CR02942-2022

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b) OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
   - ○ Preliminary Information Statement
   - ◉ Definitive Information Statement
2. Name of Registrant as specified in its charter
   The Keepers Holdings, Inc.
3. Province, country or other jurisdiction of incorporation or organization
   Philippines
4. SEC Identification Number
   24015
5. BIR Tax Identification Code
   000-282-553
6. Address of principal office
   No. 900 Romualdez Street, Paco, Manila
   Postal Code
   1007
7. Registrant's telephone number, including area code
   09178612459
8. Date, time and place of the meeting of security holders
   May 30, 2022, Monday, 10am, via Zoom Online Meeting
9. Approximate date on which the Information Statement is first to be sent or given to security holders
   May 6, 2022
10. In case of Proxy Solicitations:

   Name of Person Filing the Statement/Solicitor
   We are not asking for Proxy Solicitations
   Address and Telephone No.
   N/A

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	14,508,750,313

13. Are any or all of registrant's securities listed on a Stock Exchange?
   ◉ Yes ○ No
   If yes, state the name of such stock exchange and the classes of securities listed therein:

The Philippine Stock Exchange, Inc., common shares

The Keepers Holdings, Inc.
KEEPR

PSE Disclosure Form 17-5 - Information Statement for Annual or Special Stockholders' Meeting
References: SRC Rule 20 and Section 17.10 of the Revised Disclosure Rules

Date of Stockholders' Meeting	May 30, 2022
Type (Annual or Special)	Annual
Time	10:00am
Venue	via Zoom Online Meeting
Record Date	Mar 30, 2022

Inclusive Dates of Closing of Stock Transfer Books

Start Date	Mar 30, 2022
End date	May 30, 2022

Other Relevant Information

The Amended Definitive Information Statement includes the 2021 Management Discussion and Analysis.

Please see attached Amended Definitive Information Statement of The Keepers Holdings, Inc. for the year 2022.

Filed on behalf by:

Name	Candy Dacanay-Datuon
Designation	Corporate Secretary

May 12, 2022

Securities and Exchange Commission
PICC Complex, Roxas Boulevard, Pasay City

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

Philippine Stocks Exchange
6/F, PSE Tower, 5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

Attention: Ms. Alex D. Tom Wong
OIC, Disclosure Department

Re: Amended Definitive Information Statement 2022 (SEC Form 20- IS)

Gentlemen:

For submission is the attached Amended Definitive Information Statement (SEC Form 20-IS) of The Keepers Holdings, Inc. for its forthcoming Annual Stockholders' Meeting scheduled on May 30, 2022, Monday, 10 am, following the Company's Bylaws.

The Amended Definitive Information Statement includes 2021 Management Discussion and Analysis as Annex "J".

Thank you.

Very truly yours,

CANDY H. DACANAY – DATUON
Assistant Corporate Secretary

COVER SHEET

0 0 0 0 0 2 4 0 1 5

SEC Registration Number

THE KEEPERS HOLDINGS, INC.
FORMERLY DA VINCI CAPITAL
HOLDINGS, INC.

(Company's Full Name)

NO. 900 ROMUALDEZ ST., PACO,
MANILA

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

CANDY H. DACANAY-DATUON	(632) 8522-8801 to 04
(Contact Person)	(Company Telephone Number)

1 2	3 1	AMENDED SEC FORM 20-IS	0 5	3 0
Month	**Day**	(Form Type)	(Annual Meeting)	

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowing

Total No. of Stockholders

Domestic

Foreign

SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
   [ ] Preliminary Information Statement
   [x] Definitive Information Statement, *Amended*

2. **The Keepers Holdings, Inc.**
   Name of Registrant as specified in its charter:

3. **No. 900 Romualdez St., Paco, Manila**
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number: **24015**

5. BIR Tax Identification Code: **000-282-553**

6. **No. 900 Romualdez St., Paco, Manila** **1007**
   Address of principal office Postal Code

7. **09178612459**
   Registrant's telephone number, including area code

8. **May 30, 2022, Monday, 10 am, Via Zoom Online Meeting**
   Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **May 6, 2022**

10. In case of Proxy Solicitations: **We are not asking for Proxy Solicitations.**

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt
Common Share	**14,508,750,313**

12. Are any or all of registrant's securities listed in a Stock Exchange?

    Yes [x] No [ ]

    If yes, disclose the name of such Stock Exchange and the class of securities listed therein: **Philippine Stock Exchange, common shares**

The Keepers Holdings

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

To All Our Stockholders:

Please be informed that the Annual Stockholders' Meeting of **THE KEEPERS HOLDINGS, INC.** will be on **May 30, 2022, at 10:00 am, via Zoom Online Meeting.**

AGENDA

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of Minutes of the Previous Meeting and Ratification of Acts and Resolutions of the Board of Directors and Management in 2021
4. Annual Report and Approval of the 2021 Audited Financial Statements
5. Election of Regular Directors and Independent Directors
6. Amendment of Bylaws
7. Re-appointment of External Auditor and fixing its remuneration
8. Other Matters
9. Adjournment

Only stockholders on record, as of March 30, 2022, are entitled to notice and vote in the meeting.

Considering the ongoing COVID 19 pandemic, the stockholders may only participate in the meeting by remote communication, *in absentia,* or by appointing the Chairman of the meeting as their proxy. The requirements and procedures for participating *in absentia* or remote communication will be available in the Information Statement. The Information Statement will be accessible on the company website (www.thekeepers.com.ph) starting May 6, 2022.

The stockholders who are attending by proxies should e-mail their duly accomplished form to thekeepersholdings@gmail.com on or before May 25, 2022. The Company will validate the votes on May 27, 2022, at 1:00 pm, at the office of the Assistant Corporate Secretary, Tabacalera Building, No. 900 Romualdez St., Paco, Manila, 1007.

Manila, Philippines, April 29, 2022.

CANDY H. DACANAY – DATUON
Assistant Corporate Secretary

EXPLANATION OF AGENDA ITEMS

1. Call to Order
The Chairman of the meeting, Mr. Lucio L. Co, will welcome the stockholders and formally open the meeting at 10:00 am.

2. Certification of Notice and Quorum
The Assistant Corporate Secretary, Atty. Candy H. Dacanay - Datuon, will certify that notice of the meeting to stockholders was posted on the Philippine Stock Exchange Edge platform and duly published in accordance with the Notice of the Securities and Exchange Commission dated February 16, 2022. She will also certify that there is a quorum to transact business in the meeting.

3. Approval of Minutes of the Previous Meeting and Ratification of Acts and Resolutions of the Board of Directors and Management
The result of the last Annual Meeting is posted on the Company website. A resolution presenting the Minutes and ratifying the acts and resolutions of the Board of Directors and Management since the last stockholders' meeting will be presented for stockholders' approval.

4. Annual Report and Approval of the 2021 Consolidated Audited Financial Statements
A video will be shown to the stockholders to present the Company's 2021 Annual Report and Consolidated Audited Financial Statements to the stockholders. A resolution ratifying the Annual Report and the 2021 Consolidated Audited Financial Statements will be presented to the stockholders for their approval.

5. Election of Regular and Independent Directors
The Chairman of the meeting will announce the names of the nominees for the election of directors and will open the floor for stockholders' voting. The nominees for directors are:

a. Mr. Lucio L. Co
b. Mr. Jose Paulino L. Santamarina
c. Ms. Camille Clarisse P. Co
d. Ms. Jannelle O. Uy
e. Mr. Robin Derrick C. Chua
f. Mr. Enrico S. Cruz as Independent Director
g. Mr. Bienvenido E. Laguesma as Independent Director

The profile of the nominees will be provided in the Information Statement.

6. Amendment of the Bylaws
A resolution to approve the proposed revisions in the Company's bylaws will be presented for stockholders' approval.

7. Re-appointment of External Auditor and fixing its remuneration
A resolution to appoint R.G. Manabat & Company (KPMG) with remuneration of up to P1 million as the company's External Auditor and its subsidiaries will be presented for stockholders' approval.

8. Other Matters
The Chairman will open the floor for any questions from the stockholders.

PART 1: INFORMATION REQUIRED IN THE INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time, and place of meeting of security holders

(a) May 30, 2022, 10:00 AM, via Zoom Meeting
Principal Office: No. 900 Romualdez St., Paco, Manila 1007

(b) The Information Statement will be available on the Company's website, www.thekeepers.com.ph, beginning on May 6, 2022.

We are not asking for a proxy, and you are requested not to send us a proxy.

Item 2. Dissenters' Right of Appraisal

Under Section 80, Title X of the Revised Corporation Code of the Philippines, a stockholder shall have the right to dissent and demand payment of the fair value of his shares in the following instances: (a) In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (b) In case of a sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code; (c) In case of merger or consolidation; and (d) In case of investment of corporate funds for any purpose other than the primary purpose of the Corporation.

There are no matters or actions to be taken up at the meeting that may give rise to a possible exercise by stockholders of their appraisal rights under Section 80 Title X of the Revised Corporation Code of the Philippines.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

(a) No director, officer, nominee or any associate of the foregoing person has a substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon, other than election or appointment to office.

(b) No director, officer, nominee or any associate of the foregoing person has informed the Company in writing that he intends to oppose any action to be taken by the Company at the meeting and indicate the action he intends to oppose.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders

(a) Number of outstanding shares as of March 30, 2022:
14,508,750,313 common shares

Number of votes entitled: one (1) vote per share

(b) All stockholders on record, as of March 30, 2022, shall be entitled to vote in the meeting.

(c) Section 23 of the Revised Corporation Code states that stockholders entitled to vote shall have the right to vote the number of shares of stock standing in their own names in the stock books of the corporation as of record date. The said stockholder may: (a) vote such number of shares for as many as there are directors to be elected; (b) cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by a number of shares owned; or (c) distribute them on the same principle among as many candidates as may be seen fit. Provided, that the total number of votes cast shall not exceed the number of shares owned by the stockholders as shown in the books of the corporation multiplied by the whole number of directors to be elected.

On the December 21, 2021 meeting, the Board of Directors ("Board") allowed the stockholders to attend and vote *in absentia*, which is provided in the notice of the meeting.

(d) Security Ownership of Certain Beneficial Owners and Management

1. Security ownership of more than 5% of the stock of the Company as of March 30, 2022:

Title of Class	**Name, Address of record owner**	**Relationship with the Company**	**Name of Beneficial Owner and Relationship with Record Owner**	**Citizenship**	**Number of shares held**	**Percent**
Common	Cosco Capital, Inc.[1] No. 900 Romualdez St., Paco, Manila[2]	Stockholder/ Parent Company	Parent Company	Filipino	11,250,000,000	77.54%
Common	SB Equities, Inc. Address: Security Bank Centre, 6776 Ayala Avenue, Makati City	Stockholder/ Not related	Acting for various clients	Non-Filipino	1,311,985,167	9.04%

2. Security Ownership of Directors and Executive Officers of the Company as of March 30, 2022:

Title of Class	**Name of Beneficial Owner**	**Nature of beneficial ownership**	**Citizenship**	**Number of shares**	**Percent of Outstanding Voting Shares**
Common	Lucio L. Co Chairman	Direct	Filipino	1	0.00%
Common	Jose Paulino L. Santamarina President	Direct	Filipino	8,000,023	0.06%
Common	Camille Clarisse P. Co Director	Direct	Filipino	1,500,023	0.01%
Common	Robin Derrick C. Chua Director	Direct	Filipino	1,000,023	0.01%

[1] *Mr. Lucio L. Co will vote on behalf of Cosco Capital, Inc.*

Common	Jannelle O. Uy Director	Direct	Filipino	2,000,023	0.01%
Common	Enrico S. Cruz Independent Director	Direct	Filipino	2,750,023	0.02%
Common	Bienvenido E. Laguesma Independent Director	Direct	Filipino	23	0.00%
Common	Imelda G. Lacap Comptroller	Direct	Filipino	1,600,000	0.01%
Common	Ma. Editha D. Alcantara Treasurer	Direct	Filipino	1,000,000	0.01%
Common	Baby Gerlie I. Sacro Corporate Secretary	Direct	Filipino	0	0%
Common	Candy H. Dacanay-Datuon Assistant Corporate Secretary	Direct	Filipino	500,000	0.00%
Aggregate ownership of all directors and officers as a group unnamed		Direct	Filipino	18,350,139	0.13%

3. None of the officers or directors have any voting trust agreement for their ownership of the Company's stocks.

4. There has been a change in control of the Company in the last fiscal period. Details of the transaction that resulted in the change in control are as follows:

Name of the person who acquired such control	Cosco Capital, Inc.
Amount and the source of the consideration used by such person or persons	Share for Share Swap transaction amounting to P22,500,000,000.00.
Basis of the control	Ownership of Majority of Capital Stock
Date and a description of the transaction(s) which resulted in the change of control	On June 18, 2021, Cosco Capital, Inc. and The Keepers Holdings, Inc. signed a Deed of Exchange of Shares whereby Cosco Capital subscribed to 11,250,000,000 shares of The Keepers Holdings, Inc. at P2.00 per share in exchange for its 100% ownership in three liquor companies, Montosco, Inc., Meritus Prime Distributions, Inc., and Premier Wine and Spirits Corporation. The share swap transaction between Cosco Capital and The Keepers Holdings, Inc. resulted in the strategic spin-off of the three liquor subsidiaries of Cosco Capital and the injection of these companies into a separate publicly listed company thru Cosco Capital, Inc., acquiring a controlling interest in The Keepers Holdings, Inc.
Percentage of voting securities of the registrant now beneficially owned directly or indirectly by the persons who acquired control	77.54%
Identity of the person(s) from whom control was assumed.	Mr. and Mrs. Lucio L. Co and Susan P. Co are the majority stockholders of Cosco Capital, Inc.

5. Foreign ownership level as of March 30, 2022:

   38,587,155 or 0.27% of the outstanding capital stock of the Company.

Item 5. Directors and Executive Officers

(a) Presented below are the business profiles of the Company's Directors, Executive Officers, and Key Officers.

(i) Directors

The Company's board comprises seven members, five are male, and two are female. All the directors presented below are nominees to be re-elected in the forthcoming stockholders' meeting.

The directors' business profiles are as follows:

(1) Lucio L. Co, Filipino, 67 years old, Chairman

Mr. Co has been the Chairman of the Board since 1998.

Mr. Co is currently the Chairman and President of the following companies: Bellagio Holdings, Inc., Canaria Holdings Corporation, Ellimac Prime Holdings, Inc., Invescap Incorporated, Puregold Duty-Free, Inc., and Puregold Properties, Inc.

He is also the Chairman of Alcorn Petroleum and Minerals Corporation, Entenso Equities, Inc., NE Shopping Centers Corporation, PG Holdings, Inc., Pajusco Holdings Corporation, Puregold Duty-Free (Subic), Inc., Puregold Finance, Inc., Puregold Realty Leasing & Management, Inc., San Jose City I Power Corp., Union Energy Corporation, and Union Equities, Inc.

He is a Director of these companies: Catuiran Hydropower Corporation, Cleangreen Energy Corporation, Forbes Corporation, Grass Gold Renewable Energy (G2REC) Corporation, Karayan Hydropower Corporation, Kareila Management Corporation, LCCK & Sons Realty Corporation, Luis Co Chi Kiat Foundation, Inc., Meritus Prime Distributions, Inc., Montosco, Inc., League One Finance and Leasing Corporation, Pamana Water Corporation, Tower 6789 Corporation and VS Gripal Power Corporation. He is a member of the Board of Trustees of Luis Co Chi Kiat Foundation, Inc.

Mr. Co holds positions in other PSE-listed companies: Chairman of Cosco Capital, Inc., Director of Philippine Bank of Communications, and Chairman of The Keepers Holdings, Inc.

Mr. Co has been an entrepreneur for the past 40 years.

(2) Mr. Jose Paulino L. Santamarina, Filipino, 58 years old, President

Mr. Santamarina was elected President of the Company on February 19, 2021.

He was the former President of Premier Wines and Spirits, Inc., one of the leading companies in the imported wine and spirits industry and a company he helped co-found in 1996. And before Premier, Mr. Santamarina was the Chief Financial Officer (1988 - 1996) of CMG Marketing, Inc., a subsidiary of United Distillers Ltd., the precursor of what is now known as Diageo. CMG was a pioneer in the imported wine and spirits industry established during the early stages of market liberalization in 1986. He started his career as an auditor of the professional firm SGV from 1984 to 1988, right after college.

He concurrently holds directorship and/or officer positions in the following companies: Booze On-line, Inc., Cleangreen Energy Corporation; Karayan Hydropower Corporation, Liquorph Distributors Corp., Pamana Consortium, Inc., Pamana Water Corporation, Premier Wine and Spirits, Inc., San Jose City I Power Corp., Southern Utility Management and Services Incorporation, Technowater Corporation, and VS Gripal Power Corporation.

JP graduated from Ateneo de Davao University with a Bachelor of Science in Accountancy degree. He is a Certified Public Accountant.

(3) Ms. Camille Clarisse P. Co, Filipino, 33 years old, Director

Ms. Co is currently the Chairman and President of Meritus Prime Distributions, Inc. She is also a Director of Alerce Holdings, Corp., Blue Ocean Holdings, Corp., CHMI Hotels and Residences, Inc., Fertuna Holdings, Corp., Invesco Company, Inc., KMC Realty Corporation, League One, Inc., Montosco, Inc., Nation Realty Inc., P.G. Holdings, Inc., Patagonia Holdings, Corp., Pure Petroleum Corp., Premier Wine and Spirits, Inc. Puregold Properties, Inc., S&R Pizza, Inc., SPC Resources, Inc., Union Equities, Inc., VFC Land Resources, Inc.

Ms. Co is a graduate of De La Salle University with a degree of Bachelor of Arts in Psychology in 2009.

(4) Ms. Jannelle O. Uy, Filipino, 33 years old, Director

Ms. Uy is the Chairman and President of Montosco, Inc. Her previous experience includes working as a Key Account Manager in Unilever Philippines from 2009 to 2013.

She graduated from the De La Salle University with a degree in Applied Corporate Management in 2009.

(5) Mr. Robin Derrick C. Chua Filipino, 32 years old, Director

Mr. Chua has been the Managing Director of Premier Wine and Spirits, Inc. from 2018 up to the present. He also worked in various consumer marketing and sales roles in Unilever Philippines and overseas from 2012 to 2018.

He is a graduate of Ateneo de Manila University with a degree of Bachelor in Management and a Minor in Entrepreneurship in 2012.

(6) Mr. Enrico S. Cruz, Filipino, 64 years old, Director[3]

Mr. Cruz is currently an Independent Director of Security Bank Corporation, where he is also the Chairman of the Risk Oversight Committee and Vice Chairman of the Audit Committee, Member Nominations and Remuneration Committee, and Finance Committee. He is the incumbent Vice Chairman and a member of the Engagement and Underwriting Committee of SB Capital Investment Corporation.

He is also an Independent Director of AREIT, Inc (Ayala Land REIT Company), where he chairs the Audit Committee and is a member of the Related Party Transactions, Corporate Governance and Nominations, Compensation and Benefit, and Risk Oversight Committees. Mr. Cruz is also an Independent Director of Maxicare Corporation and a member of the Audit and Related Party Transactions Committees. He is also an Independent Director of DITO CME Holdings Corp. and Robinsons Retail Holdings, Inc.

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[3] *Please refer to "**Annex E**" for the Certificate of Independent Director.*

He is part of the Board of Directors of CIBI Information Inc.

Mr. Cruz's previous experience includes being the Chief Country Officer (CCO) of Deutsche Bank AG Manila Branch from 2003 until his retirement in 2019. Before he joined Deutsche Bank, he was a Senior Vice President at Citytrust Banking Corporation (CTBC), an affiliate of Citibank N.A.

He was a Director of the Bankers Association of the Philippines (BAP) from 2003 to 2007 and 2011 to 2015. He was again elected to the Board of the BAP and was appointed 2nd Vice President and Secretary from 2017 to 2020. Ås a BAP Director, he was likewise the Chairman of the Capital Markets Committee (2017-2019) and Open Market Committee (2019-2020).

Mr. Cruz was also a Director of Deutsche Knowledge Services RHQ, Deutsche Regis Partners, Philippine Dealing and Exchange Corporation, and Philippines Securities Settlement Corporation. He is also a past President of the Money Market Association.

He obtained his B.S. in Business Economics and MBA from the University of the Philippines. The UP College of Business named him a Distinguished Alumnus in 2008 and a Distinguished Alumnus Awardee by the UP School of Economics Alumni Association.

(7) Mr. Bienvenido E. Laguesma, Filipino, 71 years old, Director[4]

Mr. Laguesma is a Senior Partner at Laguesma Magsalin Consulta Law Offices, Independent Director of Philippine Bank of Communications and Cosco Capital, Inc., both are listed companies. He is also a Director of Rural Bank of Angeles, Cavite United Rural Bank, Asia United Leasing & Finance Corp., and Asia United Fleet Management Services, Inc.

He served as Secretary of the Department of Labor and Employment from 1998 to 2001 and Commissioner of the Social Security System from 2011 to 2016. He also became Presidential Assistant of the Office of the President of the Republic of the Philippines from 1996 to 1998, Undersecretary of the Department of Labor and Employment from 1990 to 1996, Administrator in the National Conciliation and Mediation Board from 1987 to 1990, Regional Director of the Department of Labor and Employment from 1982 to 1986, Assistant Regional Director from 1981-1982, and Executive Labor Arbiter, National Labor Relations Commission from 1979 to 1981. Mr. Laguesma started his public service as Labor Arbiter of the National Labor Relations Commission in 1979 and Provincial Director of Bataan Provincial Labor Office from 1978 to 1979, and Mediator-Arbiter of the Bureau of Labor Relations from 1976 to 1978.

Atty. Laguesma completed his Career Executive Development Course at the Development Academy of the Philippines from 1984 to 1985 and Public Administration Course from the Royal Institute of Public Administration in London, United Kingdom, in 1985. Lyceum of the Philippines awarded Atty. Laguesma, with an Outstanding Alumnus award in 1971, Doctor of Humanities, Honoris Causa, by the Adamson University in 1999, and Doctor of Humanities, Honoris Causa, by the Central Colleges of the Philippines in 2016.

He has been a member of the Integrated Bar of the Philippines since 1976, the Philippine Bar Association since 2004, and the Rotary Club of Manila since 2002.

Atty. Laguesma graduated from the Lyceum of the Philippines with a Bachelor of Arts major in Political Science degree in 1971 and from Ateneo de Manila University with a degree of Bachelor of Laws in 1975.

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[4] *Please refer to "**Annex F**" for the Certificate of Independent Director.*

(ii) Corporate Officers

(1) Ms. Baby Gerlie I. Sacro, Filipino, 43 years old, Corporate Secretary

Ms. Sacro has been the Corporate Secretary of Puregold Price Club, Inc. since 2000. She is a graduate of Polytechnic University of the Philippines with a degree of Bachelor of Science in Entrepreneurial Management. Before joining Puregold Price Club, Inc, she worked as a Compensation and Benefits employee at Plaza Fair, Inc.

(2) Ms. Imelda Lacap, Filipino, 43 years old, Comptroller

Ms. Lacap started as an Audit Officer of Puregold Price Club, Inc. in 2001 before joining the liquor group in 2006. She is a graduate of Centro Escolar University – Malolos with a Bachelor of Science in Accountancy degree in 1998. She is a Certified Public Accountant.

(3) Ms. Candy H. Dacanay – Datuon, 43 years old, Filipino, Assistant Corporate Secretary, and Compliance Officer

Atty. Dacanay has been the Compliance Officer of the Company since 2013.

Atty. Dacanay is a graduate of Colegio De San Juan de Letran with a degree of Bachelor of Arts in Political Science, with a distinction of *Cum Laude*. She finished her Bachelor of Laws from the University of Santo Tomas in 2003 and was admitted to the Philippine Bar in 2004.

Atty. Dacanay started her career as Associate Counsel of Puregold Price Club, Inc. from 2004 to 2011. She became the Company's Assistant Corporate Secretary and, at the same time, Compliance Officer in 2012 and Data Privacy Officer in 2018.

Concurrently, she is the Assistant Corporate Secretary and Compliance Officer of Cosco Capital, Inc. and Puregold Price Club, Inc. (*both listed companies*) and Corporate Secretary of Kareila Management Corporation (S&R warehouse), and Corporate Secretary and Compliance Officer of League One Finance and Leasing Corporation.

Atty. Dacanay has recently completed the Harvard Business School Online Certificate Program, "*Sustainable Business Strategy*", in 2020.

(4) Ms. Editha D. Alcantara, Filipino, 50 years old, Treasurer

Ms. Alcantara has been the Treasurer of the Company since 2013. She also serves as Chairman and President of Blue Ocean Holdings, Inc., CHMI Hotels and Residences, Inc., Desedor Corporation, and Jurist Realty, Inc. She is also the Chairman of Trigono Trading Incorporated; President of PSMT Philippines, Inc. and Tower 6789 Corporation; Vice-President and Treasurer of Invescap Incorporated; Treasurer of VS Gripal Power Corporation., Director and Treasurer of Bacolod Real Estate Development Corporation, and Director of Bredrock Joint Ventures, Inc., Cosco Price, Inc., Maxent Investments, Inc., South Coast Automotive Group, Inc., Technowater Corporation and Tubig Pilipinas Global Group Inc. and Corporate Secretary of P.G. Holdings, Inc.

Ms. Alcantara is a graduate of Polytechnic University of the Philippines with a degree in Bachelor of Economics and Politics in 1992.

The Chairman, Mr. Lucio L. Co, nominated Mr. Enrico Cruz and Mr. Bienvenido Laguesma as independent directors to the Corporate Governance Committee. The Committee assessed the nominees' qualifications and endorsed them to the Board for final approval before the nominees were declared final nominees.

Family Relationships

1. Mr. Lucio L. Co and Ms. Camille Clarisse P. Co are father and daughter.
2. Mr. Robin Derrick C. Chua is a nephew of Mr. Lucio L. Co and cousin of Ms. Camille Clarisse P. Co.

Involvement in Certain Legal Proceedings

As of December 31, 2021, and in the past five years, the Company has no director, executive officer, or principal officer who is involved in any of the following:

(1) Bankruptcy case.

(2) Convicted by final judgment of any criminal proceeding, domestic or foreign.

(3) The subject of any order, judgment, or decree of any court of competent jurisdiction permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities, or banking activities.

(4) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body or a domestic or foreign exchange or other organized trading market or self-regulatory organization to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

For discussion of related party transactions and directors' self-dealing, please refer to the Company's 2021 Consolidated Audited Financial Statements attached as ***Annex "A"***.

No director has resigned or declined to stand for re-election to the board of directors since the last annual meeting of security holders because of a disagreement with the Company on any matter relating to the Company's operations, policies or practices.

