upson International Corp.

Issuer

January 13, 2025

Date


Marcos A. Legaspi
Chief Finance Officer


Arlene/Louisa T. Sy
Chief Executive Officer
and President

January 10, 2025

PHILIPPINE STOCK EXCHANGE, INC.
6/F PSE Tower, 5th Avenue corner 28th Street
Bonifacio Global City, Taguig City 1634

Attention: **Stefanie Ann B. Go**
Officer-In-Charge, Disclosure Department

Subject: **Quarterly Progress Report on the Application of Proceeds from the IPO**

Ladies and Gentlemen:

In line with the Initial Public Offering (IPO) of Upson International Corp. on April 3, 2023, we submit herewith our report on the application of the IPO proceeds from the 625,001,000 primary offer shares for the quarter ended December 31, 2024:


Gross IPO Proceeds (625,001,000 shares at ₱ 2.40 per share)	₱ 1,500,002,400
Less: Expenses related to the public offering	
Professional fees	₱ 36,332,630
Underwriting and selling fees	28,107,219
PSE filing fee	24,832,967
SEC registration, filing and research fees	3,629,060
Stock transfer, receiving and escrow fees	3,500,000
Other expenses	1,754,303
	<u>98,156,179</u>
Net Offering Proceeds	1,401,846,221
Less: Disbursements	
Store network expansion and store improvement program	
As of December 31, 2023	418,844,712
Q1 Ended March 31, 2024	45,860,425
Q2 Ended June 30, 2024	95,279,186
Q3 Ended September 30, 2024	138,410,876
Q4 Ended December 31, 2024	<u>112,837,721</u>
	<u>811,232,920</u>
Balance of IPO Proceeds as of December 31, 2024	<u>₱ 590,613,301</u>

We hope you find everything in order.

Very truly yours,

UPSON INTERNATIONAL CORP.

By:


Marcos A. Legaspi
Chief Finance Officer

Unit 2308, 23/F Capital House Tower 1, 9th Avenue corner 34th Street, BGC, Taguig City
Phone: (8) 526-7152 / Website: www.upson.com.ph



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

The Stockholders and the Board of Directors
Upson International Corp.
Unit 2308, 23/F Capital House Tower 1
9th Avenue corner 34th Street
Bonifacio Global City, Taguig City

Purpose of this Agreed-Upon Procedures Report

Our report is solely for the purpose of enabling **Upson International Corporation** ("UIC" or the "Company") to comply with the Philippine Stock Exchange Inc.'s (PSE) requirement to submit an external auditor's certification on the information presented by the Company in the attached "Quarterly Progress Report on the Application of the Proceeds from the Initial Public Offering (IPO)" as at December 31, 2024 (the Quarterly Progress Report or the Subject Matter) dated January 10, 2025.

On June 1, 2021, the stockholders and the Board of Directors (BOD) of the Company authorized the Company to undertake the IPO of its common shares with the PSE. This was approved by the Securities and Exchange Commission (SEC) and the PSE on March 20, 2023 and January 27, 2023, respectively.

On April 3, 2023, the Company's 625,001,000 common shares were officially listed with the PSE at an offer price of ₱2.40 per share.

The proceeds from the IPO, net of offer expenses, will be used by the Company for store network expansion and improvements in supply chain and logistics as disclosed in the Company's Final Prospectus dated March 16, 2023.

Restriction of Use

This agreed-upon procedure report is intended solely for the information and use of the Company and the PSE and should not be used by, or distributed to, any other parties.

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 the Philippine Standard on Related Services (PSRS) 4400 (Revised), Agreed-Up Procedures Engagements. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Company, 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 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

We have complied with the ethical requirements of 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 complied with the independence requirements of the Code of Ethics that apply in context to the financial statement audit.

Our firm applies the Philippine 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 the 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, with respect to the attached Quarterly Progress Report dated January 10, 2025. These agreed-upon procedures and results thereof are summarized as follows:

1. We obtained the Company's Quarterly Progress Report on the Disbursement of the Proceeds from IPO for the quarter ended December 31, 2024. The net proceeds were planned to be applied to the Company's store network expansion and store improvement program. The actual application of the proceeds as at December 31, 2024 is shown below:

	Balance as at September 30, 2024	Movements during the Quarter	Balance as at December 31, 2024	Planned Application	Unapplied
Gross Proceeds	₱1,500,002,400	₱–	₱1,500,002,400	₱1,500,002,400	₱–
Offer Expenses	(98,156,179)	–	(98,156,179)	(98,156,179)	–
Net Proceeds	1,401,846,221	–	1,401,846,221	1,401,846,221	–
Use of Proceeds					
Store network expansion and store improvement program	(698,395,199)	(112,837,721)	(811,232,920)	(1,401,846,221)	(590,613,301)
Unapplied Proceeds	₱703,451,022	(₱112,837,721)	₱590,613,301	₱–	(₱590,613,301)

The disbursements for store network expansion and store improvement program amounting to ₱112.8 million for the quarter ended December 31, 2024 pertain to store construction and leasehold improvements, security deposits, advance rentals paid for pipeline stores, warehouse construction and renovations, and logistics equipment.

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.

Details of actual offer expenses are as follows:

	Balance as at December 31, 2024
Professional fees	₱36,332,630
Underwriting and selling fees	28,107,219
PSE filing fee	24,832,967
SEC registration, filing and research fees	3,629,060
Stock transfer, receiving and escrow agent fees	3,500,000
Other expenses	1,754,303
	<u>₱98,156,179</u>

We traced the disbursements to the Company's books of accounts and examined the underlying documents [i.e., official receipts (ORs), billing statements and payment slips] supporting such disbursements. We also traced the disbursements to the bank statement to ensure that the checks cleared the bank. No exceptions were noted.

Other expenses pertain to bank charges and lodgement fees.

2. The reconciliation of the unapplied proceeds amounting to ₱590.6 million as at December 31, 2024 with the outstanding balances of the cash and cash equivalents maintained by the Company for the IPO proceeds as at that date is as follows:

Unapplied proceeds		₱590,613,301
Less: Cash in a designated bank account for Offering proceeds	(₱97,137,236)	
Cash invested in time deposit	(402,275,137)	(499,412,373)
Difference		91,200,928
Less: Beginning cash balance before the IPO proceeds	200,000	
Interest income	67,520,880	
Advances to the Company's operating bank accounts	(158,921,808)	(91,200,928)
		<u>₱-</u>

We traced the outstanding balance of the unapplied proceeds and the balances of the cash and cash equivalents as at December 31, 2024 to the related bank reconciliation statements and bank statements. We also checked the mathematical accuracy and traced the reconciling items to the bank statement. No exceptions were noted.

As at December 31, 2024, the cash advanced to these operating bank accounts amounted to ₱158.9 million. Portion of these cash advances to the operating bank accounts were used to purchase inventories for the stores that are expected to be opened in the next period.

Explanatory Paragraph

The Company is responsible for the source documents that are described in the procedures and findings section. We were not engaged to perform and we have not performed any procedures other than those previously listed.

The agreed-upon procedures do not constitute an audit or 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. 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 you.

REYES TACANDONG & Co.



DARRYLL REESE Q. SALANGAD

Partner

CPA Certificate No.

Tax Identification No.

BOA Accreditation No.

Valid until June 6, 2026

BIR Accreditation No.

Valid until May 15, 2025

PTR No.

Issued January 2, 2025, Makati City

January 10, 2025

Makati City, Metro Manila