Item 6. Compensation of Directors and Executive Officers

The Company pays a fixed monthly compensation to its employees subject to periodic performance reviews. The Board members receive per diem allowances of P40,000.00 per board meeting and P15,000 per committee meeting.

The total annual compensation of the President and the four most highly compensated officers amounted to P9,276,622 in 2019, P10,148,687 in 2020, and P10,627,430 in 2021. Please see the table below:

(A) Summary Compensation Table

Name and Position	Year	Salary	Bonus	Other Annual Compensation
Jose Paulino L. Santamarina President				
Robin Derrick C. Chua Director				
Jannelle O. Uy				

Director				
Camille Clarisse P. Co Director				
Imelda G. Lacap Comptroller				
Aggregate compensation of the President and the four most highly compensated officers	2019	9,276,622	-	-
	2020	10,148,687	-	-
	2021	10,627,430	-	-
	Projected 2022	11,690,173	-	-
Aggregate compensation paid to all other officers and managers	2019	13,776,685	-	-
	2020	17,590,647	-	-
	2021	18,844,443	-	-
	Projected 2022	20,728,887	-	-

(B) Standard Arrangements

The Company has no standard arrangements according to which the directors are compensated, directly or indirectly, for any services provided as a director except for per diem allowances or salaries.

(C) Other Arrangements

The Company has no other arrangements according to which the directors are compensated, directly or indirectly, for any services provided as a director except for per diem allowances or salaries.

(D) Employment Contracts and Termination of Employment and Change-in-Control Arrangements

All employees, including executive and principal officers, have employment contracts with the Company, which are consistent with the existing labor laws of the country.

(E) Warrants and Options

The Company has no warrants and options.

Item 7. Independent Public Accountants

(a) The Company's external auditor in 2021:

Mr. Gregorio I. Sambrano Jr., Handling Audit Partner
CPA License No. 088825
SEC Accreditation No. 88825-SEC, Group A, valid for five years covering the audit of 2021 to 2025 financial statements
Tax Identification No. 152-885-329
BIR Accreditation No. 08-001987-36-2018 issued on June 29, 2021 valid until June 28, 2024
PTR No. Makati City 8854082
The KPMG Center, 9/F 6787 Ayala Avenue, Makati City Philippines
+63 (2) 885 7000

(b) Upon the favorable recommendation of the Audit Committee, the Board is recommending the same principal accountant for the year 2022.

(c) Mr. Sambrano or his representatives are expected to be present at the security holders' meeting; they will have the opportunity to make a statement if they desire to do so; and they are expected to be available to respond to appropriate questions.

(d) The independent accountant who was previously engaged as the principal accountant to audit the Company's financial statements has not resigned, nor was there any indication that he declined to stand for re-election after completing the current audit, and neither was he dismissed by the Company.

(e) There were no changes in or disagreements with independent accountants on accounting and financial disclosure.

(f) The Company paid the independent accountant P900,200.00 as a professional fee in 2020 and 2021. Up to P1 million is being proposed to the stockholders as an independent accountant fee for the Company and its subsidiaries for 2022.

(g) On March 31 and June 30, 2021, the Company engaged R.G. Manabat & Company to make Pro Forma Consolidated Financial Statements for the Company for the years ending December 31, 2020, 2019, and 2018 in preparation for the Company's Follow-On Public Offering. The Company paid R.G. Manabat & Company P4.7 million for these services.

Item 8. Compensation Plans

No action is to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed during the meeting.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

No action is to be taken concerning the authorization or issuance of any securities other than for exchange for the Company's outstanding securities.

Item 10. Modification or Exchange of Securities

No action is to be taken concerning the modification of any class of securities of the registrant or the issuance or authorization for issuing one class of securities of the Company in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

Please refer to the Company's 2021 Consolidated Audited Financial Statements attached as ***Annex "A",*** Management Discussion and Analysis as ***Annex "J"***, and the First Quarter Financial Report 2022 as ***Annex "B"***.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matter

No action is to be taken up during the meeting that will involve mergers, consolidations, acquisitions, or any similar transaction of the Company.

Item 13. Acquisition or Disposition of Property

No action is to be taken concerning the acquisition or disposition of any property during the meeting.

Item 14. Restatement of Accounts

No action is to be taken concerning the restatement of any asset, capital, or surplus account of the Company during the meeting.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

(a) Minutes of the 2021 Annual Stockholders' Meeting, including the President's Report and the 2021 Consolidated Audited Financial Statements.

(b) Annual Report, including the 2021 Consolidated Audited Financial Statements.

Item 16. Matters Not Required to be Submitted

No action is to be taken concerning any matter that is not required to be submitted to a vote of security holders.

Item 17. Amendment of Charter, Bylaws, or other Documents

On April 28, 2022, the Company's Board approved amending the Company's bylaws to include the conduct of stockholders and Board meetings by remote communications, sending of notices by electronic transmission, and the right of the stockholders to vote by remote communications or in absentia. The details of the amendments are presented in the table below:

From	*To*
Section 2 Article 1 (2) The Stock and Transfer Book shall be closed for transfer during five (5) days before the annual general elections, and likewise during five (5) days immediately preceding the declaration of dividends; but it shall continue to be subject to the inspection of the stockholders during office hours even if the books is closed for transfer in the two cases above-mentioned.	*Section 2 Article 1 (2)* The stock and transfer book shall be closed for transfer at least <u>twenty (20) days</u> for regular meetings and <u>seven (7) days</u> for special meetings before the scheduled date of the stockholders meeting.
Section 1 Article II The annual meeting of the Stockholders, whether regular or special, shall be held in the city or municipality where the principal office of the corporation is located, and if practicable in the office of the corporation on any day of May of each year.	*Section 1 Article II* The annual meeting of the Stockholders, whether regular or special, shall be held in the city or municipality where the corporation's principal office is located, and if practicable in the corporation's office on any day of May of each year. <u>The Corporation may conduct physical or entirely virtual meetings subject to the applicable guidelines of the Securities and Exchange Commission.</u>
Section 3 Article II Notice of the time and place of annual as well as special meeting of the stockholders shall be given either personally or by registered mail to	*Section 3 Article II* <u>Notices, including the Information Statements, for regular or special meetings of stockholders, shall be sent to stockholders by electronic</u>

those having addresses in the Philippines, and by registered air mail to those having addresses outside the Philippines, addressed to each stockholder of record entitled to vote and to notice of such meeting, at the address left by such stockholder with the Secretary of the Corporation or at his last known post office address at least 30 days before the date set for such meeting. The notice of every special meeting shall state briefly the purpose of the meeting, and no other business shall be acted upon at such meeting except by the consent of all stockholders of the Corporation entitled to vote and be present at such meeting. Notices of meeting need not be published in the newspaper except when necessary to comply with the special requirements of the Corporation Law.	transmission or by such other means the Securities and Exchange Commission shall allow under its guidelines. The notice shall be sent to stockholders on record twenty-one (21) days before the regular meeting and seven (7) days before the special meeting. The notice shall state the date, hour, place, and purposes for which the meeting is called. Electronic transmission means the delivery or transfer of data, information, or document by electronic email, posting on the company website and the Philippine Stock Exchange disclosure system, or such other means of electronic transfer of data or information. Notices of meeting need not be published in the newspaper except when necessary to comply with the special requirements of the Corporation Law.
Section 6 Article II (1) At every stockholders' meeting, every stockholder is entitled to vote shall be entitled to one (1) vote for each share of stock registered in his name in the books of the Corporation; provided, however, that in the case of the election of directors, every stockholder entitled to vote shall be entitled to cast his vote at his option in accordance with the provision of the Corporation Law in such case made and provided.	*Section 6 Article II (1)* A stockholder may vote in person, by proxy, through remote communication, or in absentia subject to the applicable guidelines of the Securities and Exchange Commission. Every stockholder is entitled to vote shall be entitled to one (1) vote for each share of stock registered in his name in the books of the Corporation; provided, however, that in the case of the election of directors, every stockholder entitled to vote shall be entitled to cast his vote at his option in accordance with the provision of the Corporation Law in such case made and provided.
Section 1 Article III (2) The Board of Directors shall hold regular quarterly meetings, to be attended by the Directors either in person or through teleconference, subject to compliance with the appropriate guidelines set forth in SEC Memorandum Circular No. 15, Series of 2001, and/or such other rules, directives or guidelines to be issued by the SEC governing the attendance of directors in board meetings through teleconferencing, at such time and place as the Board of Directors may prescribe. Special meeting may be called by the Chairman of the Board or by written requests of two (2) Directors to be attended by the Directors either in person or through teleconference, subject to compliance with the appropriate guidelines set forth in SEC Memorandum Circular No. 15, Series of 2001, and/or such other rules, directives or guidelines to be issued by the SEC governing the attendance	*Section 1 Article III* The Board of Directors shall meet at least six (6) times per calendar year. The dates of which shall be set at the beginning of the year. The Board of Directors may hold special meetings upon the request of the Chairman, President, or majority of the Directors. Meetings of the Board of Directors shall be presided over by the Chairman or, in his absence, by any other director chosen by the Board. Notice of the regular or special meetings of the Board, specifying the date, time, and place of the meeting, shall be communicated by the Secretary to each director personally, by electronic mail, or any other suitable means of sending notice. A director may waive this requirement, either expressly or impliedly.

of directors in board meetings through teleconferencing. Notices of all special meetings of the Board of Directors shall be mailed to each director at his last known address, or be delivered to him personally or by facsimile at least seven (7) days previous to the date fixed for the meeting. No notice need be given of regular meetings of the Board of Directors held at the time and the place previously fixed by the Board.	<u>Meetings of the Board of Directors may be conducted in person or through remote communications such as videoconferencing, teleconferencing, or other alternative modes of communication allowed by the Securities and Exchange Commission.</u>

The foregoing amendments to the Company's bylaws will be presented to the stockholders for their approval.

Item 18. Other Proposed Action

(a) Ratification of all acts and resolutions of the Board and management from the previous stockholders' meeting. The material matters approved by the Board in 2021 are outlined in the Summary of SEC 17-C reports, "***Annex G***" hereof.

(b) Election of regular and independent directors.

The Board endorsed to the stockholders for re-election the following nominees for regular and independent directors:

a. Mr. Lucio L. Co
b. Mr. Jose Paulino L. Santamarina
c. Ms. Camille Clarisse P. Co
d. Ms. Jannelle O. Uy
e. Mr. Robin Derrick C. Chua
f. Mr. Enrico S. Cruz as Independent Director
g. Mr. Bienvenido E. Laguesma as Independent Director

(c) Re-appointment of the external auditor and fixing its audit service fees.

Upon the recommendation of the Audit Committee, the Board recommended the re-appointment of R.G. Manabat & Company as External Auditor of the Company and its subsidiaries for the year 2022 with a professional fee of up to P1 million.

Item 19. Voting Procedures

a. The affirmative vote of at least the majority of the shares presented or represented in the meeting shall be required to approve all actions submitted to the vote of stockholders.

b. The stockholders may cast their votes by sending proxies or voting *in absentia.* Please refer to ***Annex "C"*** – Voting Form and ***Annex "D"***- Guidelines for participating in the 2022 Annual Stockholders Meeting". The stockholders entitled to vote shall have the right to vote the number of shares of stock standing in their own names in the stock books of the corporation as of the record date.

c. For the election of directors, a stockholder may: (a) vote such number of shares for as many as there are directors to be elected; (b) cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by a number of shares owned; or (c) distribute them on the same principle among as many candidates as may be seen fit. Provided, that the total number of votes cast shall not exceed the number of shares owned by the stockholders as shown in the Company's books multiplied by the whole number of directors to be elected.

d. All stockholders' votes must be submitted by email to thekeepersholdings@gmail.com on or before May 25, 2022.

E. MARKET INFORMATION

(A) Shares of stock

The Company's common stock trades on the Philippine Stock Exchange under "KEEPR." The quarterly high and low of stock prices (in Philippine Peso) for the last two fiscal years and in the current year are the stated below:

Period	2019		2020		2021		2022	
	High	Low	High	Low	High	Low	High	Low
1st Quarter	6.74	5.5	5.46	4.5	8.98	2.51	1.51	1.17
2nd Quarter	5.9	5.01	5	4	3.27	2.50	-	-
3rd Quarter	6.15	5.0	4.3	3.1	3.06	2.94	-	-
4th Quarter	6.15	5.0	6.03	3.12	1.69	1.30	-	-

As of April 27, 2022, the Company's share is trading at P1.22 per share.

(B) Stockholders

As of March 30, 2022, the Company has 478 stockholders on record, 14,508,750,313 issued, outstanding and listed shares, and no treasury shares.

The Company's top 20 stockholders as of March 30, 2022:

1	COSCO CAPITAL, INC.	11,250,000,000	77.54%
2	SB EQUITIES, INC.	1,311,985,167	9.04%
3	INVESCAP INCORPORATED	219,926,768	1.52%
4	TOWER SECURITIES, INC.	199,499,806	1.38%
5	COL FINANCIAL GROUP, INC.	145,387,082	1.00%
6	ABACUS SECURITIES CORPORATION	137,517,299	0.95%
7	FIRST METRO SECURITIES BROKERAGE CORP.	130,878,413	0.90%
8	CHINA BANK SECURITIES CORPORATION	101,911,048	0.70%
9	GOVERNMENT SERVICE INSURANCE SYSTEM	66,666,000	0.46%
10	LUCKY SECURITIES, INC.	62,624,700	0.43%
11	BDO SECURITIES CORPORATION	62,469,224	0.43%
12	PNB SECURITIES, INC.	58,518,430	0.40%
13	PHILSTOCK FINANCIAL INC.	44,949,156	0.31%
14	BPI SECURITIES CORPORATION	36,972,907	0.25%
15	UNICAPITAL SECURITIES INC.	35,253,617	0.24%
16	A&A SECURITIES, INC.	29,063,501	0.20%
17	THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	27,698,000	0.19%
18	STANDARD SECURITIES CORPORATION	26,046,990	0.18%
19	HDI SECURITIES, INC.	23,873,597	0.16%

20	R. NUBLA SECURITIES, INC.	22,559,120	0.16%

(C) Dividends

On July 9, 2021 board meeting, the Company intends to maintain an annual dividend payment ratio of at least 20% of its consolidated net income from the preceding fiscal year, subject to the requirements of applicable laws and regulations, and in the absence of circumstances which restrict the payment of dividends, including, but are not limited to, the following: (i) when the Company undertakes significant projects and developments requiring substantial cash expenditures; or (ii) when the Company is restricted from paying dividends due to its loan covenants. Further, the Company's Board is authorized to modify such dividend payout ratio at any time, depending upon the results of operations and future projects and plans of the Company. Further, the Company's Board is authorized to modify such dividend payout ratio at any time, depending upon the results of operations and future projects and plans of the Company. Dividends shall be declared and paid out of the Company's unrestricted retained earnings, which shall be payable in cash, property, or stock to all shareholders based on outstanding stock held by them. Unless otherwise required by law, the Board, at its sole discretion, shall determine the amount, type, and date of payment of the dividends to the shareholders, taking into account various factors, including:

- the level of the Company's earnings, cash flow, return on equity, and retained earnings;
- the Company's results for and financial condition at the end of the year in respect of which the dividend is to be paid and expected financial performance;
- the projected levels of capital expenditures and other investment programs;
- restrictions on payments of dividends that may be imposed on the Company by any of its financing arrangements and current or prospective debt service requirements; and
- Such other factors as the Board deems appropriate.

Dividend Policy of the Subsidiaries

Pursuant to their respective board approvals on September 2, 2021, each subsidiary intends to maintain an annual dividend payment ratio of at least 20% of its net income from the preceding fiscal year, subject to the requirements of applicable laws and regulations, and the absence of circumstances which restrict the payment of dividends, including, but are not limited to, the following: (i) when the corporation undertakes major projects and developments requiring substantial cash expenditures; or (ii) when the corporation is restricted from paying dividends due to its loan covenants. Further, the respective boards of directors of the subsidiaries are authorized to modify such dividend payout ratio, at any time, depending upon the results of operations and future projects and plans of such subsidiary. Dividends shall be declared and paid out of unrestricted retained earnings, which shall be payable in cash, property, or stock to all shareholders on the basis of outstanding stock held by them.

On December 21, 2021, the Company declared a cash dividend amounting to P0.024 per share to be received by the Company's stockholders as of January 10, 2022, on January 28, 2022.

(D) Recent Sale of Securities

On June 18, 2021, Cosco Capital and The Keepers Holdings, Inc. signed a Deed of Exchange of Shares whereby Cosco Capital subscribed to 11,250,000,000 shares of The Keepers Holdings, Inc. in exchange for its 100% ownership in three liquor companies, Montosco, Meritus and Premier.

The share swap transaction between Cosco Capital and the Company resulted in the strategic spin-off of the three (3) liquor subsidiaries of Cosco Capital and the injection of these companies into a separate publicly listed company thru Cosco Capital acquiring a controlling interest in The Keepers Holdings, Inc.

Pursuant to October 15, 2021, a notice of approval to issue shares, the Company issued 3,000,000,000 common shares through a follow-on public offering on the Philippine Stock Exchange. As a result of the offer, the public ownership percentage of the Company went up to 20.82%, from less than 1%, in compliance with the Minimum Public Ownership Rule.

F. CORPORATE GOVERNANCE

(a) The Company has a Revised Manual on Corporate Governance approved in May 2017. The Company aims to improve such a manual to reflect more detailed company policies related to corporate governance, including adopting an evaluation system.

(b) The Company has two independent directors to ensure that the management has independent views and is abreast of the practices of other companies in maintaining good corporate governance.

(c) There has been no report of the Revised Manual on Corporate Governance violation since the board adopted it.

(d) Except in 2020 and 2021, due to the Covid 19 pandemic, the Company conducted annual corporate governance training for all its directors and officers.

Year	Date	Time	Venue	Seminar Provider
2015	June 22	2:00–6:00 pm	Acacia Hotel, Alabang, Muntinlupa City	Center for Training and Development
2016	March 4	2:00–6:00 pm	Acacia Hotel, Alabang, Muntinlupa City	Center for Training and Development
2017	February 28	2:00–6:00 pm	Acacia Hotel, Alabang, Muntinlupa City	SGV & Company
2018	February 23	1:00-5:00 pm	Acacia Hotel, Alabang, Muntinlupa City	SGV & Company
2019	May 14	1:00-5:00 pm	Acacia Hotel, Alabang, Muntinlupa City	SGV & Company

The Company's directors act on a fully informed basis, with due diligence and care required by law and considering all the stakeholders. The Board regularly approves Company objectives and plans and monitors their implementation. The Board is headed by a competent and qualified chairman with more than 40 years of experience in retail operations. The Board meets at least six times a year and schedules the meetings before the start of the financial year.

In 2021, the Board held meetings on February 19, March 15, March 29, April 16, April 27, April 29, June 28, July 9, August 10, October 25, November 9, and December 21.

The attendance of the directors at the board meetings held in 2021 is as follows:

Director	Number of Board Meetings attended/held in 2021	Percentage
Lucio L. Co	12/12	100%
Jose Paulino L. Santamarina	12/12	100%
Camille Clarisse P. Co	12/12	100%
Jannelle O. Uy	12/12	100%
Robin Derick C. Chua	12/12	100%
Bienvenido E. Laguesma	12/12	100%
Enrico S. Cruz	12/12	100%

The Company has no agreement with shareholders, arrangements, or bylaw provisions that constrain or limit the director's ability to vote or express his views independently.

The Company adheres to the nine cumulative years fixed term for directors.

Directors receive fees for attending board and committee meetings of the Company, P40,000 for board meetings, and P15,000 for committee meetings. Except for the said fees, they do not receive regular compensation as board members.

(e) Committee Membership

The Company has three board committees, the Executive Committee, Corporate Governance Committee, and the Audit Committee. The Board appointed its members during its organizational meeting on June 18, 2021.

Executive Committee

Mr. Lucio L. Co – Chairman
Mr. Jose Paulino L. Santamarina – Member
Ms. Camille Clarisse P. Co – Member
Mr. Robin Derrick C. Chua – Member
Ms. Jannelle O. Uy – Member

Audit Committee

Mr. Bienvenido E. Laguesma – Chairman (Independent Director)
Mr. Enrico S. Cruz – Member (Independent Director)
Mr. Jose Paulino L. Santamarina – Member

Corporate Governance Committee

Mr. Enrico S. Cruz – Chairman (Independent Director)
Mr. Bienvenido E. Laguesma – Member (Independent Director)
Mr. Lucio L. Co – Member

The internal and external auditors report directly to the Audit Committee. The external auditor reports to the committee annually, and the internal auditor reports to the committee quarterly.

In 2021, the Company held one audit committee and one corporate governance meeting on November 5, 2021. All Committee members attended the said meeting.

Director	Number of Committee Meetings attended/held in 2021	Percentage
Lucio L. Co	2/2	100%
Jose Paulino L. Santamarina	2/2	100%

Bienvenido E. Laguesma	2/2	100%
Enrico S. Cruz	2/2	100%

(f) Compliance with Section 49 of the Revised Corporation Code

In the 2021 annual meeting, the Company presented the items under Section 49 of the Revised Corporation Code as shown in "***Annex H***" (SEC 17-C re Result of Annual Stockholders Meeting), showing the voting and vote tabulation procedures used in the previous meeting; the opportunity given to stockholders to ask questions and a record of questions asked and answers given; the matters discussed and resolutions reached; record of voting results for each agenda item; list of directors, officers, and stockholders who attended the meeting.

In the 2021 annual meeting, the Chairman gave stockholders a chance to ask the Board or management, but no stockholders posed any questions.

In the 2022 annual meeting, the Company will present all items under Section 49 of the Revised Corporation Code to the stockholders, either during the actual meeting or by providing them in the Information Statements.

SIGNATURE PAGE

After reasonable inquiry and to the best of our knowledge and belief, we hereby certify that the information set forth in this report is true, complete and correct. This report was signed in the City of Manila, Philippines, on May 12, 2022.

THE KEEPERS HOLDINGS, INC.

By:

MS. CANDY H. DACANAY – DATUON
Assistant Corporate Secretary

ANNEX "A"

THE KEEPERS HOLDINGS, INC.
(Formerly DA VINCI CAPITAL HOLDINGS, INC.),
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021, 2020 and 2019

With Independent Auditors' Report

The Keepers Holdings

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **The Keepers Holdings, Inc. and Subsidiaries** (the "Group"), is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at and for year ended December 31, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

R. G. Manabat & Co., the independent auditor appointed by the Board of Directors, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the Board of Directors, has expressed its opinion on the fairness of presentation upon completion of such audit.

LUCIO L. CO
Chairman of the Board

JOSE PAULINO L. SANTAMARINA
President

MA. EDITHA D. ALCANTARA
Treasurer

Signed this 11th day of April 2022.

SUBSCRIBED AND SWORN to before me this APR 11 2022 in the City of Manila, Philippines, affiants exhibited to me competent proof of their respective identities.

Lucio L. Co	TIN ID No. 108-975-971
Jose Paulino L. Santamarina	TIN ID No. 255-968-021
Ma. Editha D. Alcantara	TIN ID No. 171-668-333

ATTY. JOHN EDWARD TRINIDAD ANG
Notary Public for the City of Manila - Extended until June 30, 2022
Notarial Commission No. 2020-033
2/F Midland Plaza Hotel, Adriatico st., Ermita, Mla.
IBP No. 156318- Oct. 25, 2021 Pasig City
PTR No. 0097534 Jan. 3, 2022 at Manila
Roll No. 68731 MCLE Compliance No. VI0017186-Jan.24, 2019

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Series of 2022

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6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Stockholders and Board of Directors
The Keepers Holdings, Inc. and Subsidiaries
(Formerly Da Vinci Capital Holdings, Inc.)
No. 900 Romualdez Street
Paco, Manila

Opinion

We have audited the consolidated financial statements of The Keepers Holdings, Inc. (formerly "Da Vinci Capital Holdings, Inc.") and its Subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2021, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2021, in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audits of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition (P11.03 billion)
Refer to Note 3 to the consolidated financial statements.

The risk
Revenue is not complex but it is a significant measure to evaluate the Group's performance, which increases the risk of material misstatement that revenue may be inappropriately recognized.

Our response
We performed the following audit procedures, among others, on revenue recognition:

- We evaluated and assessed the revenue recognition policies of the Group in accordance with PFRS 15, *Revenue from Contracts with Customers.*

- We evaluated and assessed the design and operating effectiveness of the key controls over the revenue process.

- We tested, on a sample basis, sales transactions to supporting documentation such as sales invoices with corresponding customer acknowledgement, delivery documents and value-added-tax returns throughout the current period, as applicable, to ascertain that the revenue recognition criteria are met.

- We tested, on a sample basis, sales transactions for a selected period before and after year-end to supporting documentation such as sales invoices with corresponding customer acknowledgement and delivery documents, to assess whether these transactions are recorded in the correct reporting period.

- We tested specific journal entries posted to revenue accounts to identify unusual or irregular items.

- We performed substantive analytical review procedures over revenues such as, but not limited to, gross profit analysis, ratio analysis, and yearly and monthly analyses of sales per product/brand, volume and customer.

- We reviewed the adequacy of the Group's disclosure in respect of revenue.

Impact of Business Combination
Refer to Note 5 to the consolidated financial statements.

The risk
As part of the Board of Directors (BOD) of The Keepers Holdings, Inc. (TKHI) and Cosco Capital, Inc. (Cosco) business plan to revive the listing standing of TKHI and subsequently for a follow-on offering, the BOD of TKHI approved the increase in authorized capital stock of the Company in which Cosco subscribed to the increase in the shares of stock through a share-swap agreement entered between the two entities. Cosco transferred its 100% ownership in the shares of stock of Montosco, Inc. (MI), Meritus Prime Distributions, Inc. (MPDI), and Premier Wine Distributions Inc. (PWSI) in exchange for such shares of stock of TKHI. Such transaction presented regulatory and accounting considerations primarily with the Philippine Securities and Exchange Commission (SEC) on the approval of the share-swap transaction for the issuance of the additional shares of stock of TKHI. TKHI submitted a valuation report to the SEC to support the valuation of the shares of stock issued by TKHI.

The transaction presented accounting and reporting considerations which need to be reviewed and checked as TKHI would already be required under PFRS 10, *Consolidated Financial Statements* to prepare consolidated financial statements.

Our response
We performed the following audit procedures, among others, on the business combination:

- We obtained an understanding of the transaction and evaluated management's judgment on whether these acquisitions qualify as businesses, and how these should be accounted for, by reference to agreements, documents and applicable standards and pronouncements related to the transaction.

- We inspected necessary executed documents related to the equity transaction including application documents submitted to SEC and correspondences between the Group and SEC.

- In applying the pooling of interest method using the restatement approach, we verified the restatements from prior year audited reports.

- Where the Group used its experts to perform the valuation of the entities involved in the transaction, we assessed the competence, capabilities, and objectivity of such Group's expert. We also verified the key inputs made in the valuation from prior year audited reports.

- We tested the reasonableness of the transaction costs allocated as a deduction to equity or those charged to profit or loss item.

- We tested specific journal entries posted to equity-related accounts to identify unusual or irregular items.

- We reviewed the adequacy of the Group's disclosure in respect to the business combination.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 17-A and Annual Report for the year ended December 31, 2021, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group’s financial reporting process.

Auditors’ Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audits. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audits of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audits resulting in this independent auditors' report is Mr. Gregorio I. Sambrano, Jr.

R.G. MANABAT & CO.

Gregorio I. Sambrano, Jr.

GREGORIO I. SAMBRANO, JR.
Partner
CPA License No. 088825
SEC Accreditation No. 88825-SEC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements
Tax Identification No. 152-885-329
BIR Accreditation No. 08-001987-036-2021
Issued June 29, 2021; valid until June 28, 2024
PTR No. MKT 8854082
Issued January 3, 2022 at Makati City

April 21, 2022
Makati City, Metro Manila

THE KEEPERS HOLDINGS, INC.
(Formerly DA VINCI CAPITAL HOLDINGS, INC.) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In Thousands)

	Note	December 31, 2021	December 31, 2020 (As restated - Note 5)
ASSETS			
Current Assets			
Cash and cash equivalents	*6, 25*	**P7,700,929**	P2,534,103
Trade and other receivables - net	*7, 25*	**2,042,263**	1,574,625
Inventories	*8*	**3,519,298**	3,659,336
Prepaid expenses and other current assets	*9*	**555,423**	639,010
Total Current Assets		**13,817,913**	8,407,074
Noncurrent Assets			
Right-of-use assets - net	*20*	**176,112**	185,853
Property and equipment - net	*10*	**26,740**	32,213
Deferred income tax assets - net	*22*	**4,107**	4,762
Investment in an associate - net	*11*	**78,388**	93,361
Other noncurrent assets	*12*	**46,074**	40,497
Total Noncurrent Assets		**331,421**	356,686
		P14,149,334	P8,763,760
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	*13, 25*	**P1,286,839**	P1,325,766
Due to related parties	*15, 25*	**106,700**	200,553
Loans payable	*14, 25*	**-**	42,000
Dividends payable	*16 ,25*	**348,210**	300,000
Income tax payable		**148,598**	185,438
Lease liabilities - current	*20, 25*	**58,118**	52,553
Provisions	*23*	**11,975**	11,975
Total Current Liabilities		**1,960,440**	2,118,285
Noncurrent Liabilities			
Lease liabilities - net of current portion	*20, 25*	**128,740**	149,407
Retirement benefits liability	*21*	**17,972**	15,330
Total Noncurrent Liabilities		**146,712**	164,737
Total Liabilities		**2,107,152**	2,283,022

Forward

	Note	**December 31, 2021**	December 31, 2020 (As restated - Note 5)
Equity	*16*		
Capital stock	*16,5*	**P1,450,875**	P1,150,875
Additional paid-in capital	*5*	**25,447,900**	21,421,033
Retained earnings:			
Unappropriated		**5,038,812**	3,802,639
Appropriated	*16*	**950,000**	950,000
Equity adjustments from common control transactions	*5*	**(20,848,500)**	(20,848,500)
Accumulated remeasurements on retirement benefits	*21*	**3,552**	4,691
Other reserves		**(457)**	-
Total Equity		**12,042,182**	6,480,738
		P14,149,334	P8,763,760

See Notes to Consolidated Financial Statements.

THE KEEPERS HOLDINGS, INC.
(Formerly DA VINCI CAPITAL HOLDINGS, INC.) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands, Except Per Share Data)

		Years Ended December 31		
	Note	**2021**	2020 (As restated - Note 5)	2019 (As restated - Note 5)
NET SALES		**P11,034,613**	P8,167,404	P10,717,397
COST OF GOODS SOLD	*17*	**8,095,233**	5,931,960	8,258,904
GROSS PROFIT		**2,939,380**	2,235,444	2,458,493
OPERATING EXPENSES	*18*	**947,204**	609,489	773,771
INCOME FROM OPERATIONS		**1,992,176**	1,625,955	1,684,722
SHARE IN NET LOSSES OF AN ASSOCIATE	*11*	**(14,516)**	(24,833)	(8,763)
OTHER INCOME (CHARGES) - Net	*19*	**17,106**	(30,716)	(39,450)
INCOME BEFORE INCOME TAX		**1,994,766**	1,570,406	1,636,509
PROVISION FOR INCOME TAX	*22*	**410,383**	391,650	418,781
NET INCOME		**1,584,383**	1,178,756	1,217,728
OTHER COMPREHENSIVE LOSS				
Item that will never be reclassified to profit or loss in subsequent periods				
Share in other comprehensive loss of an associate	*11*	**(457)**	-	-
Remeasurement losses on retirement benefits		**(904)**	(841)	(2,352)
Deferred income tax		**(235)**	152	428
		(1,596)	(689)	(1,924)
TOTAL COMPREHENSIVE INCOME		**P1,582,787**	P1,178,067	P1,215,804
BASIC AND DILUTED EARNINGS PER SHARE	*24*	**P0.13**	P0.10	P0.11

See Notes to Consolidated Financial Statements.

THE KEEPERS HOLDINGS, INC.
(Formerly DA VINCI CAPITAL HOLDINGS, INC.) AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands)

			Years Ended December 31	
	Note	**2021**	2020 (As restated - Note 5)	2019 (As restated - Note 5)
CAPITAL STOCK				
Balance at beginning of year, as previously reported	*5, 16*	**P25,875**	P25,875	P25,875
Share swap transaction	*5*	**1,125,000**	1,125,000	1,125,000
Balance at beginning of year, as restated		**1,150,875**	1,150,875	1,150,875
Issuance of common shares	*16*	**300,000**	-	-
Balance at end of year		**1,450,875**	1,150,875	1,150,875
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning of year, as previously reported	*5*	**46,033**	46,033	46,033
Share swap transaction	*5*	**21,375,000**	21,375,000	21,375,000
Balance at beginning of year, as restated		**21,421,033**	21,421,033	21,421,033
Issuance of common shares	*16*	**4,200,000**	-	-
Share issuance costs	*16*	**(173,133)**	-	-
Balance at end of year	*16*	**25,447,900**	21,421,033	21,421,033
RETAINED EARNINGS (DEFICIT)				
Unappropriated:				
Balance at beginning of year, as previously reported		**(57,863)**	(56,774)	(55,726)
Share swap transaction	*5*	**3,860,502**	2,880,657	1,711,881
Balance at beginning of year, as restated		**3,802,639**	2,823,883	1,656,155
Net income for the year, as restated		**1,584,383**	1,178,756	1,217,728
Dividend declaration	*16*	**(348,210)**	(200,000)	(50,000)
	5, 16	**5,038,812**	3,802,639	2,823,883
Appropriated:				
Balance at beginning of year, as previously reported		**-**	-	-
Share swap transaction	*5, 16*	**950,000**	950,000	950,000
	5, 16	**950,000**	950,000	950,000
Balance at end of year		**5,988,812**	4,752,639	3,773,883

Forward

			Years Ended December 31	
	Note	**2021**	2020 (As restated - Note 5)	2019 (As restated - Note 5)
EQUITY ADJUSTMENTS FROM COMMON CONTROL TRANSACTIONS				
Balance at beginning of year, as previously reported	*5*	**P -**	P -	P -
Share swap transaction	*5*	**(20,848,500)**	(20,848,500)	(20,848,500)
Balance at end of year, as restated	*5, 16*	**(20,848,500)**	(20,848,500)	(20,848,500)
ACCUMULATED REMEASUREMENTS ON RETIREMENT BENEFITS	*21*			
Balance at beginning of year, as previously reported		**-**	-	-
Share swap transaction	*5*	**4,691**	5,380	7,304
Balance at beginning of year, as restated		**4,691**	5,380	7,304
Remeasurement loss on retirement benefits during the year	*21*	**(1,139)**	(689)	(1,924)
Balance at end of year		**3,552**	4,691	5,380
OTHER RESERVES				
Balance at beginning of year		**-**	-	-
Share in other comprehensive loss of an associate	*11*	**(457)**	-	-
Balance at end of year		**(457)**	-	-
		P12,042,182	P6,480,738	P5,502,671

See Notes to Consolidated Financial Statements.

THE KEEPERS HOLDINGS, INC.
(Formerly DA VINCI CAPITAL HOLDINGS, INC.) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

			Years Ended December 31	
	Note	**2021**	2020 (As restated - Note 5)	2019 (As restated - Note 5)
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**P1,994,766**	P1,570,406	P1,636,509
Adjustments for:				
Depreciation and amortization	*10, 18, 20*	**73,557**	63,852	33,055
Interest income	*6,19*	**(24,272)**	(21,926)	(4,781)
Share in net losses of an associate	*11*	**14,516**	24,833	8,763
Interest expense	*14, 15 19, 20*	**9,101**	31,392	74,461
Unrealized foreign exchange losses (gain) - net		**5,967**	16,613	(1,061)
Retirement benefits costs	*21*	**2,214**	2,185	1,644
Operating income before working capital changes		**2,075,849**	1,687,355	1,748,590
Decrease (increase) in:				
Trade and other receivables		**(467,638)**	747,568	(422,344)
Inventories		**140,038**	1,085,347	(1,076,210)
Prepaid expenses and other current assets		**83,587**	402,114	424,569
Increase (decrease) in trade and other payables		**(42,329)**	12,187	464,373
Cash generated from operations		**1,789,507**	3,934,571	1,138,978
Income taxes paid		**(446,290)**	(363,946)	(364,868)
Interest received	*6, 19*	**24,272**	21,926	4,781
Retirement benefits paid	*21*	**(990)**	-	(132)
Net cash from operating activities		**1,366,499**	3,592,551	778,759
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property and equipment	*10*	**(9,710)**	(25,705)	(5,284)
Additions to other noncurrent assets		**(5,577)**	(8,386)	(2,488)
Proceeds from disposal of property and equipment		**1,806**	-	-
Acquisition of shares of stock	*11*	-	-	(126,957)
Net cash used in investing activities		**(13,481)**	(34,091)	(134,729)

Forward

			Years Ended December 31	
	Note	**2021**	2020 (As restated - Note 5)	2019 (As restated - Note 5)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of stocks		**P4,500,000**	P -	P -
Payments of:				
Dividends	*16*	**(300,000)**	(50,000)	(275,000)
Share issuance costs		**(173,133)**	-	-
Due to related parties		**(93,853)**	-	-
Lease liabilities - principal portion	*20*	**(65,541)**	(40,496)	(26,774)
Loans payable	*14*	**(42,000)**	(784,000)	(621,000)
Interest	*14, 20*	**(11,665)**	(30,370)	(81,157)
Advances from a stockholder		**-**	(659,652)	(104,848)
Advances received from related parties	*15*	**-**	1,091	1,155
Proceeds from availment of:				
Loans payable	*14*	**-**	97,000	520,000
Notes payable		**-**	-	120,000
Net cash provided by (used in) financing activities	*27*	**3,813,808**	(1,466,427)	(467,624)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**-**	(3)	(36)
NET INCREAS IN CASH AND CASH EQUIVALENTS		**5,166,826**	2,092,030	176,370
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**2,534,103**	442,073	265,703
CASH AND CASH EQUIVALENTS AT END OF YEAR	*6*	**P7,700,929**	P2,534,103	P442,073

See Notes to Consolidated Financial Statements.

THE KEEPERS HOLDINGS, INC.
(Formerly DA VINCI CAPITAL HOLDINGS, INC.) AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Thousands, Except Par Value,
Per Share Data and Number of Shares)

1. Reporting Entity

The Keepers Holdings, Inc. (formerly Da Vinci Capital Holdings, Inc.) (the "Parent Company" or "TKHI") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on November 5, 1963, and its shares are listed in the Philippine Stock Exchange (PSE) on September 3, 1991. On April 26, 2013, the SEC approved the amendments to certain sections of the Parent Company's Articles of Incorporation which include the extension of its corporate life for another 50 years from November 5, 2013 to November 5, 2063.

The principal activities of the Parent Company are to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of real and personal property of every kind and description, including shares of stocks, bonds, debentures, notes, evidences of indebtedness and other securities or obligations of any corporation or corporations, association or associations, domestic or foreign, for whatever lawful purpose or purposes the same may have been organized and to pay therefore in money or by exchanging shares of stocks of the Parent Company or any other corporation, while the owner or holder of any such real or personal property, stocks, bonds, debentures, contracts or obligations, to receive, collect and dispose of the interest, dividends and income arising from such property; and to possess and exercise in respect thereof all the rights, powers and privileges of ownership, including all voting powers of any stock so owned; to carry on and manage the general business of any company.

The Board of Directors (BOD) and Stockholders, representing at least two-thirds (2/3) of the outstanding capital stock of TKHI, approved the amendments to certain sections of TKHI's Articles of Incorporation on October 26, 2020 and November 20, 2020, respectively, which include the following:

i. Change in the name of the Parent Company to "The Keepers Holdings, Inc.".
ii. Change in the primary and secondary purpose of the Parent Company;
iii. Change of corporate term of the Parent Company to perpetual existence;
iv. Change in the par value of common shares to P0.10 per share and the reclassification of authorized preferred shares to common shares; and
v. Increase in authorized capital stock to P2,000,000 or 20,000,000,000 common shares.

On February 19, 2021, the BOD approved the issuance of common shares of TKHI, which will be created and issued out of an increase in its authorized capital stock, in exchange for Cosco Capital, Inc.'s (Cosco) investments in Montosco, Inc. (MI), Meritus Prime Distributions, Inc. (MPDI) and Premier Wine and Spirits, Inc. (PWSI) (collectively referred to as "Subsidiaries" or "Liquor Entities"), under a Share Swap Arrangement as discussed in Note 5 to consolidated financial statements.

MI, MPDI and PWSI are incorporated and registered with the Philippine SEC on August 13, 2008, February 17, 2010 and June 19, 1996, respectively. The subsidiaries engage primarily in buying, selling, importing, manufacturing, repackaging, preparing, bottling, and distribution on wholesale of all kinds of wines, spirits, liquors, beers and other alcoholic and non-alcoholic beverages and drinks.

The share swap transaction between TKHI and Cosco resulted into the strategic spin-off of the three (3) liquor subsidiaries of Cosco. Cosco has acquired a controlling interest to TKHI, a separately public listed company, as a result of the injection of these companies to TKHI.

The stockholders of TKHI approved the foregoing corporate actions in its annual stockholders meeting on May 28, 2021. On June 18, 2021, TKHI and Cosco signed a Deed of Exchange whereby Cosco Capital, Inc. shall transfer 100% of its shares in MI, MPDI and PWSI in exchange of 11,250,000,000 common shares at P2.00 per share (see Note 5).

On June 30, 2021, the SEC approved the increase in the Company's authorized capital stock by virtue of the issuance to the Company of the Certificate of Approval of Increase of Capital Stock and Certificate of Filing of Amended Articles of Incorporation. The SEC also approved the other amendments to the Articles of Incorporation on the same date. As a result of the approval of the increase in the Company's authorized capital stock, the issuance of the new shares to Cosco in exchange of 100% of the outstanding shares of MI, MPDI and PWSI (the "Share Swap Transaction") was completed. Consequently, the Parent Company became the legal and beneficial owner of the 100% outstanding shares each of MI, MPDI and PWSI, while Cosco obtained controlling interest in the Parent Company with an equity ownership of almost 98%. The acquisition of MI, MPDI and PWSI under a share swap transaction is considered to be a business combination of entities under common control as they are all under the common control of Mr. Lucio Co. before and after the acquisition.

Prior to June 30, 2021, TKHI was 85% owned by Invescap Incorporated ("Invescap"), a company that is incorporated in the Philippines. Cosco and Invescap are also companies controlled by Mr. Lucio Co before and after the acquisition.

With the approval of the increase in the Parent Company's authorized capital stock, the SEC consequently accepted and approved the transfer value of the shares of MI, MPDI and PWSI amounting to P22,500,000, the investment value of the Company in MI, MPDI and PWSI.

As the issuance of new shares to Cosco resulted in the Company's public ownership level falling below the minimum twenty (20%) requirement under the SEC Memorandum Circular No. 13 Series of 2017 on the rules and regulations on minimum public ownership on initial public offering, the PSE suspended the trading of the Company's shares commencing July 8, 2021.

On September 8, 2021, the BIR issued the Electronic Certificate Authorizing Registration covering the Share Swap Transaction which confirms that the said transaction is exempt from capital gains tax.

Additional Listing of the Shares and Follow-on Public Offering

Following the increase in the capital stock of the Parent Company and the Share Swap Transaction, the Parent Company's public ownership was reduced to 0.34%. On April 29, 2021, the Parent Company filed a request with the PSE for the grant of MPO Exemption Period for the minimum public float requirements of the PSE and the SEC (the "minimum public ownership (MPO) Rule") to commence from subscription by Cosco up to the completion of this Offer in order to comply with the minimum public ownership requirement of at least 20% public float upon and after listing. In its letter dated May 26, 2021, the PSE informed the Company that it can only provide a relaxation of the MPO Rule to the end that the trading of the Company's shares will continue notwithstanding the public float being lower than the minimum public ownership required during the MPO Exemption Period if the following conditions concur: (i) the prior approval of the SEC on the grant of the exemption from the MPO Rule shall be first obtained by the PSE; and (ii) the Company secures a ruling/opinion from the Bureau of Internal Revenue ("BIR") for confirmation that Revenue Regulations No. 16-2012 will not apply during the MPO Exemption Period.

However, if subsequently the Company's public ownership level decreases to below the MPO Rule minimum, then trading in the Company's shares may be suspended. Listed companies that become non-compliant with the minimum public ownership rules may be suspended from trading for a period of not more than six months and will automatically be delisted if they remain non-compliant after the lapse of the suspension period.

On July 14, 2021, the Company filed a Registration Statement ("RS") with the SEC in accordance with the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799, the "SRC") for the registration of the Offer Shares. On July 19, 2021, the Company filed its application for the listing and trading of offer shares with the PSE. On September 20, 2021, the Company filed an amended Registration Statement which was rendered effective by SEC on October 7, 2021. The Permit to Sell ("PTS") of the Company's Offer Shares was issued by SEC on November 3, 2021.

In compliance with Section 3 of the PSE Rules on Backdoor Listing, and Article V, Part A of the PSE Listing and Disclosure Rules on the Rule on Additional Listing of Shares, on August 19, 2021, the Company filed the application for listing with the PSE for additional shares of stock issued in connection with the increase of the capital stock and the Share Swap Transaction to comply with the PSE listing rules. The additional listing of shares without the conduct of a rights or public offering was approved by the stockholders on May 28, 2021.

Under BIR Revenue Regulations No. 16-2012, the sale, barter, transfer, and/or assignment of shares of listed companies that fail to meet the MPO Rule will be subject to capital gains tax and documentary stamp tax, unless temporary relief is granted and the trading suspension is not lifted. In line with the said ruling, any sale of the Offer Shares will be subject to capital gains tax and documentary stamp tax unless covered by a granted MPO exemption period, including the aforementioned confirmation by the BIR.

After the effectivity of the share swap transaction and follow-on offering on November 19, 2021, the Parent Company became 77.54% owned by Cosco, a company incorporated in the Philippines. The follow-on offering also increased the Parent Company's public ownership to 20.94% in compliance with the MPO rule. The remaining 1.52% is owned by Invescap. As at December 31, 2021, Cosco is the immediate and ultimate parent of TKHI and its Subsidiaries (collectively referred to as the "Group").

The Group’s respective registered office address and principal place of business are presented below:

	Registered Office and Principal Place of Business
The Keepers Holdings, Inc.	No. 900 Romualdez Street, Paco, Manila
Montosco, Inc.	1501 Federal Tower, Dasmariñas Street, Binondo, Manila
Meritus Prime Distribution, Inc.	704 Federal Tower, Dasmariñas Street, Binondo, Manila
Premier Wine and Spirits, Inc.	Gate 1, Tabacalera Compound, 900 D. Romualdez Street, Paco, Manila

2. Basis of Preparation

Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. PFRS which are issued by the Philippine Financial Reporting Standards Council, consist of PFRS, Philippine Accounting Standards (PAS), and Philippine Interpretations based on the International Financial Reporting Interpretations Committee (IFRIC) interpretations.

Basis of Measurement
The consolidated financial statements have been prepared on a historical cost basis of accounting except for retirement benefits liability which is measured at the present value of the defined benefits obligation.

Basis of Consolidation
The consolidated financial statements include the accounts of the Parent Company, the Group’s interest in an associate accounted for under the equity method of accounting, and the following subsidiaries which are all incorporated in the Philippines:

	Effective Percentage of Ownership	
	2021	2020*
Liquor Distribution		
Montosco, Inc.	**100%**	100%
Meritus Prime Distributions, Inc.	**100%**	100%
Premier Wine and Spirits, Inc.	**100%**	100%

**The accounting for the share swap arrangement was applied retrospectively (see Note 5).*

The comparative financial information as at December 31, 2020 and for the years ended December 31, 2021, 2020 and 2019 pertain to the combined financial information of the Parent Company and its subsidiaries. The Parent Company was only required to present consolidated financial statements as at and for the year ended December 31, 2021, when the Parent Company and Cosco Capital, Inc. entered into a share swap transaction resulting to the Parent Company’s acquisition of its subsidiaries. The comparative financial information was presented as if the entities had always been combined in accordance with the retrospective approach for presentation taken by the Group in applying the pooling of interest method for the business combination involving entities under common control.

Subsidiaries
A subsidiary is an entity controlled by the Group. The Group controls an entity if, and only if, the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that such control ceases.

The financial statements of the liquor entities are prepared for the same financial reporting year as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances.

All intra-group balances, transactions, income, and expenses resulting from intra-group transactions are eliminated in full.

<u>Functional and Presentation Currency</u>
The consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. The financial statements are presented in Philippine peso, which is also the Parent Company's functional currency. All amounts are rounded to the nearest thousands, except par value, per share data, number of shares and when otherwise indicated.

<u>Authorization for Issuance of the Consolidated Financial Statements</u>
The accompanying consolidated financial statements of the Group as at December 31, 2021 and 2020 were approved and authorized for issuance by the Group's BOD on April 11, 2022.

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except for the changes in accounting policies as explained below.

<u>Adoption of Amendments to Standards</u>
The Group has adopted the following amendments to standards starting January 1, 2021 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Group's consolidated financial statements. These are as follows:

- PFRS 16, *Leases - COVID-19-Related Rent Concessions (Amendments)* introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The practical expedient applies if: the revised consideration is substantially the same or less than the original consideration; the reduction in lease payments relates to payments due on or before June 30, 2021; and no other substantive changes have been made to the terms of the lease.

Lessees applying the practical expedient are required to disclose that fact, whether they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and the amount recognized in profit or loss for the reporting period arising from application of the practical expedient. No practical expedient is provided for lessors.

A lessee applies the amendments retrospectively, recognizing the cumulative effect of the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate.

Consolidation

The consolidated financial statements incorporate the financial amounts of the Parent Company and its subsidiaries. Subsidiaries are entities over which the Parent Company has control. The Parent Company controls and entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. All intra-group transactions, balances, income, and expenses are eliminated upon consolidation. Unrealized losses on intragroup transactions are eliminated, unless the transaction provides evidence of an impairment of the assets transferred.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Statements of Cash Flows

The Group has chosen to prepare the consolidated statements of cash flows using the indirect method, which presents cash flows from operating activities as the income from operations adjusted for non-cash transactions, deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. Interest paid on loans is presented as a financing activity. The Group has chosen to present dividends paid to its stockholders as a financing activity cash flow. In the cash flow statements, the Group has classified the principal portion of lease payments, as well as the interest portion, within financing activities. Variable lease payments not included in the measurement of the lease liability are classified as cash flows from operating activities.

Common Control Business Combinations

Business combinations involving entities under common control are business combinations in which all entities are controlled by the same party both before and after the business combination. The Group accounts for such business combinations using the pooling of interest method.

In applying the pooling of interest method, the Group follows Philippine Interpretations Committee Question and Answer No. 2012-01, *PFRS 3.2 - Application of the Pooling of Interests Method for Business Combinations of Entities under Common Control in Consolidated Financial Statements,* which provides the following guidance:

- The assets and liabilities of the acquired company for the reporting period in which the common control business combinations occur, are included in the Group's consolidated financial statements at their carrying amounts. No adjustments are made to reflect the fair values or recognize any new assets or liabilities at the date of the combination that otherwise would have been done under the acquisition method. The only adjustments that are made are those adjustments to harmonize accounting policies between the combining entities;

- No 'new' goodwill is recognized as a result of the business combination. Any difference between the consideration paid or transferred and the equity 'acquired' is presented as "Equity adjustments from common control transactions" account in the consolidated statement of financial position;

- The consolidated statements of comprehensive income reflect the results of the combining entities for the full year, irrespective of when the combination took place; and

- Comparatives are presented as if the entities had always been combined.

<u>Cash and Cash Equivalents</u>
Cash includes cash on hand and in banks, which is subject to insignificant risk of changes in value and is used by the Group in managing its short-term commitments. Cash equivalents are short-term placements for varying periods of up to three months from its original maturity depending on the immediate cash requirements of the Group. Cash in banks and cash equivalents earn interest at the respective prevailing bank rates.

<u>Financial Instruments</u>
Date of Recognition
The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial Recognition of Financial Instruments
Financial instruments are recognized initially at fair value. The initial measurement of financial instruments, except for those financial assets and financial liabilities classified or designated at fair value through profit or loss (FVTPL), includes transaction costs. Trade receivables without a significant financing component is initially measured at the transaction price.

Classification and Measurement of Financial Instruments
On initial recognition, the Group classifies its financial assets in the following categories: measured at amortized cost, financial assets at FVTPL and financial assets at fair value through other comprehensive income (FVOCI). The classification depends on the business model for managing the financial assets and the contractual terms of its cash flows.

The Group classifies its financial liabilities as either financial liabilities at amortized cost or financial liabilities at FVTPL. The Group classifies all financial liabilities at amortized cost, except for: (a) financial liabilities designated by the Group at initial recognition as at FVTPL, when doing so results in more relevant information; (b) financial liabilities that arise when the transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies; (c) contingent consideration recognized by the Group in a business combination which shall subsequently be measured at fair value with changes recognized in profit or loss; and (d) financial guarantee contracts and commitments to provide a loan at a below market interest rate which are initially measured at fair value and subsequently at higher of amortized amount and amount of loss allowance.

Business Model Assessment
The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes: (a) the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets; (b) how the performance of the portfolio is evaluated and reported to the Group's management; (c) the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; (d) how managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and (f) the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Solely Payments of Principal and Interest Assessment
Principal is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers contingent events that would change the amount or timing of cash flows, terms that may adjust the contractual coupon rate, including variable-rate features, prepayment and extension features, and terms that limit the Group's claim to cash flows from specified assets (e.g., non-recourse features).

The Group has no financial assets classified as financial assets at FVTPL and FVOCI as at December 31, 2021 and 2020.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial Assets at Amortized Cost
A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Included in this category are the Group's cash in banks, cash equivalents, trade and other receivables and refundable deposits.

Financial Liabilities at Amortized Cost
This category pertains to financial liabilities that are not held for trading or designated as at FVTPL upon inception of the liability. These include liabilities arising from operations or borrowings. The financial liabilities are recognized initially at fair value and subsequently carried at amortized cost, taking into account the impact of applying the effective interest rate method of amortization for any related premium, discount and any directly attributable transaction costs. These financial liabilities are included in current liabilities if maturity is within twelve months from reporting date

Otherwise, these are classified as noncurrent liabilities.

This category includes the Group's trade and other payables (excluding statutory obligations), due to related parties, loans payable, dividends payable and lease liabilities as at December 31, 2021 and 2020.

<u>Impairment of Financial Assets</u>
The Group measures loss allowances at an amount equal to lifetime expected credit losses (ECLs), except for debt securities that are determined to have low credit risk at the reporting date and other debt securities and bank balances for which credit risk has not increased significantly since initial recognition, which are measured at 12-month ECLs.

Loss allowances for trade and other receivables is always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held) or the financial asset is more than 90 days past due on any material credit obligation to the Group.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The 12-month ECLs are a portion of lifetime ECLs that represents the ECLs resulting from default events on the financial instrument that are possible within 12 months after the reporting date or a shorter period if the expected life of the instrument is less than 12 months.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the significant financial difficulty of the borrower or issuer, a breach of contract such as default, the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise, when it is probable that the borrower will enter bankruptcy or other financial reorganization, or the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Financial assets are written off when there is no reasonable expectation of recovery. The Group categorizes financial assets recorded at amortized cost for write off when a debtor fails to make payments or when it is probable that the receivable will not be collected. Where amortized cost financial assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

<u>Derecognition of Financial Assets and Financial Liabilities</u>

Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired.

- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or

- the Group has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

As at December 31, 2021 and 2020, no financial asset or financial liability was carried at fair value. The Group has no other assets or liabilities with recurring and non-recurring fair value measurements.

'Day 1' Profit
Where the transaction price in a non-active market is different from the fair value of other observable current market transactions of the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' profit) in profit or loss. In cases where no observable data are used, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' profit amount.

<u>Inventories</u>
Inventories, which consist of spirits, wines, specialty beverages, are valued at the lower of cost and net realizable value (NRV). Cost is comprised of purchase price, expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their present location and condition. Cost is determined using the first-in, first-out method.

NRV represents the estimated selling price less costs to be incurred in marketing, selling and distribution. In determining the NRV, the Group considers any adjustment necessary to write-down inventories to NRV for slow-moving and near expiry products based on physical inspection and management evaluation.

<u>Prepaid Expenses and Other Current Assets</u>
Prepaid Expenses
Prepaid expenses represent expenses not yet incurred but already paid in cash. Prepaid expenses are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as these are consumed in operations or expire with the passage of time.

Prepaid expenses are classified in the consolidated statements of financial position as current asset when the cost of goods or services related to the prepayment are expected to be incurred within one (1) year from the reporting date. Otherwise, prepayments are classified as noncurrent assets.

Advances to Suppliers
Advances to suppliers are measured at the amount of initial down payment for purchases of inventories and are applied against future progress billings. These are classified as current assets in the consolidated statement of financial position.

Value-added Tax (VAT)
Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of “Prepaid expenses and other current assets” account or “Trade and other payables” account in the consolidated statement of financial position.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any impairment in value. The initial cost of items of property and equipment consists of its purchase price, including import duties and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to profit or loss in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of the item of property and equipment.

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Number of Years
Transportation and delivery equipment	3 - 5
Leasehold improvements	3 - 5 or lease term, whichever is shorter
Office equipment	2 - 3
Furniture and fixtures	2 - 3
Computer software license	2
Machinery and equipment	3

Depreciation and amortization of an item of property and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation or amortization ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Any change in the estimated useful lives and methods of depreciation and amortization are adjusted prospectively from the time the change was determined necessary.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is recognized in profit or loss. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts and any resulting gain or loss arising from retirement or disposal of property and equipment (calculated as the difference between the net proceeds and the carrying amount of the item) is recognized in the consolidated statements of profit or loss.

Borrowing Costs
Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. The capitalization of borrowing costs: (i) commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred; (ii) is suspended during the extended periods in which active development, improvement and construction of the assets are interrupted; and (iii) ceases when substantially all the activities necessary to prepare the assets are completed. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds.

Other borrowing costs are recognized as expense in the period in which they are incurred.

Investment in an Associate
An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is defined as the power to participate in the financial and operating policy decisions of the entity but not control or joint control over those policies. An associate is accounted for using the equity method. Investment in an associate is initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Group's share of the profit or loss and OCI of the associate, until the date on which significant influence ceases. Unrealized gains arising from transactions with associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The Group discontinues applying the equity method when its investment in the investee company is reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the investee company. When the investee company subsequently reports net income, the Group will resume applying the equity method but only after its share in net income equals the share in net losses not recognized during the period when the equity method was suspended.

The accounting policies of the associate conform to those used by the Group for like transactions and events in similar circumstances.

Impairment of Noncurrent Nonfinancial Assets
The Group assesses at the end of each reporting period whether there is an indication that its noncurrent nonfinancial assets which include right-of-use assets, property and equipment and investment in an associate may be impaired. If any such indication exists and where the carrying amount exceeds the estimated recoverable amount, the assets or the cash generating unit (CGU) are written down to their recoverable amounts. The recoverable amount of the noncurrent nonfinancial assets is the greater of fair value less cost to sell and value-in-use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

Impairment losses, if any, are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation and amortization charge are adjusted in future periods to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life.

Other Noncurrent Assets

Excess Tax Credits

Excess tax credits pertain to overpayment of income taxes in prior years. Excess tax credits are initially recognized based on the amount withheld by the payee in accordance with the local tax rules and regulations. These are accumulated and are reduced when deducted against income tax payable. Excess tax credits that are expected to be realized within 12 months after the reporting period are classified as current asset, otherwise, these are classified as other noncurrent asset.

Refundable Deposits

Refundable deposits are cash paid for the lease agreements covering the office spaces and warehouse which are expected to be refunded upon the termination of the lease. These are carried at net realizable value and classified as current for leases which will expire within 12 months from the reporting period otherwise, these will be classified as noncurrent.

Capital Stock

Common shares are classified as equity. The proceeds from the issuance of common shares are presented in equity as capital stock to the extent of the par value of the issued and outstanding shares and any excess of the proceeds over the par value of the shares issued, less any incremental costs directly attributable to the issuance, net of tax, is presented in equity as additional paid-in capital. Incremental costs incurred that are directly related to a probable future equity transaction is presented as "Costs of anticipated equity transaction" under "Prepaid expenses and other current assets account" in the consolidated statements of financial position. Transaction costs that related jointly to more than one transaction are allocated to those transactions using a basis of allocation that is rational and consistent with similar transactions.

Retained Earnings

Retained earnings represent the cumulative balance of periodic net income or loss, dividend contributions, correction of prior year errors, effect of changes in accounting policy and other capital adjustments.

Appropriated retained earnings are accumulated earnings set aside by the BOD for a specific purpose. Unappropriated retained earnings are the residual amount of retained earnings after appropriation.

Equity Adjustment from Common Control Transactions

Equity adjustment from common control transactions is the difference between the acquisition cost of an entity under common control and the Parent Company's proportionate share in the net assets of the entity acquired as a result of a business combination accounted for using the pooling-of-interest method. Equity reserve is derecognized when the subsidiary is deconsolidated, which is the date on which the control ceases.

Dividends on Common Shares
Dividends on common shares are recognized as liability and deducted from equity when approved by the BOD of the Group. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

Revenue Recognition
Revenue from contracts with customers is recognized upon transfer of goods to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group concluded that it is acting as principal for the revenue arrangement below.

The following specific recognition criteria must also be met before revenue is recognized:

Sale of Spirits, Wines and Specialty Beverages
Revenue from sale of spirits, wines and specialty beverages is recognized at the point in time when control of the asset is transferred to the customer, generally upon delivery. Revenue is recognized net of variable considerations, i.e. discounts, rebates, listing fees/display allowances and certain payments to customers after the initial sale of goods as reduction to revenue, unless it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Invoices are generated at the time of delivery and are usually due within 30 to 60 days.

Receivable is recognized by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of the time is required before payment is due.

Interest Income
Interest income is recognized in profit or loss as it accrues, taking into account the effective yield on the asset.

Other Income
Other income is recognized as earned.

Cost and Expense Recognition
Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are generally recognized when the services are used or the expenses are incurred.

Cost of Goods Sold
Cost of goods sold is recognized when goods are shipped to the buyer. Expenses are recognized upon utilization of services or at the date they are incurred.

Operating Expenses
Operating expenses are costs incurred to sell or distribute the goods and to administer the business. It includes documentation processing and delivery, among others. Operating expenses are expensed as incurred.

Other Comprehensive Income (Loss)
Other comprehensive income (loss) comprises items of income and expense (including items previously presented under the consolidated statement of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRS.

Employee Benefits
Short-term Employee Benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of the past service provided by the employee and the obligation can be estimated reliably.

Retirement Benefits Liability and Costs
The Group has an unfunded, noncontributory defined benefits retirement plan covering substantially all permanent, regular and full-time employees. The Group's obligation in respect of the defined benefits is calculated by estimating the amount of the future benefits that employees have earned in the current and prior period and discounting that amount.

The calculation of defined benefits obligations is performed on a periodic basis by a qualified actuary using the projected unit credit method.

Remeasurements of the retirement benefits liability, which comprise of actuarial gains and losses, are recognized immediately in other comprehensive income. The Group determines the interest expense on the retirement benefits liability for the period by applying the discount rate used to measure the retirement benefits liability at the beginning of the annual period to the then retirement benefits liability, taking into account any changes in the retirement benefits liability during the period as a result of benefit payments, if any. Interest expense and other expenses related to defined benefits plans are recognized in profit or loss.

When the benefits of the plan are changed or when the plan is curtailed, the resulting change in benefit that relates to past service or gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains or losses on the settlement of defined benefits plans when the settlement occurs.

Leases
At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and,

- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

    - the Group has the right to operate the asset; or
    - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Group as Lessee
The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently amortized using the straight-line method from the commencement date to the end of the lease term unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be amortized over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment loss, if any, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is presented as a separate line item in the consolidated statement of financial position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following: (a) fixed payments, including in-substance payments; (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; (c) amounts expected to be payable under a residual value guarantee; and, (d) the exercise price under a purchase option the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate; if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or, if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has presented interest expense on the lease liability separately from the amortization charge for the right-of-use asset. The interest expense on lease liability is presented under "Other charges - net" in profit or loss.

Income Taxes

Provision for income tax is composed of current income tax and deferred income tax. Provision for income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income, in which case, it is recognized directly in equity or in other comprehensive income.

Current Income Tax

Current income tax assets and current income tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used as basis to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Uncertainties related to taxes that are not income taxes are recognized and measured in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* unless they are dealt with specifically in another standard.

Deferred Income Tax

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences and carryforward benefits of unused net operating loss carryover (NOLCO) to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and the carryforward benefits of unused NOLCO can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred income tax assets to be recovered.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Related Party Transactions and Relationships

Related party relationships exist when the party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely to the legal form. Related parties may be individual or corporate entities.

Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group determines and presents operating segments based on the information that is internally provided to the Chairman and President, collectively as the Group's chief operating decision maker. The Group has single segment, which is the sale of sale of spirits, wines and specialty beverages to customers.

The measurement policies of the Group used for segment reporting under PFRS 8, *Operating Segments* are the same as those used in the consolidated financial statements. There have been no changes in the measurement methods used to determine reported segment profit or loss from prior periods.

Basic and Diluted Earnings Per Share (EPS)

Basic EPS is computed by dividing the net income for the period by the weighted average number of common shares outstanding during the period, with retroactive adjustment for any stock dividends declared.

Diluted EPS is computed in the same manner, adjusted for the effect of all potential dilutive debt or equity instruments.

Foreign Currency Denominated Transactions and Translation

Transactions in foreign currencies are recorded using the functional currency exchange rate at the date of transaction. Outstanding monetary assets and monetary liabilities denominated in foreign currencies are translated using the closing exchange rate at the reporting date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of the provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss, net of reimbursement. If the effect of the time value of money is material, provisions are discounted using the current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements unless the outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date
Events after the reporting date that provide additional information about the Group's financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

Standards Issued but Not Yet Adopted
A number of amendments to standards are effective for annual periods beginning after January 1, 2021. However, the Group has not applied the following amended standards in preparing these consolidated financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group's consolidated financial statements.

The Group plans to adopt the following amended standards on the respective effective dates, as applicable.

Effective April 1, 2021

- *COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to PFRS 16 Leases)*. The amendment extends the practical expedient introduced in the 2020 amendment which simplified how a lessee accounts for rent concessions that are a direct consequence of COVID-19, permitting lessees to apply the practical expedient to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022.

  The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Earlier application is permitted. A lessee applies the amendments retrospectively, recognizing the cumulative effect of the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate. The adoption is mandatory for lessees that chose to apply the practical expedient introduced by the 2020 amendments and may result in reversal of lease modifications that was ineligible for the practical expedient under the 2020 amendments, but becomes eligible as a result of the extension.

Effective January 1, 2022

- PAS 16*, Property, Plant and Equipment - Proceeds before Intended Use (Amendments)* prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with PAS 2, *Inventories*.

  The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.

  For the sale of items that are not part of a company's ordinary activities, the amendments require the company to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statement of comprehensive income. This disclosure is not required if such proceeds and cost are presented separately in the statement of comprehensive income.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

- PAS 37, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract (Amendments)* clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract - i.e. it comprise both incremental costs and an allocation of other direct costs.

  The amendments apply prospectively. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as appropriate. Earlier application is permitted.

- *Annual Improvements to PFRS Standards 2018-2020.* This cycle of improvements contains amendments to four standards. The following are the amendments that are relevant to the Group:

  - PFRS 9*, Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment)* clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. It applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  - PFRS 16, *Leases - Lease Incentives (Amendment to Illustrative Examples)* deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted.

- *Reference to the Conceptual Framework (Amendment to PFRS 3 Business Combinations).* The amendments:

  - updated PFRS 3 so that it now refers to the 2018 Conceptual Framework.

  - added a requirement that, for transactions and other events within the scope of PAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, an acquirer applies PAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination: and

  - added an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

  The amendments are effective for business combinations occurring in reporting periods starting on or after January 1, 2022. Earlier application is permitted.

Effective January 1, 2023

- PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current (Amendments)* promote consistency in application and clarify the requirements on determining whether a liability is current or non-current, the amendments:

  - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period.

  - clarified that a right to defer settlement exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and

  - clarified that settlement of a liability includes transferring a company's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or non-current.

  The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

  In November 2021, the International Accounting Standards Board issued the Exposure Draft, Non-Current Liabilities with Covenants after considering stakeholder feedback on the December 2020 tentative agenda decision issued by the IFRS Interpretations Committee about the amendments. The exposure draft proposes to again amend IAS 1 as follows:

  - Conditions which the entity must comply within twelve months after the reporting period will have no effect on the classification as current or non-current.

  - Additional disclosure requirements will apply to non-current liabilities subject to such conditions to enable the assessment of the risk that the liability could become repayable within twelve months.

- Separate presentation in the statement of financial position will be required for non-current liabilities for which the right to defer settlement is subject to conditions within 12 months after the reporting period.

- The effective date of the amendments will be deferred to no earlier than January 1, 2024.

- *Definition of Accounting Estimates (Amendments to PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors).* To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged. The amendments also provide examples on the application of the new definition.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

- *Disclosure of Accounting Policies (Amendments to PAS 1 Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements).* The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies.

  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements.

  The amendments to PFRS Practice Statement 2 include guidance and additional examples on the application of materiality to accounting policy disclosures.

  The amendments are effective from January 1, 2023. Earlier application is permitted.

4. Management's Use of Judgments, Accounting Estimates and Assumptions

The preparation of the consolidated financial statements requires management to exercise judgments, make accounting estimates and use assumptions that affect reported amounts of assets, liabilities, income and expenses and related disclosures. Future events may occur which will cause the assumptions used in arriving at the accounting estimates to change. The effects of any change in accounting estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Accounting judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimation, which has the most significant effect on the amounts recognized in the consolidated financial statements of the Group.

Determination of the Group*'s Functional Currency*
The Group considers factors, including but not limited to, the currency that mainly influences sales prices of its goods and the currency in which receipts from operating activities are usually retained. Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency has been determined to be the Philippine peso. It is the currency that mainly influences the Group's operations.

Identifying a Lease
The Group uses its judgment in assessing that a contract is, or contains, a lease when the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group has the right to control the asset if it has the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group reassesses whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

As a Lessee. The Group has entered into various contracts for the lease of warehouse space. The Group has determined that it has the right to control the use of the identified assets over their respective lease terms (see Note 20).

Determining the Term and Discount Rate of Lease Arrangements
Where the Group is the lessee, management is required to make judgments about the lease term and the appropriate discount rate to calculate the present value of the lease payments.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases entered into by the Group as lessee, management uses the incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses an approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group and makes adjustments specific to the lease. The weighted average rate applied ranges from 4.11% to 4.69%.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if it is reasonably certain that the lease will be extended (or not terminated) and, as such, included within lease liabilities.

For leases of office space and warehouse, the following factors are usually the most relevant:

- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).

- Otherwise, the Group considers other factors, including historical lease durations, the costs and business disruption required to replace the leased asset, enforceability of the option, and business and other developments.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the lessee's control, for example, when significant investment in the warehouse and office space is made which has a useful life beyond the current lease term.

Recognition of Revenue
The Group uses its judgment in determining the timing of the transfer of control on the goods that it delivered. The Group determined that the control is transferred for sale of goods when the Group has transferred physical possession of the goods and obtained the right to payment for the goods which is upon the customer's acceptance of the goods at the customer's warehouse.

Determination of whether the Group is acting as a Principal or an Agent
The Group is a principal if it controls the specified good before it is transferred to a customer. The Group is an agent if its performance obligation is to arrange for the provision of the specified good by another party and the Group does not control the good before it is transferred to the customer. The Group concluded that it is acting as principal in its revenue arrangements.

Accounting Estimates and Assumptions
The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

Allowance for ECLs on Trade and Other Receivables and Refundable Deposits
The Group uses the ECL model in estimating the level of allowance which includes forecasts of future events and conditions. A credit loss is measured as the present value of all cash shortfalls (the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). The model represents a probability-weighted estimate of the difference over the remaining life of the trade and other receivables. The maturity of the Group's trade and other receivables is less than one year so the lifetime ECLs and the 12-month ECLs are similar. In addition, management assessed that the credit risk for its trade and other receivables as at the reporting date is low, therefore the Group did not have to assess whether a significant increase in credit risk has occurred.

ECLs of refundable deposits has been measured on a 12-month expected credit loss basis. In determining the ECL of refundable deposits, the Group considers the counterparties' financial condition and their capacity to return the amounts due. The Group assessed that the credit risk for the outstanding refundable deposits is low as majority of these are transacted with a counterparty that has a good credit standing.

An increase in the allowance for ECLs would increase the recorded operating expenses and decrease current assets.

The combined carrying amounts of trade and other receivables and refundable deposits amounted to P2,058,828 and P1,591,129 as at December 31, 2021 and 2020, respectively (see Notes 7, 12 and 25).

Determination of NRV of Inventories
The Group's estimates of the NRV of inventories are based on the most reliable evidence available at the time the estimates are made, of the amount that the inventories are expected to be realized. These estimates consider the inventory obsolescence, physical deterioration, fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. A new assessment is made at NRV in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is a clear evidence of an increase in NRV because of changes in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised NRV.

The carrying amounts of inventories as at December 31, 2021 and 2020 amounted to P3,519,298 and P3,659,336, respectively (see Note 8). No allowance to reduce inventory to NRV was recognized for the years ended December 31, 2021, 2020 and 2019.

Estimation of Useful Lives of Property and Equipment
The Group estimates the useful lives of property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible that future financial performance could be materially affected by changes in these estimates brought about by changes in the factors mentioned. Any reduction in the estimated useful lives of the property and equipment would increase depreciation and amortization expense and decrease noncurrent assets.

The estimated useful lives of property and equipment is discussed in Note 3 to consolidated financial statements. There is no change in the estimated useful lives of property and equipment for the years ended December 31, 2021 and 2020.

The carrying amounts of property and equipment as at December 31, 2021 and 2020 amounted to P26,740 and P32,213, respectively (see Note 10).

Impairment of Noncurrent Nonfinancial Assets
The Group assesses at the end of each reporting period whether there is any indication that its noncurrent nonfinancial assets which pertain to right-of-use assets, property and equipment and investment in an associate are impaired. If any such indication exists, the Group estimates the recoverable amount of these assets. Determining the fair value of these noncurrent nonfinancial assets which requires the determination of the future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause management to conclude that these assets are impaired. Any resulting impairment loss could have a material adverse impact on the Group's consolidated financial position and consolidated financial performance. The preparation of the estimated future cash flows involves significant judgment and estimations. While management believes that the assumptions made are appropriate and reasonable, significant changes in management assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS.

For the years ended December 31, 2021, 2020 and 2019, no impairment loss was recognized on the Group's property and equipment, right-of-use assets and investment in an associate.

The combined carrying values of property and equipment, right-of-use assets and investment in an associate amounted to P281,240 and P311,427 as at December 31, 2021 and 2020, respectively (see Notes 10, 11, and 20).

Estimation of Retirement Benefits Liability and Costs
The cost of defined benefits retirement plans, as well as the present value of the retirement benefits obligation, is determined using actuarial valuations. The actuarial valuations involve making various assumptions. These include the determination of the discount rates, and future salary increases, among others. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefits obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period.

The Group has retirement benefits liability amounting to P17,972 and P15,330 as at December 31, 2021 and 2020, respectively (see Note 21).

Recognition of Deferred Income Tax Assets
The Group reviews its deferred income tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. The Group also reviews the expected timing and tax rates upon reversal of temporary differences and adjusts the impact on deferred income tax accordingly. The Group's assessment on the recognition of deferred income tax assets is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Group's past results and future expectations on revenues and expenses. While the Group believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect the Group's assessment of the realizability of deferred income tax assets and may lead to future addition to the provision for deferred income tax.

The Group has recognized deferred income tax assets amounting to P4,107 and P4,762 as at December 31, 2021 and 2020, respectively (see Note 22).

For the years ended December 31, 2021 and 2020, MI elected to avail of the optional standard deduction (OSD) which is equivalent to 40% of total gross income. MI intends to continue its availment of the optional standard deduction in the subsequent years.

As at December 31, 2021 and 2020, the Group has not recognized deferred income tax assets arising from temporary differences amounting to a total of P17,037 and P24,693, respectively (see Note 22).

Provisions and Contingencies
The Group, in the ordinary course of business, sets up appropriate provisions for certain contractual and regulatory obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

The Group has provision for probable losses amounting to P11,975 as at December 31, 2021 and 2020. No provision for probable losses was recognized by the Group for the three years ended December 31, 2021 (see Note 23).

5. Business Combinations under Common Control

As discussed in Note 1, the acquisition of MI, MPDI and PWSI is considered to be a business combination of entities under common control as they are all controlled by Mr. Lucio Co before and after the acquisition.

The Group recognized assets acquired and liabilities assumed at their carrying amounts in the individual financial statements of MI, MPDI and PWSI. No new goodwill was recognized in the consolidated financial statements. The difference between the consideration paid or transferred and the net assets acquired is recognized under “Equity adjustments from common control transactions” account in the consolidated statement of changes in equity.

The comparative financial information as at December 31, 2020 and for the years ended December 31, 2020 and 2019 were restated as if the entities had been combined for the years that the entities were under common control.

The restated amounts in the consolidated statement of financial position as at December 31, 2020 as a result of the retrospective accounting of the business combination under common control were as follows:

	Statement of Financial Position of TKHI, As Reported	Adjustments from the Retrospective Application of Pooling of Interests Method for Business Combinations of Entities under Common Control				Consolidated Statement of Financial Position, As Restated
		Statement of Financial Position of MI	Statement of Financial Position of MPDI	Statement of Financial Position of PWSI	Adjustments	
ASSETS						
Current Assets						
Cash and cash equivalents	P -	P2,177,069	P48,672	P308,362	P -	P2,534,103
Trade and other receivables	-	1,016,343	247,081	311,201	-	1,574,625
Inventories	-	1,931,696	1,053,905	673,735	-	3,659,336
Prepaid expenses and other current assets	-	541,689	67,473	29,848	-	639,010
Total Current Assets	-	5,666,797	1,417,131	1,323,146	-	8,407,074
Noncurrent Assets						
Right-of-use assets - net	-	100,135	-	85,718	-	185,853
Property and equipment - net	-	19,065	495	12,653	-	32,213
Deferred income tax assets - net	-	-	208	4,554	-	4,762
Investment in an associate - net	-	-	-	93,361	-	93,361
Other noncurrent assets	23,993	9,808	903	5,793	-	40,497
Total Noncurrent Assets	23,993	129,008	1,606	202,079	-	356,686
	P23,993	P5,795,805	P1,418,737	P1,525,225	P -	P8,763,760

Forward

	Statement of Financial Position of TKHI, As Reported	Adjustments from the Retrospective Application of Pooling of Interests Method for Business Combinations of Entities under Common Control				Consolidated Statement of Financial Position, As Restated
		Statement of Financial Position of MI	Statement of Financial Position of MPDI	Statement of Financial Position of PWSI	Adjustments	
LIABILITIES AND EQUITY						
Current Liabilities						
Trade and other payables	P2,095	P1,063,297	P147,473	P112,901	P -	P1,325,766
Due to related parties	7,853	-	-	192,700	-	200,553
Loans payable	-	-	42,000	-	-	42,000
Dividends payable	-	200,000	-	100,000	-	300,000
Income tax payable	-	152,686	17,354	15,398	-	185,438
Lease liabilities - current	-	23,521	-	29,032	-	52,553
Provisions	-	-	-	11,975	-	11,975
Total Current Liabilities	9,948	1,439,504	206,827	462,006	-	2,118,285
Noncurrent Liabilities						
Lease liabilities - net of current portion	-	80,724	-	68,683	-	149,407
Retirement benefits liability	-	3,072	694	11,564	-	15,330
Total Noncurrent Liabilities	-	83,796	694	80,247	-	164,737
Total Liabilities	9,948	1,523,300	207,521	542,253	-	2,283,022
Equity						
Capital stock	25,875	750,000	750,000	150,000	(525,000)	1,150,875
Additional paid-in capital	46,033	-	-	1,500	21,373,500	21,421,033
Retained earnings (deficit)	(57,863)	3,523,204	460,252	827,046	-	4,752,639
Equity adjustments from common control transactions	-	-	-	-	(20,848,500)	(20,848,500)
Accumulated remeasurements on retirement benefits	-	(699)	964	4,426	-	4,691
Total Equity	14,045	4,272,505	1,211,216	982,972	-	6,480,738
	P23,993	P5,795,805	P1,418,737	P1,525,225	P -	P8,763,760

The restated amounts in the consolidated statement of comprehensive income for the years ended December 31, 2020 and 2019 as a result of the retrospective accounting of the business combination under common control were as follows:

	December 31, 2020				
		Adjustments from the Retrospective Application of Pooling of Interests Method for Business Combinations of Entities under Common Control			
	Statement of Comprehensive Income of TKHI, As Reported	Statement of Comprehensive Income of MI	Statement of Comprehensive Income of MPDI	Statement of Comprehensive Income of PWSI	Consolidated Statement of Comprehensive Income, As Restated
Net sales	P -	P6,106,846	P839,541	P1,221,017	P8,167,404
Cost of goods sold	-	4,263,930	682,656	985,374	5,931,960
Gross profit	-	1,842,916	156,885	235,643	2,235,444
Operating expenses	1,089	431,325	50,023	127,052	609,489
Income (loss) from operations	(1,089)	1,411,591	106,862	108,591	1,625,955
Share in net loss of an associate	-	-	-	(24,833)	(24,833)
Other income (charges) - net	-	(9,403)	(10,320)	(10,993)	(30,716)
Income (loss) before income tax	(1,089)	1,402,188	96,542	72,765	1,570,406
Provision for income tax	-	331,725	29,895	30,030	391,650
Net income (loss)	(1,089)	1,070,463	66,647	42,735	1,178,756
OTHER COMPREHENSIVE LOSS					
Item that will never be reclassified to profit or loss in subsequent periods					
Remeasurement gain (loss) on retirement benefits	-	(334)	200	(707)	(841)
Deferred income tax	-	-	(60)	212	152
TOTAL COMPREHENSIVE INCOME (LOSS)	(P1,089)	P1,070,129	P66,787	P42,240	P1,178,067

	December 31, 2019				
		Adjustments from the Retrospective Application of Pooling of Interests Method for Business Combinations of Entities under Common Control			
	Statement of Comprehensive Income of TKHI, As Reported	Statement of Comprehensive Income of MI	Statement of Comprehensive Income of MPDI	Statement of Comprehensive Income of PWSI	Consolidated Statement of Comprehensive Income, As Restated
Net sales	P -	P8,155,525	P958,828	P1,603,044	P10,717,397
Cost of goods sold	-	6,130,313	780,137	1,348,454	8,258,904
Gross profit	-	2,025,212	178,691	254,590	2,458,493
Operating expenses	1,048	545,503	68,814	158,406	773,771
Income (loss) from operations	(1,048)	1,479,709	109,877	96,184	1,684,722
Share in net loss of an associate	-	-	-	(8,763)	(8,763)
Other income (charges) - net	-	288	(19,164)	(20,574)	(39,450)
Income (loss) before income tax	(1,048)	1,479,997	90,713	66,847	1,636,509
Provision for income tax	-	370,311	28,662	19,808	418,781
Net income (loss)	(1,048)	1,109,686	62,051	47,039	1,217,728
OTHER COMPREHENSIVE LOSS					
Item that will never be reclassified to profit or loss in subsequent periods					
Remeasurement gain (loss) on retirement benefits	-	(925)	83	(1,510)	(2,352)
Deferred income tax	-	-	(25)	453	428
TOTAL COMPREHENSIVE INCOME (LOSS)	(P1,048)	P1,108,761	P62,109	P45,982	P1,215,804

The restated amounts in the consolidated statement of cash flows for the years ended December 31, 2020 and 2019 as a result of the retrospective accounting of the business combination under common control were as follows:

	December 31, 2020				
		Adjustments from the Retrospective Application of Pooling of Interests Method for Business Combinations of Entities under Common Control			
	Statement of Cash Flows of TKHI, As Reported	Statement of Cash Flows of MI	Statement of Cash Flows of MPDI	Statement of Cash Flows of PWSI	Consolidated Statement of Cash Flows, As Restated
CASH FLOWS FROM OPERATING ACTIVITIES					
Income (loss) before income tax	(P1,089)	P1,402,188	P96,542	P72,765	P1,570,406
Adjustments for:					
Depreciation and amortization	-	42,101	2,935	18,816	63,852
Interest expense	-	12,149	5,912	13,331	31,392
Share in net loss of an associate	-	-	-	24,833	24,833
Interest income	-	(19,644)	(141)	(2,141)	(21,926)
Unrealized foreign exchange gain	-	16,696	-	(83)	16,613
Retirement benefits costs	-	397	135	1,653	2,185
Operating income (loss) before working capital changes	(1,089)	1,453,887	105,383	129,174	1,687,355
Decrease (increase) in:					
Trade and other receivables	-	428,561	131,947	187,060	747,568
Inventories	-	1,496,070	(336,715)	(74,008)	1,085,347
Prepaid expenses and other current assets	-	(96,406)	281,020	217,500	402,114
Increase (decrease) in trade and other payables	94	(78,361)	114,377	(23,923)	12,187
Cash generated from (used in) operations	(995)	3,203,751	296,012	435,803	3,934,571
Income taxes paid	-	(318,371)	(28,168)	(17,407)	(363,946)
Interest received	-	19,644	141	2,141	21,926
Net cash from (used in) operating activities	(995)	2,905,024	267,985	420,537	3,592,551
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions to property and equipment	-	(15,491)	(46)	(10,168)	(25,705)
Additions to other noncurrent assets	(96)	(5,680)	(20)	(2,590)	(8,386)
Cash used in investing activities	(96)	(21,171)	(66)	(12,758)	(34,091)

Forward

	December 31, 2020				
		Adjustments from the Retrospective Application of Pooling of Interests Method for Business Combinations of Entities under Common Control			
	Statement of Cash Flows of TKHI, As Reported	Statement of Cash Flows of MI	Statement of Cash Flows of MPDI	Statement of Cash Flows of PWSI	Consolidated Statement of Cash Flows, As Restated
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments of:					
Advances from a stockholder	P -	(P659,500)	P -	(P152)	(P659,652)
Loans payable	-	(120,000)	(351,000)	(313,000)	(784,000)
Dividends	-	(50,000)	-	-	(50,000)
Lease liabilities	-	(38,707)	(2,984)	(6,162)	(47,853)
Interest	-	(6,419)	(6,540)	(10,054)	(23,013)
Proceeds from availment of loans payable	-	-	97,000	-	97,000
Advances received from related parties	1,091	-	-	-	1,091
Net cash from (used in) financing activities	1,091	(874,626)	(263,524)	(329,368)	(1,466,427)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-	(3)	-	-	(3)
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	2,009,224	4,395	78,411	2,092,030
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	-	167,845	44,277	229,951	442,073
CASH AND CASH EQUIVALENTS AT END OF YEAR	P -	P2,177,069	P48,672	P308,362	P2,534,103

	December 31, 2019				
		Adjustments from the Retrospective Application of Pooling of Interests Method for Business Combinations of Entities under Common Control			
	Statement of Cash Flows of TKHI, As Reported	Statement of Cash Flows of MI	Statement of Cash Flows of MPDI	Statement of Cash Flows of PWSI	Consolidated Statement of Cash Flows, As Restated
CASH FLOWS FROM OPERATING ACTIVITIES					
Income (loss) before income tax	(P1,048)	P1,479,997	P90,713	P66,847	P1,636,509
Adjustments for:					
Depreciation and amortization	-	16,352	3,883	12,820	33,055
Interest expense	-	34,725	14,785	24,951	74,461
Interest income	-	(3,195)	(188)	(1,398)	(4,781)
Share in net loss of an associate	-	-	-	8,763	8,763
Retirement benefits costs	-	303	211	1,130	1,644
Unrealized foreign exchange loss (gain)	-	251	3	(1,315)	(1,061)
Operating income (loss) before working capital changes	(1,048)	1,528,433	109,407	111,798	1,748,590
Decrease (increase) in:					
Trade and other receivables	-	(596,190)	(124,761)	298,607	(422,344)
Inventories	-	(885,809)	(155,594)	(34,807)	(1,076,210)
Prepaid expenses and other current assets	-	295,016	2,159	127,394	424,569
Increase (decrease) in trade and other payables	(5)	546,586	(18,516)	(63,692)	464,373
Cash generated from (used in) operations	(1,053)	888,036	(187,305)	439,300	1,138,978
Income taxes paid	-	(315,843)	(24,471)	(24,554)	(364,868)
Interest received	-	3,195	188	1,398	4,781
Retirement benefits paid	-	-	(132)	-	(132)
Net cash from (used in) operating activities	(1,053)	575,388	(211,720)	416,144	778,759
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions to property and equipment	-	(3,436)	(34)	(1,814)	(5,284)
Additions to other noncurrent assets	(102)	(1,982)	(9)	(395)	(2,488)
Acquisition of shares of stock of an associate	-	-	-	(126,957)	(126,957)
Cash used in investing activities	(102)	(5,418)	(43)	(129,166)	(134,729)

Forward

	December 31, 2019				
		Adjustments from the Retrospective Application of Pooling of Interests Method for Business Combinations of Entities under Common Control			
	Statement of Cash Flows of TKHI, As Reported	Statement of Cash Flows of MI	Statement of Cash Flows of MPDI	Statement of Cash Flows of PWSI	Consolidated Statement of Cash Flows, As Restated
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments of:					
Advances from a stockholder	P -	P -	P -	(P104,848)	(P104,848)
Loans payable	-	(353,000)	(98,000)	(170,000)	(621,000)
Dividends	-	(200,000)	(75,000)	-	(275,000)
Lease liabilities	-	(14,160)	(3,312)	(11,420)	(28,892)
Interest	-	(37,543)	(13,816)	(27,680)	(79,039)
Proceeds from availment of loans payable	-	120,000	394,000	126,000	640,000
Advances received from related parties	1,155	-	-	-	1,155
Net cash from (used in) financing activities	1,155	(484,703)	203,872	(187,948)	(467,624)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-	(24)	(12)	-	(36)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	85,243	(7,903)	99,030	176,370
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	-	82,602	52,180	130,921	265,703
CASH AND CASH EQUIVALENTS AT END OF YEAR	P -	P167,845	P44,277	P229,951	P442,073

Adjustments from the retrospective application of business combination under common control follow:

a. *Share Swap Transaction*

Represents the issuance of 11,250,000,000 common shares of TKHI with a par value of P0.10 at P2.00 per share in exchange for Cosco's investments in MI, MPDI and PWSI, under a Share Swap Transaction as follows:

- 9,488,444,240 common shares of TKHI were swapped with 7,500,000 common shares of Cosco in MI;
- 907,885,074 common shares of TKHI were swapped with 7,500,000 common shares of Cosco in MPDI; and,
- 853,670,686 common shares of TKHI were swapped with 1,500,000 common shares of Cosco in PWSI.

The details of the share swap transaction follows:

	% of Ownership	Amount
Transfer value as approved by SEC (Note 1):		
MI	100%	P18,976,888
MPDI	100%	1,815,771
PWSI	100%	1,707,341
		22,500,000
Par value of the shares issued by TKHI		1,125,000
Additional paid-in capital		P21,375,000

Related transaction costs from the share swap transaction paid and incurred in 2021 amounting to P46,800 is deducted against additional paid-in capital as at December 31, 2021. Transaction costs is composed of fees for the increase in authorized capital stock and documentary stamp tax.

b. *Elimination of Investments in MI, MPDI and PWSI*

Details of the elimination follows:

	MI	MPDI	PWSI	Total
Capital stock	P750,000	P750,000	P150,000	P1,650,000
Additional paid-in capital	-	-	1,500	1,500
Equity adjustments from common control transactions	18,226,888	1,065,771	1,555,841	20,848,500
Transfer value	(18,976,888)	(1,815,771)	(1,707,341)	(22,500,000)
	P -	P -	P -	P -

c. *Equity Adjustments from Common Control Transactions*

This account represents the excess of transfer value over the paid-in capital of MI, MPDI and PWSI. Details are as follows:

	MI	MPDI	PWSI	Total
Transfer value	(P18,976,888)	(P1,815,771)	(P1,707,341)	(P22,500,000)
Paid-in capital acquired	750,000	750,000	151,500	1,651,500
	(P18,226,888)	(P1,065,771)	(P1,555,841)	(P20,848,500)

d. *Elimination of Intercompany Transactions*

There were no transactions and balances to be eliminated as at and for the years ended December 31, 2020 and 2019.

6. Cash and Cash Equivalents

This account consists of:

	Note	**2021**	2020 (As restated - Note 5)
Cash on hand		**P1,747**	P1,516
Cash in banks	*25*	**1,274,488**	636,115
Cash equivalents	*25*	**6,424,694**	1,896,472
		P7,700,929	P2,534,103

Cash in banks earns interest at the respective bank deposit rates. Interest income earned from cash in banks which are recognized in profit or loss amounted to P1,096, P1,563 and P4,648 for the years ended December 31, 2021, 2020, and 2019, respectively (see Note 19).

Cash equivalents pertain to short-term placements. Interest income earned from cash equivalents which are recognized in profit or loss amounted to P23,176, P20,363 and P133 for the years ended December 31, 2021, 2020, and 2019, respectively (see Note 19).

7. Trade and Other Receivables

This account consists of:

	Note	2021	2020 (As restated - Note 5)
Trade:			
Third parties		**P1,150,478**	P880,444
Related parties	*15*	**875,685**	675,136
Less allowance for ECLs		**(2,621)**	(2,621)
		2,023,542	1,552,959
Nontrade:			
Third parties		**15,629**	18,717
Related parties	*15*	**1,857**	1,347
Others		**1,235**	1,602
	25	**P2,042,263**	P1,574,625

Trade receivables are non-interest-bearing and are generally on a 30-to-60-day credit terms.

Non-trade receivables pertain to receivables from suppliers for the reimbursements of expenses incurred by the Group for brand promotions. These are non-interest-bearing and are generally on a 30-day credit terms.

Movements in the allowance for ECLs on third party trade receivables are as follows:

	2021	2020 (As restated - Note 5))
Balance at beginning of the year	**P2,621**	P4,125
Write-off	**-**	(1,504)
Balance at end of the year	**P2,621**	P2,621

8. Inventories

This account consists of:

	Note	2021	2020 (As restated - Note 5)
At cost:			
Spirits		**P3,343,387**	P3,428,067
Wines		**98,806**	154,094
Specialty beverages		**77,105**	77,175
	17	**P3,519,298**	P3,659,336

Cost of inventories charged to “Cost of goods sold” amounted to P8,095,233, P5,931,960 and P8,258,904 for the years ended December 31, 2021, 2020, and 2019, respectively (see Note 17).

9. Prepaid Expenses and Other Current Assets

This account consists of:

	2021	2020 (As restated - Note 5)
Prepaid duties and taxes	**P431,852**	P561,297
Advances to suppliers	**118,333**	39,316
Prepaid import charges	**589**	320
Input VAT	**-**	31,603
Other prepaid expenses	**4,649**	6,474
	P555,423	P639,010

Prepaid duties and taxes include advance payment for excise taxes, customs duties and seals for purchased goods not yet received.

Advances to suppliers pertain to partial down payment made by the Group to suppliers which will be applied against future billings.

10. Property and Equipment

The movements and balances in this account are as follows:

	Transportation and Delivery Equipment	Leasehold Improvements	Office Equipment	Furniture and Fixtures	Computer Software License	Machinery and Equipment	Total
Cost							
January 1, 2019*	P41,169	P18,291	P11,500	P6,795	P -	P2,773	P80,528
Additions*	2,419	650	1,063	-	1,021	131	5,284
Disposal*	(813)	-	-	-	-	-	(813)
December 31, 2019*	42,775	18,941	12,563	6,795	1,021	2,904	84,999
Additions*	2,999	20,132	1,190	101	1,200	83	25,705
Disposal*	(630)	-	-	-	-	-	(630)
December 31, 2020*	45,144	39,073	13,753	6,896	2,221	2,987	110,074
Additions	3,650	5,020	707	-	333	-	9,710
Disposals and retirement	(10,093)	(13,421)	(5,733)	(2,927)	-	(1,746)	(33,920)
December 31, 2021	**38,701**	**30,672**	**8,727**	**3,969**	**2,554**	**1,241**	**85,864**
Accumulated Depreciation and Amortization							
January 1, 2019*	29,923	12,434	10,754	6,659	-	1,919	61,689
Depreciation and amortization*	3,680	1,880	808	121	236	520	7,245
Disposal*	(813)	-	-	-	-	-	(813)
December 31, 2019*	32,790	14,314	11,562	6,780	236	2,439	68,121
Depreciation and amortization*	3,672	4,862	841	31	586	378	10,370
Disposals*	(630)	-	-	-	-	-	(630)
December 31, 2020*	35,832	19,176	12,403	6,811	822	2,817	77,861
Depreciation and amortization	4,376	6,891	1,078	43	880	109	13,377
Disposals	(10,093)	(11,616)	(5,733)	(2,926)	-	(1,746)	(32,114)
December 31, 2021	**30,115**	**14,451**	**7,748**	**3,928**	**1,702**	**1,180**	**59,124**
Net Book Value							
December 31, 2020*	P9,312	P19,897	P1,350	P85	P1,399	P170	P32,213
December 31, 2021	**P8,586**	**P16,221**	**P979**	**P41**	**P852**	**P61**	**P26,740**

**As restated (see Note 5)*

Depreciation and amortization expense charged as part of “Operating Expenses” in profit or loss amounted to P13,377, P10,370 and P7,245 for the years ended December 31, 2021, 2020, 2019, respectively (see Note 18).

The cost of fully depreciated property and equipment still in use amounted to P38,043 and P58,224 as at December 31, 2021 and 2020, respectively.

11. Investment in an Associate

PWSI entered into a Shareholders' Agreement and a Share Purchase Agreement with Pernod Ricard Asia S.A.S and Allied Netherlands B.V. for the purchase of the shares of stocks of Pernod Ricards Philippines, Inc. (Pernod) for EURO 2.10 million (equivalent to P126,957) in February 2019.

Pernod wholesales and distributes distilled spirits. Pernod offers neutral spirits and ethyl alcohol used in blended wines and distilled liquors. Pernod serves customers throughout the world. Its principal address is at 4-C Palm Coast Avenue One E-com Center Building, Pasay City, 1300. As at December, 2021 and 2020, PWSI owns 30% of Pernod shares.

The financial year end date of Pernod is June 30. This is the reporting date established on the articles of incorporation of the associate. This is also the reporting date adopted by its parent company, Pernod Ricard Asia S.A.S. and its ultimate parent company, Pernod Ricard S.A.

The following table summarizes the financial information of Pernod and shows the reconciliation of PWSI’s share in net assets of such investee to the carrying amounts of its investment as at December 31, 2021 and 2020:

	2021	2020
Balance at beginning of year	**P93,361**	P118,194
Share in net loss	**(14,516)**	(24,833)
Share in other comprehensive loss	**(457)**	-
Balance at end of year	**P78,388**	P93,361

	2021	2020
Percentage ownership interest	**30%**	30%
Current assets	**P541,610**	P592,719
Noncurrent assets	**166,860**	186,311
Current liabilities	**469,888**	480,426
Noncurrent liabilities	**22,191**	32,305
Net assets	**216,391**	266,299
PWSI’s share of net assets	**64,917**	79,890
Goodwill	**13,471**	13,471
Carrying amount of investment in an associate	**P78,388**	P93,361

The following table shows the PWSI's share in net income (loss) of investee ended December 31, 2021 and 2020:

	2021	2020
Revenue	**P632,899**	P585,611
Net income loss for the year	**(P48,386)**	(P82,776)
The Group's share in net loss at 30%	**(P14,516)**	(P24,833)
Other comprehensive loss for the year	**(P1,522)**	P -
The Group's share in other comprehensive loss at 30%	**(P457)**	P -

12. Other Noncurrent Assets

This account consists of:

	Note	**2021**	2020 (As restated - Note 5)
Excess tax credits		**P23,234**	P23,234
Refundable deposits	*20, 25*	**16,565**	16,504
Others		**6,275**	759
		P46,074	P40,497

Excess tax credits pertain to prepaid taxes carried over from previous taxable years.

13. Trade and Other Payables

This account consists of:

	Note	**2021**	2020 (As restated - Note 5)
Trade payables - third parties		**P967,997**	P1,032,672
Non-trade payables:			
Third parties		**169,508**	147,633
Related parties	*15*	**1,857**	5,183
Statutory obligations		**89,172**	91,650
Accrued expenses		**58,305**	48,628
	25	**P1,286,839**	P1,325,766

Trade payables are unsecured, non-interest-bearing and are generally on a 30-to-60-day payment terms.

Non-trade payables are amounts owed to non-trade suppliers such as manpower agencies, freight companies and other non-trade payment transactions. These are non-interest-bearing and are generally on a 30-day payment terms.

Accrued expenses consist of accruals for utilities, advertisement and other operating expense.

14. Loans Payable

The movements and balances in loans payable are as follows:

	Note	2021	2020 (As restated - Note 5)
Balances at beginning of year		**P42,000**	P729,000
Payments made		**(42,000)**	(784,000)
Availment of loan		**-**	97,000
Balances at end of year	*27*	**P -**	P42,000

PWSI
PWSI has unsecured, peso-denominated loans obtained from a local bank with maturity of 90 days with annual interest rate of 3.21% as at December 31, 2019. These are intended to finance the inventory build-up and additional working capital requirements of PWSI. The loans are not subject to compliance with any loan covenant.

PWSI fully settled its loan payable amounting to P313,000 on December 15, 2020.

MPDI
In 2019, MPDI entered into various unsecured, short-term loans with a maturity of less than one year from Asia United Bank totaling to P279,000 with fixed annual interest of 4.75% to 6.00%. MPDI made principal payments amounting to P64,000 in 2019.

In 2019, MPDI entered into various unsecured, short-term loan agreements with Metropolitan Bank and Trust Company (MBTC) totaling P115,000 with fixed annual interest rates of 4.50% to 5.50%. MPDI made principal payments amounting to P34,000 in 2019. The remaining outstanding balance totaling to P81,000 were subsequently paid in 2020.

In 2020, MPDI availed of thes same type of loans amounting to P97,000 with fixed annual interest rates of 3.5% to 5.00%. MPDI paid a total of P55,000 for this loan in September 2020 and November 2020. The remaining balance of P42,000 was paid in January 2021.

MI
On November 20, 2019, MI obtained an unsecured, six-month loan from Metropolitan Bank and Trust Company amounting to P120,000 with a fixed interest rate of 4.50%. This was subsequently paid in 2020.

The proceeds from the availments of loans were used to finance the Group’s working capital requirements.

Interest expense recognized in profit or loss amounted to P70, P16,196 and P44,617 for the years ended December 30, 2021, 2020 and 2019, respectively (see Note 19). Interest payable arising from these loans amounting to nil and P2,564 as at December 31, 2021 and 2020, was recorded as part of non-trade payables under “Trade and Other Payables” account.

15. Related Party Transactions

Transactions and account balances with related parties as at and for the years ended December 31 are as follows:

Category/Transaction	Ref	Year	Transactions During the Year	Outstanding Balance Receivable	Outstanding Balance Payable	Outstanding Balance Due to Related Parties	Terms	Conditions
Ultimate Parent Company								
Dividends	*16*	**2021**	**P348,210**	**P -**	**P348,210**	**P -**	Due and demandable	Unsecured
	16	2020	200,000	-	300,000	-		
Management fee	*a*	**2021**	**-**	**-**	**-**	**106,700**	Due and demandable;	Unsecured
	a	2020	-	-	-	106,700	non-interest-bearing	
Entities under Common Control								
Sales of good	*7, b*	**2021**	**3,236,093**	**875,685**	**-**	**-**	30 days credit term;	Unsecured;
	7, b	2020	2,266,932	675,136	-	-	non-interest bearing	no impairment
Lease expense	*20, c*	**2021**	**69,211**	**-**	**186,858**	**-**	Payable on a monthly	Unsecured
	20, c	2020	61,037	-	201,960	-	basis	
Advances	*d*	**2021**	**-**	**-**	**-**	**-**	Payable on demand;	Unsecured
	d	2020	-	-	-	86,000	interest-bearing	
Interest expense	*d*	**2021**	**-**	**-**	**-**	**-**	Payable on demand	Unsecured
	d	2020	1,720	-	2,508	-		
Reimbursement of expenses	*e*	**2021**	**3,715**	**1,857**	**1,857**	**-**	Payable on demand;	Unsecured;
	e	2020	4,023	1,347	2,675	-	non-interest-bearing	no impairment
Stockholder								
Advances	*f*	**2021**	**-**	**-**	**-**	**-**	Refer to Note f	Refer to
	f	2020	1,091	-	-	7,853		Note f
Interest expense	*f*	**2021**	**-**	**-**	**-**	**-**	Refer to note f	Refer to
	f	2020	6,119	-	-	-		Note f
		2021		**P877,542**	**P536,925**	**P106,700**		
		2020		P676,483	P507,143	P200,553		

a. This pertains to amount due to the Ultimate Parent Company for corporate services rendered to PWSI in 2017 and 2016. No similar services were rendered subsequently.

b. The Group distributes wines and liquors to entities under common control.

c. The Group entered into lease agreements with entities under common control for its office spaces and warehouses. Lease expenses include amortization expense on right-of-use assets and interest expense on lease liabilities (see Note 20).

d. These are cash advances to PWSI from an entity under common control for additional working capital requirements. These advances earn interest rate of 4.5% for year ended December 31, 2020, with maturities of two (2) years.

   Interest expense recognized in profit or loss relating to the cash advances amounted to nil, P1,720 and P1,062 for the years ended December 31, 2021, 2020 and 2019.

e. This represents cash advances to and from related parties as at December 31, 2021 and 2020 in the form of reimbursement of expenses and working capital advances.

f. In 2018, MI received unsecured cash advances from a stockholder in a form of promissory notes amounting to P659,500. These advances earn fixed annual interest rate of 4.00% with maturities of one (1) year. The advances were intended for MI’s working capital requirements to finance inventory purchases.

   On November 5, 2019, both parties renewed the promissory note for the same amount and interest rate with a new maturity date of November 21, 2021. In June 2020, both parties terminated the promissory note and MI paid in full the outstanding loan principal and related interest.

   Interest expense recognized in profit or loss relating to advances from a stockholder amounted to nil, P6,119 and P26,664 for the years ended December 31, 2021, 2020 and 2019.

Amounts owed by and owed to related parties are to be settled in cash.

TKHI has no operations since 2013 and has no employees from said date. All its administrative activities are being handled by the employees of a stockholder.

As at December 31, 2021, the Company is still in the process of formalizing its policy framework in relation to its approval requirement and limits on the amount and extent of related party transactions.

Related Party Transactions and Balances Eliminated During Consolidation

During 2021, payment of registration fees amounting to P88,884 for the increase in authorized capital stock of and follow-on offering of TKHI was paid in advance by MI to Cosco. As at December 31, 2021, the outstanding balance of this amount is P79,204. There were no other transactions and balances to be eliminated.

Key Management Personnel

The compensation of the key management personnel of the Group, by benefit type, are as follows:

	2021	2020	2019
Short-term employee benefits	**P4,228**	P4,228	P4,215
Retirement benefit costs	**146**	161	111
	P4,374	P4,389	P4,326

16. Equity

Capital Stock

As at December 31, 2021 and 2020, the Parent Company's capital stock, at P0.10 par value per share consists of the following number of shares:

	December 31, 2021		December 31, 2020	
	Shares	**Amount**	Shares	Amount
Authorized P0.10 par value	**20,000,000,000**	**P2,000,000**	20,000,000,000	P2,000,000
Issued and Outstanding, as previously reported - P0.023 par value	**1,124,999,969**	**P25,875**	1,124,999,969	P25,875
Share swap transaction - P0.10 par value	**11,250,000,000**	**1,125,000**	11,250,000,000	1,125,000
Effect of changes in par value	**(866,249,656)**	**-**	(866,249,656)	-
Issuance of shares (FOO)	**3,000,000,000**	**300,000**	-	-
Issued and Outstanding, as restated - P0.10 par value	**14,508,750,313**	**P1,450,875**	11,508,750,313	P1,150,875

Common shares carry one vote per share and a right to dividends.

Presented below is the tracking of the Parent Company's registration:

Date	Activity	Issue Price	Number of Shares Common Shares
September 3, 1991	Issuance of capital stocks as of listing date	P2.85	1,124,999,969
June 30, 2021*	Effect of reduction in par value	-	(866,249,656)
June 30, 2021	Issuance of capital stocks via shares swap	P2.00	11,250,000,000
November 19, 2021	Issuance of capital stocks - FOO	P1.50	3,000,000,000
Total outstanding shares as at December 31, 2021			14,508,750,313

**The accounting for the share swap arrangement was applied retrospectively (see Note 5)*

As at December 31, 2021, the Parent Company has a total of 474 common stockholders owning listed shares. As disclosed in Note 1, the amended Articles of Incorporation of the Parent Company increasing its authorized capital stock was approved by the Stockholders and the BOD on May 28, 2021 and April 29, 2021, respectively. Such corporate action was approved by the SEC on June 30, 2021. The adjustments in the number of issued and outstanding shares of the Company were reflected on the PSE's systems effective on September 13, 2021.

On July 14, 2021 the Parent Company filed a Registration Statement (“RS”) with the SEC in accordance with the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799, the “SRC”) for the registration of the Offer Shares. On July 19, 2021, the Parent Company filed its application for the listing and trading of offer shares with the PSE. On September 20, 2021, the Company filed an amended Registration Statement which was rendered effective by SEC on October 7, 2021. The Permit to Sell (“PTS”) of the Company’s Offer Shares was issued by SEC on November 3, 2021.

On August 19, 2021, the Parent Company filed the application for listing with the PSE for additional shares of stock issued in connection with the increase of the capital stock and the Share Swap Transaction to comply with the PSE listing rules. The additional listing of shares without the conduct of a rights or public offering was approved by the stockholders on May 28, 2021.

Additional Paid-in Capital

Presented below is the Parent Company’s additional paid-in capital:

	Note	**2021**	2020 (As restated - Note 5)
Balance at beginning of year, as previously reported		**P46,033**	P46,033
Share swap transaction	*5*	**21,375,000**	21,375,000
Balance at beginning of year, as restated		**21,421,033**	21,421,033
Issuance of shares (FOO)		**4,200,000**	-
Share issuance costs		**(173,133)**	-
Balances at end of year		**P25,447,900**	P21,421,033

Related transaction costs from the share swap transaction paid and incurred for the year ended 2021 amounting to P173,133 is deducted against additional paid-in capital as at December 31, 2021. Transaction costs is composed of fees for the increase in authorized capital stock, professional fees, listing fees and documentary stamp taxes.

Retained Earnings

Declaration of Dividends

On December 21, 2021, the Group’s BOD approved the declaration of cash dividend equivalent to P0.024 per share or an aggregate amount of P348,210. These dividends were paid on January 17, 2022.

MI

On December 18, 2020, MI’s BOD approved the declaration of cash dividends of P26.66 per share or an aggregate amount of P200,000, payable to stockholders of record as of the same date. These dividends were paid on April 6, 2021.

PWSI

On December 11, 2015, PWSI’s BOD approved the declaration of cash dividends amounting to P100,000, payable to stockholders of record as at the same date. Such amount is paid during 2021.

Appropriated Retained Earnings
On December 13, 2018, the BOD of MI approved the appropriation of P950,000 from MI's unappropriated retained earnings to finance the acquisition of land, and construction and establishment of new warehouse and related facilities. The construction was expected to be completed in December 2021 but was deferred at a later date because of the pandemic.

17. Cost of Goods Sold

This account consists of:

	Note	2021	2020	2019
Inventories at beginning of year		**P3,659,336**	P4,744,683	P3,668,473
Net purchases		**7,955,195**	4,846,613	9,335,114
Total goods available for sale		**11,614,531**	9,591,296	13,003,587
Inventories at end of year	*8*	**(3,519,298)**	(3,659,336)	(4,744,683)
	8	**P8,095,233**	P5,931,960	P8,258,904

18. Operating Expenses

This account consists of:

	Note	2021	2020	2019
Distribution costs		**P324,278**	P213,853	P180,888
Advertisement		**295,977**	139,310	293,968
Salaries and other employee benefits		**97,664**	86,251	81,479
Depreciation and amortization	*10, 20*	**73,557**	63,852	33,055
Taxes and licenses		**58,238**	26,891	56,472
Outside services		**34,903**	34,400	65,305
Legal and professional fees		**22,108**	2,461	-
Insurance		**10,062**	12,001	9,280
Transportation and travel		**5,310**	5,011	10,128
Utilities and communication		**4,603**	6,310	10,557
Representation and entertainment		**842**	934	3,507
Miscellaneous		**19,662**	18,215	29,132
		P947,204	P609,489	P773,771

19. Other Income (Charges)

This account consists of:

	Note	**2021**	2020	2019
Interest income	*6*	**P24,272**	P21,926	P4,781
Investment income		**13,725**	-	-
Foreign exchange gain (losses) - net		**(12,756)**	(23,271)	31,041
Interest expense	*14, 15, 20*	**(9,101)**	(31,392)	(74,461)
Bank charges		**(358)**	(272)	(972)
Others		**1,324**	2,293	161
		P17,106	(P30,716)	(P39,450)

20. Lease Agreements

The Group entered into lease agreements with entities under common control for its office space and warehouses. These leases have terms ranging from two (2) years to five (5) years, renewable under terms and condition agreed upon by both parties.

The lease payments provide for, among others, security deposits amounting to P16,565 and P16,504 as at December 31, 2021 and 2020, respectively, which are shown under “Other noncurrent assets” account in the consolidated statements of financial position (see Note 12).

The movements and balances of the right-of-use assets and lease liabilities are as follows:

i. Right-of-Use Assets

	Note	**2021**	2020 (As restated - Note 5)
Balance at beginning of year		**P185,853**	P34,046
Additions		**50,439**	205,289
Amortization charge for the year	*18*	**(60,180)**	(53,482)
Balance at end of year		**P176,112**	P185,853

ii. Lease Liabilities

	Note	**2021**	2020 (As restated - Note 5)
Balance at beginning of year		**P201,960**	P37,167
Additions		**50,439**	205,289
Interest charge for the year	*19*	**9,031**	7,357
Payments made		**(74,572)**	(47,853)
Balance at end of year	*27*	**P186,858**	P201,960

As at December 31, 2021 and 2020, the Group's lease liabilities are classified in the consolidated statements of financial position as follows:

	2021	2020 (As restated - Note 5)
Current	**P58,118**	P52,553
Noncurrent	**128,740**	149,407
	P186,858	P201,960

Maturity analyses of the undiscounted lease liabilities as at December 31, 2021 and 2020 are as follows:

	Undiscounted Lease Payments	**Interest**	**Present Value of Lease Liabilities**
Not later than one year	**P65,082**	**P6,964**	**P58,118**
Later than one year but not later than five years	**135,047**	**6,307**	**128,740**
Balances at December 31, 2021	**P200,129**	**P13,271**	**P186,858**

	Undiscounted Lease Payments	Interest	Present Value of Lease Liabilities
Not later than one year	P59,762	P7,209	P52,553
Later than one year but not later than five years	160,396	10,989	149,407
Balance at December 31, 2020	P220,158	P18,198	P201,960

iii. Amounts recognized in profit or loss for the years ended December 31:

	Note	**2021**	2020	2019
Amortization expense	*18*	**P60,180**	P53,482	P25,810
Interest on lease liabilities	*19*	**9,031**	7,357	2,118
		P69,211	P60,839	P27,928

iv. Amounts recognized in the consolidated statements of cash flows for the years ended December 31:

	2021	2020	2019
Total cash outflow for leases	**P74,572**	P47,853	P28,892

21. Retirement Benefits Liability

The Group has an unfunded, noncontributory, defined benefits retirement plan covering all of its regular, full-time employees. Under the plan, the employees are entitled to retirement benefits equivalent to an amount computed based on Republic Act No. 7641, Retirement Pay Law, equivalent to one-half month's salary for every year of service, with six months or more of service considered as one year.

The succeeding table summarizes the components of the retirement benefits cost under a defined benefits retirement plan recognized in profit or loss and the amount of retirement benefits liability recognized in the consolidated statements of financial position. Annual cost is determined using the projected unit credit method. The Group's latest actuarial valuation date is December 31, 2021.

The table below shows the present value of the defined benefits retirement obligation or the retirement benefits liability and its components as at December 31:

	2021	2020 (As restated - Note 5)
Balance at beginning of year	**P15,330**	P12,304
Recognized in Profit or Loss		
Current service cost	**1,608**	1,547
Interest cost	**606**	638
	2,214	2,185
Recognized in Other Comprehensive Income (Loss)		
Actuarial loss (gain) arising from:		
Change in demographic assumptions	**(764)**	1,115
Change in financial assumptions	**1,173**	319
Experience adjustments	**1,009**	(593)
	1,418	841
Benefits paid	**(990)**	-
Balance at end of year	**P17,972**	P15,330

The retirement benefits cost is recognized as part of "Salaries and other employee benefits" account under operating expenses in profit or loss.

There are no unusual or significant risks to which the retirement benefits liability exposes the Group. However, it should be noted that in the event a benefit claim arises under the retirement benefits liability, the benefit shall immediately be due and payable from the Group.

As at December 31, 2021 and 2020, accumulated remeasurements on retirement benefits amounted to P3,552 and P4,691, respectively, as presented in the consolidated statements of financial position.

The principal actuarial assumptions (in percentages) used to determine retirement benefits are as follows:

	2021	2020
Discount rate	**5.08%**	3.95%
Future salary increases	**8.00% to 10.00%**	5.00% to 8.00%

The valuation results are based on the employee data as of the valuation date. The discount rate assumption is based on the Bankers Association of the Philippines (BAP) PHP Bloomberg BV AL Reference Rates (BVAL) benchmark reference curve for the government securities market (previously the PDEx (PDST-R2) market yields on benchmark government bonds) as of the valuation date and considering the average years of remaining working life of the employees as the estimated term of the benefit obligation.

Assumptions for mortality and disability rates are based on published statistics and mortality and disability tables.

The weighted average duration of defined benefits obligation is 9.56 years as at December 31, 2021 and 2020.

As at December 31, 2021 and 2020, the reasonably possible changes to one of the relevant actuarial assumptions, while holding all other assumptions constant, would have affected the defined benefits obligation by the amounts below:

	December 31, 2021		December 31, 2020	
	Defined Benefits Obligation		Defined Benefits Obligation	
	1 Percent Increase	**1 Percent Decrease**	1 Percent Increase	1 Percent Decrease
Discount rate	**(P813)**	**P440**	(P804)	P435
Salary increase rate	**1,265**	**(1,027)**	1,253	(1,020)

Although the analysis does not take into account the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

Funding Arrangements
Since the Group does not have a formal retirement plan, benefit claims under the retirement benefits liabilities are paid directly by the Group when they become due.

Asset-liability Matching (ALM)
The Group does not have a formal retirement plan and therefore has no plan assets to match against the liabilities under the defined benefits obligation.

Maturity analyses of retirement benefits liability based on a ten (10) year projection of the expected future benefit payments is as follows:

	Carrying Amount	**Contractual Cash Flows**	**Within 1 Year**	**Within 1 - 5 Years**	**More than 5 Years**
2021	**P17,972**	**P14,348**	**P872**	**P7,760**	**P5,716**
2020	15,330	13,529	764	8,902	3,863

22. Income Taxes

Enactment of Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act
On March 26, 2021, the President of the Philippines has approved the Republic Act (RA) No. 11534, or the "Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE), with nine (9) provisions vetoed by the President. Below are the salient features of the Act that are relevant to the Company:

a) Corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5 million and with total assets not exceeding P100 million. All other domestic corporations and resident foreign corporations will be subject to 25% income tax. Said reductions are effective July 1, 2020.

b) Minimum corporate income tax (MCIT) rate is reduced from 2% to 1% effective July 1, 2020 to June 30, 2023.

c) The imposition of improperly accumulated earnings tax has been repealed.

On April 8, 2021, the Bureau of Internal Revenue issued the following implementing revenue regulations that are effective immediately upon publication:

- BIR RR No. 2-2021, amending certain provisions of Revenue Regulations No. 2-98, As Amended, to implement the amendments introduced by RA No. 11534 to the National Revenue Code of 1997, as Amended, relative to the final tax on certain passive income.

- BIR RR No. 3-2021, Rules and Regulations implementing Section 3 of RA No. 11534 amending Section 20 of the National Internal Revenue Code of 1997, As Amended.

- BIR RR No. 4-2021, implementing the Provisions on Value-Added Tax (VAT) and Percentage Tax under RA No. 11534 which further amended the National Revenue Code of 1997, as Amended, as implemented by Revenue Regulations No. 16-2005 (Consolidated Value-Added Tax Regulations of 2005), As Amended.

- BIR RR No. 5-2021, implementing the new income tax rates on the regular income of corporations on certain passive incomes, including additional allowable deductions from gross income of persons engaged in business or practice of profession pursuant to RA No. 11534 which further amended the National Revenue Code (NIRC) of 1997.

The corporate income tax of the Group was lowered from 30% to 25% for large corporations, on which the Group would qualify, effective July 1, 2020.

The provision for income tax consists of:

	2021	2020	2019
Current	**P409,450**	P391,699	P418,118
Deferred	**933**	(49)	663
	P410,383	P391,650	P418,781

The Group's provision for current income tax represents regular corporate income tax (RCIT) in all years presented.

MI elected to avail of the optional standard deduction (OSD) which is equivalent to 40% of total gross income for the years ended December 31, 2021, 2020 and 2019. The reconciliation of the provision for income tax computed at the statutory income tax rate and the provision for income tax shown in profit or loss for the periods ended December 31 are as follows:

	2021	2020	2019
Income before income tax	**P1,994,766**	P1,570,406	P1,636,509
Provision for income tax at the statutory income tax rate*	**P498,692**	P471,122	P490,953
Additions to (reductions from) income taxes resulting to the tax effects of:			
Availment of optional standard deduction	**(65,762)**	(92,655)	(246,874)
Impact of CREATE Act	**(31,617)**	-	-
Change in unrecognized deferred income tax asset	**8,297**	6,364	(1,399)
Interest income subjected to final tax	**(6,150)**	(6,578)	(1,434)
Share in net loss of an associate	**3,629**	7,450	-
Non-deductible expenses	**3,294**	5,947	177,535
Provision for income tax	**P410,383**	P391,650	P418,781

**Statutory income tax rate for the year ended December 31, 2021 is 25% while for the years ended December 31, 2020 and 2019 is 30%*

The components of the Group's net deferred income tax assets as at December 31, 2021 and 2020 are as follows:

	2021	2020
Retirement benefits liability	**P3,145**	P3,678
PFRS 16, *Leases* adjustment	**368**	323
Allowance for expected credit losses on trade receivables	**655**	786
Unrealized foreign exchange gains - net	**(61)**	(25)
	P4,107	P4,762

TKHI

As at December 31, 2021 and 2020, TKHI has carryforward benefits of unused NOLCO amounting to P43,748 and P2,852, respectively, for which no deferred income tax asset was recognized. Management believes that it is not probable that future taxable profits will be available to allow all or part of its deferred income tax asset to be utilized prior to its expiration.

Details of the TKHI's NOLCO for the taxable year 2021 are as follows:

Years Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Ending Balance	Expiry Date
2018	P715	P -	P -	P715	P -	2021
2019	1,048	-	-	-	1,048	2022
2020	1,089	-	-	-	1,089	2025*
2021	41,612	-	-	-	41,612	2026*
	P44,464	**P -**	**P -**	**P715**	**P43,749**	

**Pursuant to Section 4 of Republic Act (RA) 11494, Bayanihan to Recover As One Act and as implemented under Revenue Regulations (RR) No. 25-2020, unless otherwise disqualified from claiming the deduction, the business or enterprise which incurred net operating loss for taxable years 2020 and 2021 shall be allowed to carry over the same as a deduction from its gross income for the next five (5) consecutive taxable years immediately following the year of such loss. The net operating loss for said taxable years may be carried over as a deduction even after the expiration of RA No. 11494 provided the same are claimed within the next five (5) consecutive taxable years immediately following the year of such loss.*

MI

The following table shows the amounts of temporary differences for which no deferred income tax asset was recognized because MI believes that it is not probable that the tax benefits of these temporary differences will be availed of as MI intends to continue its availment of the optional standard deduction in the subsequent years:

	2021	2020 (As restated - Note 5)
PFRS16, *Leases* adjustment	**P7,174**	P4,110
Retirement benefits liability	**5,370**	3,887
Unrealized foreign exchange loss - net-	**4,493**	16,696
	P17,037	P24,693

23. Provision

The Group sets-up a provision for any probable liabilities that may arise as a result of conducting its business. The disclosures of additional details beyond the present disclosures may prejudice the Group's position with respect to these matters. Thus, as allowed by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* only a general description is provided.

The movements and balances of provisions as at and for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020 (As restated - Note 5)
Balances at beginning of year	**P11,975**	P13,901
Provision used during the year	**-**	(1,926)
Balances at end of year	**P11,975**	P11,975

No provision for probable losses was recognized by the Group for the years ended December 31, 2021 and 2020.

24. Earnings Per Share

Basic/diluted EPS of the Group is computed as follows:

(In thousands, except per share data)	**2021**	2020	2019
Net income (a)	**P1,584,642**	P1,178,756	P1,217,728
Weighted average number of common shares outstanding for the period* (b)	**11,883,750**	11,508,750	11,508,750
Basic EPS (a/b)	**P0.13**	P0.10	P0.11

**after share swap transaction and change in par value of common shares (Note 5)*

Weighted average number of common shares in 2021 used for the purposes of basic earnings per share were computed as follows:

	Number of Common Shares	**Proportion to Period**	**Weighted Average**
Outstanding shares at the beginning and November 19	**11,508,750,313**	**10.5/12**	**10,070,156,524**
Shares outstanding as of December 31, 2021	**14,508,750,313**	**1.5/12**	**1,813,593,789**
			11,883,750,313

The Group has no potential dilutive instruments as at December 31, 2021 and 2020, hence, diluted EPS is the same as the basic EPS.

25. Financial Risk and Capital Management Objectives and Policies

<u>Objectives and Policies</u>
The Group's BOD has overall responsibility for the establishment and oversight of the Group's risk management framework. The BOD has delegated to the management the responsibility of developing and monitoring the Group's risk management policies

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The BOD oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Group has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital.

The Group's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Group. There were no changes in the exposures to each of the above risks and to the Group's objectives, policies and processes for measuring and managing the risk from the previous period. The policies for managing specific risks are summarized below:

Credit Risk

Credit risk represents the risk of loss the Group would incur if credit customers and counterparties fail to perform their contractual obligations. The Group's credit risk arises from the Group's use of its financial assets. Credit risk management involves entering into financial transactions only with counterparties with acceptable credit rating.

The carrying amount of financial assets represents the maximum credit exposure to credit risk as at December 31 as follows:

	Note	**2021**	2020
Cash in banks	*6*	**P1,274,488**	P636,115
Cash equivalents	*6*	**6,424,694**	1,896,472
Trade and other receivables	*7*	**2,042,263**	1,574,625
Refundable deposits	*12*	**16,565**	16,504
		P9,758,010	P4,123,716

The Group's policy is to enter into transactions with a diversity of credit worthy parties to mitigate any significant concentration of credit risk. There is no significant concentration of credit risk within the Group.

As at December 31, 2021 and 2020, the Group does not expect any counterparty, other than trade customers, to fail in meeting its obligations, thus, related risk is deemed to be insignificant. On the other hand, the Group believes that no impairment loss is necessary in respect of other financial assets since they are neither past due nor impaired.

Credit Quality

In monitoring and controlling credit extended to counterparty, the Group adopts a comprehensive credit rating system based on financial and non-financial assessments of its customers. Financial factors being considered comprised of the financial standing of the customer while the non-financial aspects include but are not limited to the assessment of the customer's nature of business, management profile, industry background, payment habit and both present and potential business dealings with the Group.

The Group assessed the credit quality of the following financial assets as follows:

a. Cash in banks and cash equivalents were assessed as high grade since these are deposited in reputable banks with a good credit standing, which have a low profitability of insolvency and can be withdrawn anytime. The credit quality of these financial assets is considered to be high grade.

b. Trade and other receivables were assessed as standard grade since these include receivables that are collected on their due dates even without an effort from the Group to follow them up.

c. Refundable deposits were assessed as high grade since these security deposits are refundable at the end of the lease term which is expected from a reputable service provider.

ECL Assessment
The Group allocates each exposure to a credit risk on data that are determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial assets, management accounts and cash flow projections and available press information about customers) and applying expected credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default.

In measuring the expected credit losses, the trade and other receivables have been assessed on a collective basis as they pose shared credit risk characteristics. They have been grouped based on the days past due.

The following table provides information about the exposure to credit risk for trade and other receivables as at December 31, 2021 and 2020:

	December 31, 2021		
	Gross Carrying Amount	**Impairment Loss Allowance**	**Credit-impaired**
Current (not past due)	**P1,638,334**	**P -**	**No**
1 - 30 days past due	**389,204**	**-**	**No**
31 - 120 days past due	**17,346**	**2,621**	**Yes**
Balance at December 31, 2021	**P2,044,884**	**P2,621**	

	December 31, 2020		
	Gross Carrying Amount	Impairment Loss Allowance	Credit-impaired
Current (not past due)	P1,304,237	P -	No
1 - 30 days past due	228,156	-	No
31 - 120 days past due	44,853	2,621	Yes
Balance at December 31, 2020	P1,577,246	P2,621	

The Group applies the simplified approach in providing for expected credit losses prescribed by PFRS 9, which permits the use of the lifetime expected loss provision and applies a provision matrix.

The maturity of the Group's receivables is less than one year so the lifetime expected credit losses and the 12-month expected credit losses are similar.

Exposures within each credit risk grade are assessed based on delinquency and actual credit loss experience. The Group considered both historical loss rate and forward-looking assumption. The Group assessed that the impact of forward-looking assumption is immaterial.

The maturity of the Group's receivables is less than one year so the lifetime expected credit losses and the 12-month expected credit losses are similar.

The allowance for impairment in respect of trade and other receivables of the Group as a result of the expected credit loss assessment amounted to nil P2,621 as at December 31, 2021 and 2020.

Exposures within each credit risk grade are assessed based on delinquency and actual credit loss experience. The Group considered both historical loss rate and forward-looking assumptions. The Group assessed that the impact of forward-looking assumption is immaterial.

Cash in banks and cash equivalents are considered of good quality as these pertain to deposits in reputable banks. Impairment on cash has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash has low credit risk based on the external credit ratings of the counter parties.

The credit risk for security deposit is assessed to have not increased significantly since initial recognition as the counterparties have strong financial position and there are no past due amounts. The Group uses similar approach for assessment of ECLs for security deposit to those used for cash in banks. The Group has assessed that the impact of providing ECL for security deposit is immaterial, thus did not recognize loss allowance.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements, as well as capital expenditures and loan payments. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.

The following are the contractual maturities of financial liabilities as at December 31, 2021 and 2020:

	December 31, 2021			
	Carrying Amount	**Contractual Cash Flows**	**1 Year or Less**	**More than 1 Year**
Financial Liabilities				
Trade and other payables*	**P1,197,667**	**P1,197,667**	**P1,197,667**	**P -**
Due to related parties	**106,700**	**106,700**	**106,700**	**-**
Dividends payable	**348,210**	**348,210**	**348,210**	**-**
Lease liabilities	**186,858**	**200,129**	**65,082**	**135,047**
Total	**P1,839,435**	**P1,852,706**	**P1,717,659**	**P135,047**

**Excluding statutory obligations amounting to P89,172.*

	December 31, 2020			
	Carrying Amount	Contractual Cash Flows	1 Year or Less	More than 1 Year
Financial Liabilities				
Trade and other payables*	P1,231,552	P1,185,488	P1,185,488	P -
Due to related parties**	203,061	203,061	203,061	-
Dividends payable	300,000	300,000	300,000	-
Lease liabilities	201,960	220,158	59,762	160,396
Loans payable***	42,000	42,056	42,056	-
Total	P1,978,573	P1,950,763	P1,790,367	P160,396

**Excluding statutory obligations amounting to P91,650 and accrued interest payable amounting to P2,654.*
***Including accrued interest payable from advances from entity under common control amounting to P2,508.*
**** Including accrued interest payable amounting to P56.*

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group is subject to various risks, including foreign currency risk and interest rate risk.

Interest Rate Risk

Interest rate risks is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates.

Accordingly, management believes that the Group does not have significant interest rate risk.

Foreign Currency Exchange Risk

Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to foreign currency risk relates primarily to the Group's foreign currency-denominated monetary assets and monetary liabilities.

The currencies in which these transactions are primarily denominated are in United States dollar (USD), Singaporean dollar (SGD), Euro (EUR), Australian Dollar (AUD) and British Pound Sterling (GBP).

The following table shows the Group's foreign currency-denominated monetary assets and monetary liabilities and their Philippine peso (PHP) equivalents as at December 31, 2021 and 2020:

	December 31, 2021					
	USD	SGD	EUR	AUD	GBP	PHP Equivalent
Foreign currency - denominated monetary assets:						
Cash	784	-	-	-	-	39,674
Trade and other receivables	2	-	30	6	1	2,075
	786	-	30	6	1	41,749
Foreign currency - denominated monetary liabilities:						
Trade payables	(173)	-	(14,536)	-	-	(852,879)
Net foreign currency - denominated monetary asset (liabilities)	613	-	(14,506)	6	1	(811,130)

	December 31, 2020				
	USD	SGD	EUR	AUD	PHP Equivalent
Foreign currency - denominated monetary assets:					
Cash	98	-	-	-	4,731
Trade and other receivables	28	-	125	40	10,141
	126	-	125	40	14,872
Foreign currency - denominated monetary liabilities:					
Trade payables	(262)	(16)	(14,017)	(118)	(839,160)
Net foreign currency - denominated monetary asset (liabilities)	(136)	(16)	(13,892)	(78)	(824,288)

In translating the foreign currency-denominated monetary assets and monetary liabilities into Philippine peso amounts, the significant exchange rates applied are as follows:

	2021	2020
USD	**50.56**	48.04
SGD	**-**	35.74
EUR	**58.07**	58.69
AUD	**36.18**	36.40
GBP	**66.19**	63.66

The following table demonstrates sensitivity of cash flows due to changes in foreign exchange rates with all variables held constant.

	December 31, 2021	
	Percentage Decrease in Foreign Exchange Rates	**Increase (Decrease) in Income before Income Tax**
USD	**5.24%**	**P1,219**
EUR	**(2.76%)**	**17,128**
AUD	**(0.62%)**	**(1)**
GBP	**3.97%**	**2**

	December 31, 2020	
	Percentage Decrease in Foreign Exchange Rates	Increase (Decrease) in Income before Income Tax
USD	(5.32%)	P348
SGD	(4.67%)	27
EUR	4.15%	(33,836)
AUD	3.23%	(92)

Changes in foreign exchange rates are based on the average of the banks' forecasted closing exchange rates during the first quarter of the following calendar year. A movement in the opposite direction would increase/decrease income before income tax by the same amount, on the basis that all other variables remain constant.

Capital Risk Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its businesses and maximize shareholder value.

The Group manages its capital structure and makes adjustments, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may pay-off existing debts, return capital to stockholders or issue new shares.

The Group defines capital as paid-in capital stock and retained earnings.

There were no changes in the Group's approach to capital management during the year.

The Chief Financial Officer has the overall responsibility for monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Group's external environment and the risks underlying the Group's business operations and industry.

The Group's BODs review the capital structure of the Group on an annual basis. As part of this review, the BODs consider the cost of capital and the risks associated with each class of capital.

The debt-to-equity ratio at the end of reporting periods is as follows:

	December 31, 2021	December 31, 2020
Debt	**P2,107,152**	P2,283,022
Equity	**12,042,182**	6,480,738
Debt to equity ratio	**0.17:1**	0.35:1

The Group is not subject to externally imposed capital requirements.

26. Fair Values of Financial Instruments

Cash in Banks, Cash Equivalents, Trade and Other Receivables, Trade and Other Payables, Due to Related Parties and Dividends Payable

The carrying amounts of the Group's cash in banks, cash equivalents, trade and other receivables, trade and other payables (excluding statutory obligations) and dividends payable approximate their fair values due to the short-term maturities of these financial instruments.

Refundable Deposits

The carrying amount of refundable deposits approximates its fair values as the impact of discounting is not significant.

Loans Payable

The estimated fair values of loans payable are based on the present value of expected future cash flows using the applicable market rates for similar types of loans at reporting date.

As at December 31, 2021 and 2020, the Group has no financial instruments carried at fair value. Thus, disclosure on inputs using a three-level fair value hierarchy is not necessary.

	December 31, 2021	
	Carrying Amount	**Fair Value**
Financial Assets at Amortized Cost		
Cash in banks	**P1,274,488**	**P1,274,488**
Cash equivalents	**6,424,694**	**6,424,694**
Trade and other receivables - net	**2,042,263**	**2,042,263**
Refundable deposits	**16,565**	**16,549**
	P9,758,010	**P9,757,994**
Other Financial Liabilities		
Trade and other payables	**P1,197,667**	**P1,197,667**
Due to related parties	**106,700**	**106,700**
Dividends payable	**348,210**	**348,210**
	P1,652,667	**P1,652,667**

	December 31, 2020	
	Carrying Amount	Fair Value
Financial Assets at Amortized Cost		
Cash in banks	P636,115	P636,115
Cash equivalents	1,896,472	1,896,472
Trade and other receivables - net	1,574,625	1,574,625
Refundable deposits	16,504	16,486
	P4,123,716	P4,123,698
Other Financial Liabilities		
Trade and other payables	P1,231,552	P1,231,552
Due to related parties	203,061	203,061
Dividends payable	300,000	300,000
Loans payable	42,056	42,056
	P1,776,669	P1,776,669

27. Reconciliation Between the Opening and Closing Balances for Liabilities Arising from Financing Activities

Reconciliation of movements of liabilities to cash flows arising from financing activities are as follows:

	December 31, 2021					
	Loan Payable	**Accrued Interests**	**Dividends Payable**	**Lease Liabilities**	**Due to Related Parties**	**Total**
Balances at beginning of year	**P42,000**	**P2,564**	**P300,000**	**P201,960**	**P200,553**	**P747,077**
Changes from Financing Cash Flows						
Payments of:						
Dividends payable	**-**	**-**	**(300,000)**	**-**	**-**	**(300,000)**
Loans payable	**(42,000)**	**-**	**-**	**-**	**-**	**(42,000)**
Lease liabilities - principal portion	**-**	**-**	**-**	**(65,541)**	**-**	**(65,541)**
Due to related parties	**-**	**-**	**-**	**-**	**(93,853)**	**(93,853)**
Interest	**-**	**(2,634)**	**-**	**(9,031)**	**-**	**(11,665)**
Total Changes from Financing Cash Flows	**(42,000)**	**(2,634)**	**(300,000)**	**(74,572)**	**(93,853)**	**(513,059)**
Liability-related Other Changes						
Additions from new lease agreements entered during the year	**-**	**-**	**-**	**50,439**	**-**	**50,439**
Interest expense	**-**	**70**	**-**	**9,031**	**-**	**9,101**
Dividends declared	**-**	**-**	**348,210**	**-**	**-**	**348,210**
Total liability-related other changes	**-**	**70**	**348,210**	**59,470**	**-**	**407,750**
Balances at end of year	**P -**	**P -**	**P348,210**	**P186,858**	**P106,700**	**P641,768**

	December 31, 2020						
	Loans Payable	Accrued Interests	Advances from a Stockholder	Dividends Payable	Lease Liabilities	Due to Related Parties	Total
Balances at beginning of year	P729,000	P1,542	P659,500	P150,000	P37,167	P199,614	P1,776,823
Changes from Financing Cash Flows							
Payments of:							
Loans payable	(784,000)	-	-	-	-	-	(784,000)
Interest	(15,896)	(7,117)	-	-	-	-	(23,013)
Advances from a stockholder	-	-	(659,500)	-	-	(152)	(659,652)
Dividends payable	-	-	-	(50,000)	-	-	(50,000)
Lease liabilities	-	-	-	-	(47,853)	-	(47,853)
Proceeds from availment of loans payable	97,000	-	-	-	-	-	97,000
Advances received from related parties and from a stockholder	-	-	-	-	-	1,091	1,091
Total changes from financing cash flows	(702,896)	(7,117)	(659,500)	(50,000)	(47,853)	939	(1,466,427)
Liability-related Other Changes							
Additions from new lease agreements entered during the year	-	-	-	-	205,289	-	205,289
Interest expense	15,896	8,139	-	-	7,357	-	31,392
Dividends declared	-	-	-	200,000	-	-	200,000
Total liability-related other changes	15,896	8,139	-	200,000	212,646	-	436,681
Balances at end of year	P42,000	P2,564	P -	P300,000	P201,960	P200,553	P747,077

	December 31, 2019						
	Loans Payable	Accrued Interests	Advances from a Stockholder	Dividends Payable	Lease Liabilities	Due to Related Parties	Total
Balances at beginning of year	P710,000	P8,238	P659,500	P375,000	P44,716	P303,307	P2,100,761
Changes from Financing Cash Flows							
Payments of:							
Loans payable	(621,000)	-	-	-	-	-	(621,000)
Interest	(23,302)	(55,737)	-	-	-	-	(79,039)
Advances from a stockholder	-	-	-	-	-	(104,848)	(104,848)
Dividends payable	-	-	-	(275,000)	-	-	(275,000)
Lease liabilities	-	-	-	-	(28,892)	-	(28,892)
Proceeds from availment of oans payable	640,000	-	-	-	-	-	640,000
Advances received from related parties	-	-	-	-	-	1,155	1,155
Total changes from financing cash flows	(4,302)	(55,737)	-	(275,000)	(28,892)	(103,693)	(467,624)
Liability-related Other Changes							
Additions from new lease agreements entered during the year	-	-	-	-	19,225	-	19,225
Interest expense	23,302	49,041	-	-	2,118	-	74,461
Dividends declared	-	-	-	50,000	-	-	50,000
Total liability-related other changes	23,302	49,041	-	50,000	21,343	-	143,686
Balances at end of year	P729,000	P1,542	P659,500	P150,000	P37,167	P199,614	P1,776,823

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INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCAL SOUNDNESS INDICATORS

The Stockholders and Board of Directors
The Keepers Holdings, Inc.
(formerly "Da Vinci Capital Holdings, Inc.")
No. 900 Romualdez Street
Paco, Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of The Keepers Holdings, Inc. (formerly "Da Vinci Capital Holdings, Inc.") and Subsidiaries (the "Group") as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated April 21, 2022.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas and calculations, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies.

This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2021 and 2020 and for each of three years in the period ended December 31, 2021 and no material exceptions were noted (see Annex A).

R.G. MANABAT & CO.

Gregorio I. Sambrano, Jr.

GREGORIO I. SAMBRANO, JR.
Partner
CPA License No. 088825
SEC Accreditation No. 88825-SEC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements
Tax Identification No. 152-885-329
BIR Accreditation No. 08-001987-036-2021
Issued June 29, 2021; valid until June 28, 2024
PTR No. MKT 8854082
Issued January 3, 2022 at Makati City

April 21, 2022
Makati City, Metro Manila

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REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SUPPLEMENTARY INFORMATION FOR FILING
WITH THE SECURITIES AND EXCHANGE COMMISSION

The Stockholders and Board of Directors
The Keepers Holdings, Inc.
(formerly "Da Vinci Capital Holdings, Inc.")
No. 900 Romualdez Street
Paco, Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of The Keepers Holdings, Inc. (formerly "Da Vinci Capital Holdings, Inc.") and Subsidiaries (the "Group") as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 included in this Form 17-A, and have issued our report thereon dated April 21, 2022.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements of the Group taken as a whole. The supplementary information included in the following accompanying additional components are the responsibility of the Group's management. Such additional components include:

- Supplementary Schedules of Annex 68-J
- Map of Conglomerate
- Reconciliation of Retained Earnings Available for Dividend declaration of the Parent Company

These supplementary information are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not required parts of the basic consolidated financial statements. Such supplementary information have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

R.G. MANABAT & CO.

Gregorio I. Sambrano, Jr.

GREGORIO I. SAMBRANO, JR.
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Makati City, Metro Manila

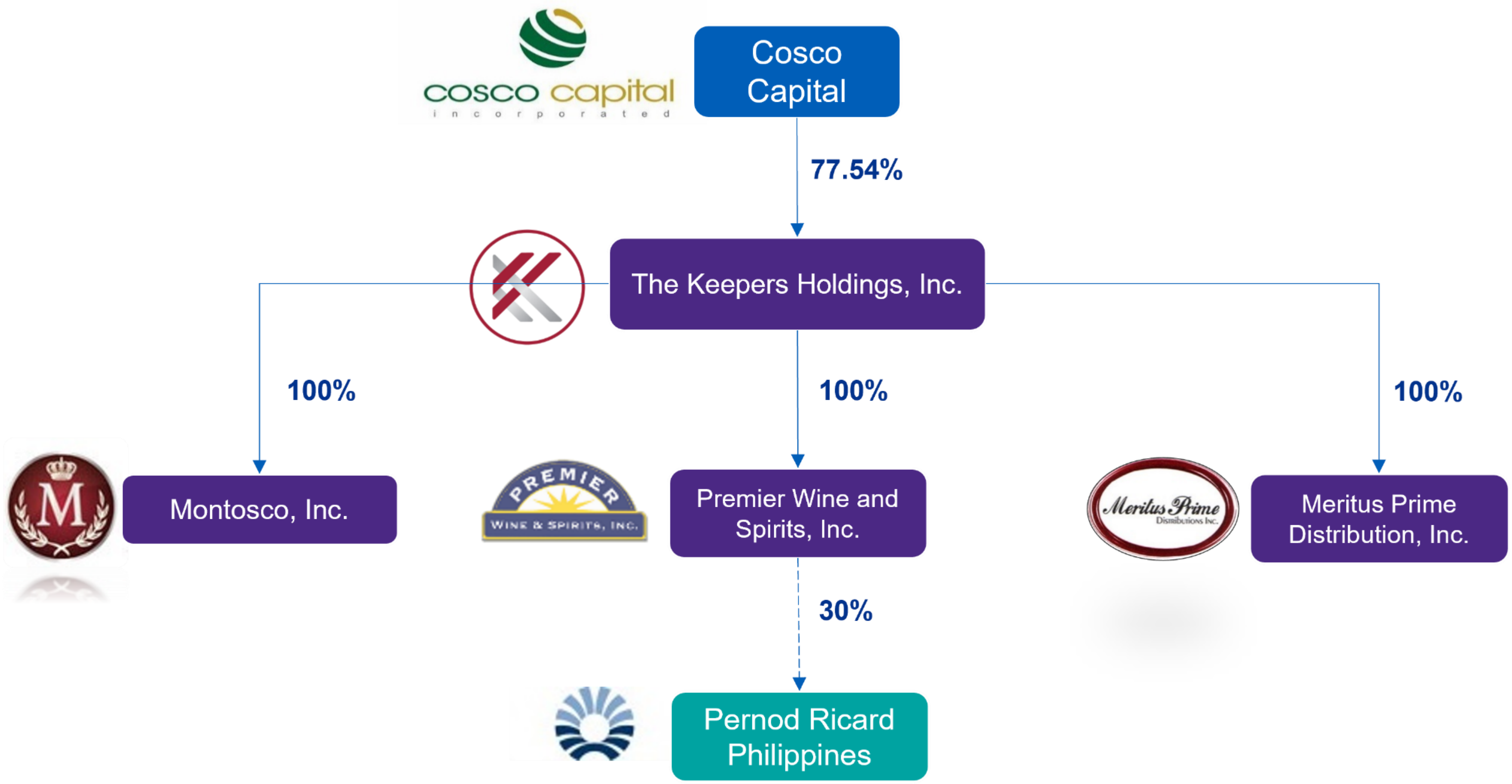
THE KEEPERS HOLDINGS, INC.
(Formerly DA VINCI CAPITAL HOLDINGS, INC.) AND SUBSIDIARIES
(Amounts in Thousands)

AS AT DECEMBER 31, 2021

Ratio	**Formula**	**2021**	2020
Current ratio	Total Current Assets divided by Total Current Liabilities Total current assets P13,817,913 Divide by: Total current liabilities 1,960,440 7.05	**7.05**	3.97
Acid-test ratio	Quick assets (Total Current Assets less Inventories and Prepaid Expenses and Other Current Assets) divided by Total Current Liabilities Total current assets P13,817,913 Less: Inventories 3,519,298 Prepaid expenses other current assets 555,423 Quick assets 9,743,192 Divide by: Total current liabilities 1,960,440 Acid-test ratio 4.97	**4.97**	1.94
Debt-to-equity ratio	Debt-to equity ratio (Total liabilities over total equity) Total liabilities P2,107,354 Divide by: Total equity 12,042,182 0.17	**0.17**	0.35
Asset-to-equity ratio	Asset-to-equity ratio (Total assets over total equity) Total assets P14,149,958 Divide by: Total equity 12,042,182 1.18	**1.18**	1.35

		2021	2020
Solvency ratio	Solvency ratio (Profit plus depreciation and amortization over total liabilities) Net income P1,584,383 Add: Depreciation and amortization 73,557 Total 1,657,940 Divide by: Total liabilities 2,107,152 Solvency ratio 0.79	**0.79**	0.67
Interest rate coverage ratio	Interest rate coverage ratio (Income from operations before depreciation and amortization over interest expense on loans) Operating profit before depreciation and amortization P1,657,940 Divide by: Interest expense on loans - Nil	**Nil**	70.53
Return on equity	Return on Equity (Net Income by Average Total Equity) Net income P1,584,383 Divide by: Average total equity 9,261,460 0.17	**0.17**	0.20
Return on assets	Return on Assets (Net Income by Average Total Assets) Net income P1,584,383 Divide by: Average total assets 11,456,547 0.14	**0.14**	0.13
Net profit margin	Net profit margin (Profit over net sales) Net income P1,584,383 Divide by: Net sales 11,034,613 0.14	**0.14**	**0.14**

THE KEEPERS HOLDINGS, INC. (Formerly DA VINCI CAPITAL HOLDINGS, INC.) AND SUBSIDIARIES
Map of Group of Companies Within which the Company Belongs
As at December 31, 2021



THE KEEPERS HOLDINGS, INC. (Formerly DA VINCI CAPITAL HOLDINGS, INC.) AND SUBSIDIARIES

SCHEDULE A. FINANCIAL ASSETS

(Amount in Thousands)

Name of Issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (ii)	Valued based on market quotation at balance sheet date (iii)	Income received and accrued
Various banks - Cash and cash equivalents	N/A	P7,699,182	P7,699,182	P24,272
Various customers - Trade and other receivables - net	N/A	2,042,263	2,042,263	-
Various lessors - Refundable deposits	N/A	16,565	16,565	-

**Pertains to interest income earned, net of final tax*

THE KEEPERS HOLDINGS, INC. (Formerly DA VINCI CAPITAL HOLDINGS, INC.) AND SUBSIDIARIES

SCHEDULE B. AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN AFFILIATES)

Name and Designation of debtor (i)	Balance at beginning of period	Additions	Amounts collected (ii)	Amounts written off (iii)	Current	Not Current	Balance at end of period

NOTHING TO REPORT

THE KEEPERS HOLDINGS, INC. (Formerly DA VINCI CAPITAL HOLDINGS, INC.) AND SUBSIDIARIES

SCHEDULE C. AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

(Amount in Thousands)

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected (i)	Amounts written off (ii)	Current	Not Current	Balance at end of period
The Keepers Holdings, Inc.	P -	P88,884	P9,680	P -	P79,204	P -	P79,204

THE KEEPERS HOLDINGS, INC. (Formerly DA VINCI CAPITAL HOLDINGS, INC.) AND SUBSIDIARIES
SCHEDULE D. LONG TERM DEBT

Title of Issue and type of obligation (i)	Lender	Outstanding Balance	Amount shown under caption "Current portion of long-term debt" in related balance sheet (ii)	Amount shown under caption "Long-Term Debt" in related balance sheet (iii)	Interest Rates	Number of Periodic Installments	Final Maturity

NOTHING TO REPORT

THE KEEPERS HOLDINGS, INC. (Formerly DA VINCI CAPITAL HOLDINGS, INC.) AND SUBSIDIARIES

SCHEDULE E. INDEBTEDNESS TO RELATED PARTIES (LONG TERM LOANS FROM RELATED PARTIES)

Name of Related Parties (i)	Balance at beginning of period	Balance at end of period (ii)

NOTHING TO REPORT

THE KEEPERS HOLDINGS, INC. (Formerly DA VINCI CAPITAL HOLDINGS, INC.) AND SUBSIDIARIES
SCHEDULE F. GUARANTEES OF SECURITIES OF OTHER ISSUERS

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding (i)	Amount owned by person for which statement is filed	Nature of guarantee (ii)

NOTHING TO REPORT

THE KEEPERS HOLDINGS, INC. (Formerly DA VINCI CAPITAL HOLDINGS, INC.) AND SUBSIDIARIES

SCHEDULE G. CAPITAL STOCK

Title of Issue	Number of Shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of treasury common shares	Number of shares held by affiliates	Directors, officers and employees	Others
Common Shares	20,000,000,000	14,508,750,313	-	11,469,926,768	313	3,038,823,232

THE KEEPERS HOLDINGS, INC. (Formerly DA VINCI CAPITAL HOLDINGS, INC.) AND SUBSIDIARIES
SCHEDULE H. PROCEEDS FROM FOLLOW-ON OFFERING

1. Gross and net proceeds as disclosed in the final prospectus

Estimated Gross Proceeds	P4,500,000,000
Estimated Net Proceeds	4,357,000,000

2. Actual gross and net proceeds

Gross Proceeds	P4,500,000,000
Net Proceeds	4,354,481,374

3. Expenditure where the proceeds were used:

Underwriting fees for the offer	P97,578,947
Selling fees paid to the PSE Trading Participants	9,000,000
Documentary stamp taxes	3,000,000
SEC registration, research and listing fees	2,464,430
PSE listing fee	8,400,000
Professional fees	24,700,306
Other expenses (including printing costs, logistics and miscellaneous expenses)	374,943
Total offering expenses	**P145,518,626**

4. Balance of the proceeds as of end of reporting period

Gross Proceeds	P4,500,000,000
Offering expenses for the year ended December 31, 2021	(145,518,626)
Unused Proceeds as at December 31, 2021	**P4,354,481,374**

RECONCILATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
AS AT DECEMBER 31, 2021
(Amounts in Thousands)

THE KEEPERS HOLDINGS, INC.
(Formerly DA VINCI CAPITAL HOLDINGS, INC.)
No. 900 Romualdez Street, Paco, Manila

Deficit, January 1, 2021		**(P57,863)**
Adjustments in previous year's reconciliation		**-**
Deficit, as adjusted, January 1, 2021		**(57,863)**
Net income for the year ended December 31, 2021		**P316,554**
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture	P -	
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalent)	-	
Unrealized actuarial gain	-	
Fair value adjustment (M2M gains)	-	
Fair value adjustment of Investment Property resulting to gain	-	
Adjustment due to deviation from PFRS/GAAP gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
Sub-total	-	
Add: Non-actual losses		
Deferred income tax benefit for the year	-	
Depreciation on revaluation increment (after tax)	-	
Unrealized foreign exchange loss - net (except those attributable to Cash and Cash Equivalent)	-	
Adjustment due to deviation from PFRS/GAAP - loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
Sub-total	-	
Net income actually incurred during the period		**316,554**
Add (Less):		
Dividend declarations during the period		**(348,210)**
Appropriations of Retained Earnings during the period		**-**
Reversals of appropriations		**-**
Treasury shares		**-**
Deficit, as adjusted, December 31, 2021,		**(P89,519)**

ANNEX"B"

THE KEEPERS HOLDINGS, INC.
(Formerly DA VINCI CAPITAL HOLDINGS, INC.),
AND SUBSIDIARIES

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2022 and December 31, 2021

THE KEEPERS HOLDINGS, INC.
(Formerly DA VINCI CAPITAL HOLDINGS, INC.) AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in Thousands)

	Note	**March 31, 2021 (Unaudited)**	**December 31, 2021** (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	*5, 24*	**P7,997,939**	P7,700,929
Trade and other receivables – net	*6, 24*	**1,167,331**	2,042,263
Inventories	*7*	**3,804,215**	3,519,298
Prepaid expenses and other current assets	*8*	**673,553**	555,423
Total Current Assets		**13,643,038**	13,817,913
Noncurrent Assets			
Right-of-use assets – net	*19*	**161,025**	176,112
Property and equipment – net	*99*	**25,480**	26,740
Deferred income tax assets – net	*21*	**4,175**	4,107
Investment in an associate – net	*10*	**64,001**	78,388
Other noncurrent assets	*11*	**47,766**	46,074
Total Noncurrent Assets		**302,447**	331,421
		P13,945,485	P14,149,334
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	*12, 24*	**P1,033,741**	P1,286,839
Due to related parties	*14, 24*	**106,700**	106,700
Loans payable	*13, 24*	**-**	-
Dividends payable	*15, 24*	**-**	348,210
Income tax payable		**231,844**	148,598
Lease liabilities – current	*19, 24*	**58,698**	54,118
Provisions	*22*	**7,983**	11,975
Total Current Liabilities		**1,438,966**	1,960,440
Noncurrent Liabilities			
Lease liabilities - net of current portion	*19, 24*	**113,880**	128,740
Retirement benefits liability	*20*	**17,993**	17,972
Total Noncurrent Liabilities		**131,873**	146,712
Total Liabilities		**1,570,839**	2,107,152

Forward

	Note	March 31, 2021 (Unaudited)	December 31, 2021 (Audited)
Equity	**15**		
Capital stock	*4*	**P1,450,875**	P1,450,875
Additional paid-in capital	*4*	**25,447,900**	25,447,900
Retained earnings:			
Unappropriated		**5,371,276**	5,038,812
Appropriated	*15*	**950,000**	950,000
Equity adjustments from common control transactions	*4*	**(20,848,500)**	(20,848,500)
Accumulated remeasurements on retirement benefits	*20*	**3,552**	3,552
Other reserves		**(457)**	(457)
Total Equity		**12,374,646**	12,042,182
		P13,945,485	P14,149,334

See Notes to Interim Consolidated Financial Statements.

THE KEEPERS HOLDINGS, INC.
(Formerly DA VINCI CAPITAL HOLDINGS, INC.) AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in Thousands, Except Per Share Data)

	Note	March 31, 2022	March 31, 2021
NET SALES		**P2,169,352**	P1,759,196
COST OF GOODS SOLD	*16*	**1,587,325**	1,309,183
GROSS PROFIT		**582,027**	450,013
OPERATING EXPENSES	*17*	**159,385**	160,720
INCOME FROM OPERATIONS		**422,642**	289,293
SHARE IN NET INCOME (LOSS) OF AN ASSOCIATE	*10*	**(14,387)**	(7,829)
OTHER CHARGES – Net	*18*	**14,204**	1,687
INCOME BEFORE INCOME TAX		**422,459**	283,151
PROVISION FOR INCOME TAX	*21*	**89,955**	35,523
NET INCOME		**332,504**	247,628
BASIC AND DILUTED EARNINGS PER SHARE	*23*	**P0.02**	P0.02

See Notes to Interim Consolidated Financial Statements.

THE KEEPERS HOLDINGS, INC.
(Formerly DA VINCI CAPITAL HOLDINGS, INC.) AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in Thousands)

		Three-Month Period Ended	
	Note	**March 31, 2022**	**March 31, 2021**
CAPITAL STOCK			
Balance at beginning of period, as previously reported	*4, 15*	**P25,875**	P25,875
Share swap transaction		**1,125,000**	1,125,000
Share issuance – FOO		**300,000**	-
Balance at beginning and end of period, as restated		**1,450,875**	1,150,875
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning of period, as previously reported	*4*	**46,033**	46,033
Share swap transaction		**21,375,000**	21,375,000
Issuance of common shares		**4,200,000**	-
Share issuance costs	*15*	**(173,133)**	-
Balance at beginning and end of period, as restated	*15*	**25,447,900**	21,421,033
RETAINED EARNINGS (DEFICIT)			
Unappropriated:			
Balance at beginning of period, as previously reported		**(57,863)**	(57,863)
Share swap transaction		**5,096,635**	3,860,502
Net income for the three-month period		**332,504**	247,628
	4, 1515	**5,371,276**	4,050,267
Appropriated:			
Balance at beginning of year, as previously reported		**-**	-
Share swap transaction		**950,000**	950,000
		950,000	950,000
Balance at end of year, as restated		**6,321,276**	5,000,267

Forward

	Note	Three-Month Period Ended March 31, 2022	March 31, 2021
EQUITY ADJUSTMENTS FROM COMMON CONTROL TRANSACTIONS			
Balance at beginning of three-month period, as previously reported	*4*	**-**	-
Share swap transaction	*4*	**(20,848,500)**	(20,848,500)
Balance at beginning and end of three-month period	*4, 15*	**(20,848.500)**	(20,848,500)
ACCUMULATED REMEASUREMENTS ON RETIREMENT BENEFITS	*20*		
Balance at beginning of three-month period, as previously reported		**-**	-
Share swap transaction		**4,691**	4,691
Impact of tax adjustment in retirement benefits during the period		**(1,139)**	385
Balance at beginning and end of three-month period		**3,552**	5,076
OTHER RESERVES			
Balance at beginning of period, as restated			
Share in other comprehensive loss of an associate, as restated	*4*	**(457)**	-
Balance at beginning and end of three-month period		**(457)**	-
		P12,374,687	P6,728,751

See Notes to Interim Consolidated Financial Statements.

THE KEEPERS HOLDINGS, INC.
(Formerly DA VINCI CAPITAL HOLDINGS, INC.) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in Thousands)

		Three-Month Period Ended	
	Note	**March 31, 2022**	March 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**P422,459**	P283,151
Adjustments for:			
Depreciation and amortization	*9, 17, 19*	**18,506**	18,387
Interest income	*5,18*	**(8,835)**	(5,210)
Share in net loss (income) of an associate	*10*	**14,387**	7,829
Interest expense	*12, 13 18, 19*	**1,979**	2,751
Provisions		**(3,991)**	-
Retirement benefits costs	*20*	**554**	501
Unrealized foreign exchange gains – net		**(35)**	-
Operating income before working capital changes		**445,024**	307,409
Decrease (increase) in:			
Trade and other receivables		**874,932**	593,249
Inventories		**(284,916)**	68,614
Prepaid expenses and other current assets		**(118,130)**	(633,257)
Decrease in trade and other payables		**(253,098)**	(814,494)
Cash generated from (used in) operations		**663,812**	(478,479)
Income taxes paid		**(6,791)**	(26,398)
Interest received	*5, 18*	**8,835**	5,211
Retirement benefits paid		**(533)**	-
Net cash from (used in) operating activities		**665,323**	(499,666)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	*9*	**(2,187)**	(998)
Additions to other noncurrent assets		**(1,692)**	(45)
Net cash used in investing activities		**(3,879)**	(1,043)

Forward

	Note	March 31, 2022	March 31, 2021
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Dividends	*15*	**(348,210)**	-
Loans payable	*13*	**-**	(42,000)
Lease liabilities - principal portion	*19*	**(14,280)**	(26,791)
Due to related parties		**-**	
Interest		**(1,979)**	(127)
Advances from a stockholder			
Advances received from related parties	*14*		109,742
Net cash used in financing activities		**(364,469)**	40,824
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**35**	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**297,010**	(459,885)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**7,700,929**	2,534,103
CASH AND CASH EQUIVALENTS AT END OF PERIOD	*5*	**P7,997,939**	P2,074,218

See Notes to Interim Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, Except Par Value, Per Share Data and Number of Shares)

1. Reporting Entity

The Keepers Holdings, Inc. (formerly Da Vinci Capital Holdings, Inc.) (the "Parent Company" or "TKHI") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on November 5, 1963, and its shares are listed in the Philippine Stock Exchange (PSE) on September 3, 1991. On April 26, 2013, the SEC approved the amendments to certain sections of the Parent Company's Articles of Incorporation which include the extension of its corporate life for another 50 years from November 5, 2013 to November 5, 2063.

The principal activities of the Parent Company are to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of real and personal property of every kind and description, including shares of stocks, bonds, debentures, notes, evidences of indebtedness and other securities or obligations of any corporation or corporations, association or associations, domestic or foreign, for whatever lawful purpose or purposes the same may have been organized and to pay therefore in money or by exchanging shares of stocks of the Parent Company or any other corporation, while the owner or holder of any such real or personal property, stocks, bonds, debentures, contracts or obligations, to receive, collect and dispose of the interest, dividends and income arising from such property; and to possess and exercise in respect thereof all the rights, powers and privileges of ownership, including all voting powers of any stock so owned; to carry on and manage the general business of any company.

The Board of Directors (BOD) and Stockholders, representing at least two-thirds (2/3) of the outstanding capital stock of TKHI, approved the amendments to certain sections of TKHI's Articles of Incorporation on October 26, 2020 and November 20, 2020, respectively, which include the following:

i. Change in the name of the Parent Company to "The Keepers Holdings, Inc.".
ii. Change in the primary and secondary purpose of the Parent Company;
iii. Change of corporate term of the Parent Company to perpetual existence;
iv. Change in the par value of common shares to P0.10 per share and the reclassification of authorized preferred shares to common shares; and
v. Increase in authorized capital stock to P2,000,000 or 20,000,000,000 common shares.

On February 19, 2021, the BOD approved the issuance of common shares of TKHI, which will be created and issued out of an increase in its authorized capital stock, in exchange for Cosco Capital, Inc.'s (Cosco) investments in Montosco, Inc. (MI), Meritus Prime Distributions, Inc. (MPDI) and Premier Wine and Spirits, Inc. (PWSI) (collectively referred to as "Subsidiaries" or "Liquor Entities"), under a Share Swap Arrangement as discussed in Note 5 to the interim consolidated financial statements.

MI, MPDI and PWSI are incorporated and registered with the Philippine SEC on August 13, 2008, February 17, 2010 and June 19, 1996, respectively. The subsidiaries engage primarily in buying, selling, importing, manufacturing, repackaging, preparing, bottling, and distribution on wholesale of all kinds of wines, spirits, liquors, beers and other alcoholic and non-alcoholic beverages and drinks.

The share swap transaction between TKHI and Cosco will result into the strategic spin-off of the three (3) liquor subsidiaries of Cosco. Cosco has acquired a controlling interest to TKHI, a separately public listed company, as a result of the injection of these companies to TKHI.

The stockholders of TKHI approved the foregoing corporate actions in its annual stockholders meeting on May 28, 2021. On June 18, 2021, TKHI and Cosco signed a Deed of Exchange whereby Cosco Capital, Inc. shall transfer 100% of its shares in MI, MPDI and PWSI in exchange of 11,250,000,000 common shares at P2.00 per share (see Note 5).

On June 30, 2021, the SEC approved the increase in the Company's authorized capital stock by virtue of the issuance to the Company of the Certificate of Approval of Increase of Capital Stock and Certificate of Filing of Amended Articles of Incorporation. The SEC also approved the other amendments to the Articles of Incorporation on the same date. As a result of the approval of the increase in the Company's authorized capital stock, the issuance of the new shares to Cosco in exchange of 100% of the outstanding shares of MI, MPDI and PWSI (the "Share Swap Transaction") was completed. Consequently, the Parent Company became the legal and beneficial owner of the 100% outstanding shares each of MI, MPDI and PWSI, while Cosco obtained controlling interest in the Parent Company with an equity ownership of almost 98%. The acquisition of MI, MPDI and PWSI under a share swap transaction is considered to be a business combination of entities under common control as they are all under the common control of Mr. Lucio Co. before and after the acquisition.

Prior to June 30, 2021, TKHI was 85% owned by Invescap Incorporated ("Invescap"), a company that is incorporated in the Philippines. Cosco and Invescap are also companies controlled by Mr. Lucio Co before and after the acquisition.

With the approval of the increase in the Parent Company's authorized capital stock, the SEC consequently accepted and approved the transfer value of the shares of MI, MPDI and PWSI amounting to P22,500,000, the investment value of the Company in MI, MPDI and PWSI.

As the issuance of new shares to Cosco resulted in the Company's public ownership level falling below the minimum twenty (20%) requirement under the SEC Memorandum Circular No. 13 Series of 2017 on the rules and regulations on minimum public ownership on initial public offering, the PSE suspended the trading of the Company's shares commencing July 8, 2021.

On September 8, 2021, the BIR issued the Electronic Certificate Authorizing Registration covering the Share Swap Transaction which confirms that the said transaction is exempt from capital gains tax.

Additional Listing of the Shares and Follow-on Public Offering
In compliance with Section 3 of the PSE Rules on Backdoor Listing, and Article V, Part A of the PSE Listing and Disclosure Rules on the Rule on Additional Listing of Shares, on August 19, 2021, the Parent Company applied for listing with the PSE of the additional shares of stock issued in connection with the increase of the capital stock and the Share Swap Transaction to comply with the PSE listing rules. The additional listing of shares without the conduct of a rights or public offering was submitted for approval of the stockholders on May 28, 2021.

Following the increase in the capital stock of the Parent Company and the Share Swap Transaction, the Parent Company's public ownership was reduced to 0.34%. Following the Offer, the Parent Company expects public ownership to increase to 20.94% in compliance with the minimum public float requirements of the PSE and the SEC (the "minimum public ownership (MPO) Rule").

On April 29, 2021, the Parent Company filed a request with the PSE for the grant of MPO Exemption Period, to commence from subscription by Cosco up to the completion of this Offer in order to comply with the minimum public ownership requirement of at least 20% public float upon and after listing. In its letter dated May 26, 2021, the PSE informed the Company that it can only provide a relaxation of the MPO Rule to the end that the trading of the Company's shares will continue notwithstanding the public float being lower than the minimum public ownership required during the MPO Exemption Period if the following conditions concur: (i) the prior approval of the SEC on the grant of the exemption from the MPO Rule shall be first obtained by the PSE; and (ii) the Company secures a ruling/opinion from the Bureau of Internal Revenue ("BIR") for confirmation that Revenue Regulations No. 16-2012 will not apply during the MPO Exemption Period. As at September 14, 2021, the Company is still coordinating with the PSE and the BIR to comply with the foregoing conditions.

However, if subsequently the Company's public ownership level decreases to below the MPO Rule minimum, then trading in the Company's shares may be suspended. Listed companies that become non-compliant with the minimum public ownership rules may be suspended from trading for a period of not more than six months and will automatically be delisted if they remain non-compliant after the lapse of the suspension period.

On July 14, 2021 the Company filed a Registration Statement ("RS") with the SEC in accordance with the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799, the "SRC") for the registration of the Offer Shares. On July 19, 2021, the Company filed its application for the listing and trading of offer shares with the PSE. As at September 14, 2021, the RS and the application for listing are still under review by the SEC and PSE, respectively.

On August 19, 2021, the Company filed the application for listing with the PSE for additional shares of stock issued in connection with the increase of the capital stock and the Share Swap Transaction to comply with the PSE listing rules. The additional listing of shares without the conduct of a rights or public offering was submitted for approval of the stockholders on May 28, 2021

Under BIR Revenue Regulations No. 16-2012, the sale, barter, transfer, and/or assignment of shares of listed companies that fail to meet the MPO Rule will be subject to capital gains tax and documentary stamp tax, unless temporary relief is granted and the trading suspension is not lifted. In line with the said ruling, any sale of the Offer Shares will be subject to capital gains tax and documentary stamp tax unless covered by a granted MPO exemption period, including the aforementioned confirmation by the BIR.

After the effectivity of the share swap transaction and follow-on offering, the Parent Company will be 77.54% owned by Cosco, a company incorporated in the Philippines. The remaining 20.94% and 1.52% will be owned by the public and Invescap, respectively. As at December 31, 2021, Cosco is the immediate and ultimate parent of TKHI and Subsidiaries (collectively referred to as the "Group").

The Group's respective registered office address and principal place of business are presented below:

	Registered Office and Principal Place of Business
The Keepers Holdings, Inc.	No. 900 Romualdez Street, Paco, Manila
Montosco, Inc.	1501 Federal Tower, Dasmariñas Street, Binondo, Manila
Meritus Prime Distribution, Inc.	704 Federal Tower, Dasmariñas Street, Binondo, Manila
Premier Wine and Spirits, Inc.	Gate 1, Tabacalera Compound, 900 D. Romualdez Street, Paco, Manila

2. Basis of Preparation

Statement of Compliance

The interim consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. PFRS which are issued by the Philippine Financial Reporting Standards Council, consist of PFRS, Philippine Accounting Standards (PAS), and Philippine Interpretations based on the International Financial Reporting Interpretations Committee (IFRIC) interpretations.

Basis of Measurement

The interim consolidated financial statements have been prepared on a historical cost basis of accounting except for retirement benefits liability which is measured at the present value of the defined benefits obligation.

Basis of Consolidation

The interim consolidated financial statements include the accounts of the Parent Company, the Group's interest in an associate accounted for under the equity method of accounting, and the following subsidiaries which are all incorporated in the Philippines:

	Effective Percentage of Ownership	
	2021	2020*
Liquor Distribution		
Montosco, Inc.	**100%**	100%
Meritus Prime Distributions, Inc.	**100%**	100%
Premier Wine and Spirits, Inc.	**100%**	100%

**The accounting for the share swap arrangement was applied retrospectively (see Note 5)*

The comparative financial information as at December 31, 2021 and 2020 pertain to the combined financial information of the Parent Company and its subsidiaries. The Parent Company was only required to present consolidated financial statements as at and for the six-month period ended June 30, 2021, when the Parent Company and Cosco Capital, Inc. entered into a share swap transaction resulting to the Parent Company's acquisition of its subsidiaries. The comparative financial information was presented as if the entities had always been combined in accordance with the retrospective approach for presentation taken by the Group in applying the pooling of interest method for the business combination involving entities under common control.

Subsidiaries
A subsidiary is an entity controlled by the Group. The Group controls an entity if, and only if, the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that such control ceases.

The financial statements of the liquor entities are prepared for the same financial reporting year as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances.

All intra-group balances, transactions, income, and expenses resulting from intra-group transactions are eliminated in full.

<u>Functional and Presentation Currency</u>
The interim consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. The financial statements are presented in Philippine peso, which is also the Parent Company's functional currency. All amounts are rounded to the nearest thousands, except par value, per share data, number of shares and when otherwise indicated.

<u>Authorization for Issuance of the Interim Consolidated Financial Statements</u>
The accompanying interim consolidated financial statements of the Group as at March 31,2022 and 2021 approved and authorized for issue by the Group's BOD on May 6, 2022.

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these interim consolidated financial statements, except for the changes in accounting policies as explained below.

<u>Adoption of Amendments to Standards</u>
The Group has adopted the following amendments to standards starting January 1, 2021 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Group's interim consolidated financial statements. These are as follows:

- PFRS 16, *Leases - COVID-19-Related Rent Concessions (Amendments)* introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The practical expedient applies if: the revised consideration is substantially the same or less than the original consideration; the reduction in lease payments relates to payments due on or before December 31, 2021; and no other substantive changes have been made to the terms of the lease.

Lessees applying the practical expedient are required to disclose that fact, whether they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and the amount recognized in profit or loss for the reporting period arising from application of the practical expedient. No practical expedient is provided for lessors.

A lessee applies the amendments retrospectively, recognizing the cumulative effect of the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate. The adoption of this amendment to standard did not have any significant impact on the Group's interim consolidated financial statements as the Group did not receive any rent concession.

- *COVID-19-Related Rent Concessions beyond 31 December 2021 (Amendment to PFRS 16 Leases)*. The amendment extends the practical expedient introduced in the 2020 amendment which simplified how a lessee accounts for rent concessions that are a direct consequence of COVID-19, permitting lessees to apply the practical expedient to rent concessions for which any reduction in lease payments affects only payments originally due on or before December 31, 2022.

  A lessee applies the amendments retrospectively, recognizing the cumulative effect of the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate.

  The adoption is mandatory for lessees that chose to apply the practical expedient introduced by the 2020 amendments and may result in reversal of lease modifications that was ineligible for the practical expedient under the 2020 amendments but becomes eligible as a result of the extension.

  A lessee applies the amendments retrospectively, recognizing the cumulative effect of the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate. The adoption of this amendment to standard did not have any significant impact on the Group's interim consolidated financial statements as the Group did not receive any rent concession.

Consolidation
The interim consolidated financial statements incorporate the financial amounts of the Parent Company and its subsidiaries. Subsidiaries are entities over which the Parent Company has control. The Parent Company controls and entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. All intra-group transactions, balances, income, and expenses are eliminated upon consolidation. Unrealized losses on intragroup transactions are eliminated, unless the transaction provides evidence of an impairment of the assets transferred.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Statements of Cash Flows
The Group has chosen to prepare the interim consolidated statements of cash flows using the indirect method, which presents cash flows from operating activities as the income from operations adjusted for non-cash transactions, deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. Interest paid on loans is presented as a financing activity. The Group has chosen to present dividends paid to its stockholders as a financing activity cash flow. In the cash flow statements, the Group has classified the principal portion of lease payments, as well as the interest portion, within financing activities. Variable lease payments not included in the measurement of the lease liability are classified as cash flows from operating activities.

Common Control Business Combinations
Business combinations involving entities under common control are business combinations in which all entities are controlled by the same party both before and after the business combination. The Group accounts for such business combinations using the pooling of interest method.

In applying the pooling of interest method, the Group follows Philippine Interpretations Committee Question and Answer No. 2021-01, *PFRS 3.2 - Application of the Pooling of Interests Method for Business Combinations of Entities under Common Control in Consolidated Financial Statements,* which provides the following guidance:

- The assets and liabilities of the acquired company for the reporting period in which the common control business combinations occur, are included in the Group's interim consolidated financial statements at their carrying amounts. No adjustments are made to reflect the fair values or recognize any new assets or liabilities at the date of the combination that otherwise would have been done under the acquisition method. The only adjustments that are made are those adjustments to harmonize accounting policies between the combining entities;

- No 'new' goodwill is recognized as a result of the business combination. Any difference between the consideration paid or transferred and the equity 'acquired' is presented as "Equity adjustments from common control transactions" account in the interim consolidated statement of financial position;

- The interim consolidated statements of comprehensive income reflect the results of the combining entities for the full year, irrespective of when the combination took place; and

- Comparatives are presented as if the entities had always been combined.

Cash and Cash Equivalents
Cash includes cash on hand and in banks, which is subject to insignificant risk of changes in value and is used by the Group in managing its short-term commitments. Cash equivalents are short-term placements for varying periods of up to three months from its original maturity depending on the immediate cash requirements of the Group. Cash in banks and cash equivalents earn interest at the respective prevailing bank rates.

Financial Instruments

Date of Recognition

The Group recognizes a financial asset or a financial liability in the interim consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial Recognition of Financial Instruments

Financial instruments are recognized initially at fair value. The initial measurement of financial instruments, except for those financial assets and financial liabilities classified or designated at fair value through profit or loss (FVTPL), includes transaction costs. Trade receivables without a significant financing component is initially measured at the transaction price.

Classification and Measurement of Financial Instruments

On initial recognition, the Group classifies its financial assets in the following categories: measured at amortized cost, financial assets at FVTPL and financial assets at fair value through other comprehensive income (FVOCI). The classification depends on the business model for managing the financial assets and the contractual terms of its cash flows.

The Group classifies its financial liabilities as either financial liabilities at amortized cost or financial liabilities at FVTPL. The Group classifies all financial liabilities at amortized cost, except for: (a) financial liabilities designated by the Group at initial recognition as at FVTPL, when doing so results in more relevant information; (b) financial liabilities that arise when the transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies; (c) contingent consideration recognized by the Group in a business combination which shall subsequently be measured at fair value with changes recognized in profit or loss; and (d) financial guarantee contracts and commitments to provide a loan at a below market interest rate which are initially measured at fair value and subsequently at higher of amortized amount and amount of loss allowance.

Business Model Assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes: (a) the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets; (b) how the performance of the portfolio is evaluated and reported to the Group's management; (c) the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; (d) how managers of the business are compensated – e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and (f) the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Solely Payments of Principal and Interest Assessment
Principal is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers contingent events that would change the amount or timing of cash flows, terms that may adjust the contractual coupon rate, including variable-rate features, prepayment and extension features, and terms that limit the Group's claim to cash flows from specified assets (e.g., non-recourse features).

The Group has no financial assets classified as financial assets at FVTPL and FVOCI as at March 31, 2022 and 2021.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial Assets at Amortized Cost
A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Included in this category are the Group's cash in banks, cash equivalents, trade and other receivables and refundable deposits.

Financial Liabilities at Amortized Cost
This category pertains to financial liabilities that are not held for trading or designated as at FVTPL upon inception of the liability. These include liabilities arising from operations or borrowings. The financial liabilities are recognized initially at fair value and subsequently carried at amortized cost, taking into account the impact of applying the effective interest rate method of amortization for any related premium, discount and any directly attributable transaction costs. These financial liabilities are included in current liabilities if maturity is within twelve months from reporting date

Otherwise, these are classified as noncurrent liabilities.

This category includes the Group's trade and other payables (excluding statutory obligations), due to related parties, loans payable, dividends payable and lease liabilities as at March 31, 2022 and 2021.

<u>Impairment of Financial Assets</u>
The Group measures loss allowances at an amount equal to lifetime expected credit losses (ECLs), except for debt securities that are determined to have low credit risk at the reporting date and other debt securities and bank balances for which credit risk has not increased significantly since initial recognition, which are measured at 12-month ECLs.

Loss allowances for trade and other receivables is always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held) or the financial asset is more than 90 days past due on any material credit obligation to the Group.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The 12-month ECLs are a portion of lifetime ECLs that represents the ECLs resulting from default events on the financial instrument that are possible within 12 months after the reporting date or a shorter period if the expected life of the instrument is less than 12 months.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the significant financial difficulty of the borrower or issuer, a breach of contract such as default, the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise, when it is probable that the borrower will enter bankruptcy or other financial reorganization, or the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Financial assets are written off when there is no reasonable expectation of recovery. The Group categorizes financial assets recorded at amortized cost for write off when a debtor fails to make payments or when it is probable that the receivable will not be collected. Where amortized cost financial assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

Derecognition of Financial Assets and Financial Liabilities

Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired.

- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or

- the Group has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the interim consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the interim consolidated statement of financial position.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the interim consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the interim consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

As at March 31, 2022 and 2021, no financial asset or financial liability was carried at fair value. The Group has no other assets or liabilities with recurring and non-recurring fair value measurements.

'Day 1' Profit
Where the transaction price in a non-active market is different from the fair value of other observable current market transactions of the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' profit) in profit or loss. In cases where no observable data are used, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' profit amount.

Inventories
Inventories, which consist of spirits, wines, specialty beverages, are valued at the lower of cost and net realizable value (NRV). Cost is comprised of purchase price, expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their present location and condition. Cost is determined using the first-in, first-out method.

NRV represents the estimated selling price less costs to be incurred in marketing, selling and distribution. In determining the NRV, the Group considers any adjustment necessary to write-down inventories to NRV for slow-moving and near expiry products based on physical inspection and management evaluation.

Prepaid Expenses and Other Current Assets

Prepaid Expenses

Prepaid expenses represent expenses not yet incurred but already paid in cash. Prepaid expenses are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as these are consumed in operations or expire with the passage of time.

Prepaid expenses are classified in the statement of financial position as current asset when the cost of goods or services related to the prepayment are expected to be incurred within one (1) year from the reporting date. Otherwise, prepayments are classified as noncurrent assets.

Advances to Suppliers

Advances to suppliers are measured at the amount of initial down payment for purchases of inventories and are applied against future progress billings. These are classified as current assets in the interim consolidated statement of financial position.

Value-added Tax (VAT)

Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of "Prepaid expenses and other current assets" account or "Trade and other payables" account in the interim consolidated statement of financial position.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any impairment in value. The initial cost of items of property and equipment consists of its purchase price, including import duties and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to profit or loss in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of the item of property and equipment.

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Number of Years
Transportation and delivery equipment	3 – 5
Leasehold improvements	3 - 5 or lease term, whichever is shorter
Office equipment	2 – 3
Furniture and fixtures	2 – 3
Computer software license	2
Machinery and equipment	3

Depreciation and amortization of an item of property and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation or amortization ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Any change in the estimated useful lives and methods of depreciation and amortization are adjusted prospectively from the time the change was determined necessary.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is recognized in profit or loss. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts and any resulting gain or loss arising from retirement or disposal of property and equipment (calculated as the difference between the net proceeds and the carrying amount of the item) is recognized in the statements of profit or loss.

Borrowing Costs

Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. The capitalization of borrowing costs: (i) commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred; (ii) is suspended during the extended periods in which active development, improvement and construction of the assets are interrupted; and (iii) ceases when substantially all the activities necessary to prepare the assets are completed. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds.

Other borrowing costs are recognized as expense in the period in which they are incurred.

Investment in an Associate

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is defined as the power to participate in the financial and operating policy decisions of the entity but not control or joint control over those policies. An associate is accounted for using the equity method. Investment in an associate is initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Group’s share of the profit or loss and OCI of the associate, until the date on which significant influence ceases. Unrealized gains arising from transactions with associate are eliminated to the extent of the Group’s interest in the associate. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The Group discontinues applying the equity method when its investment in the investee company is reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the investee company. When the investee company subsequently reports net income, the Group will resume applying the equity method but only after its share in net income equals the share in net losses not recognized during the period when the equity method was suspended.

The accounting policies of the associate conform to those used by the Group for like transactions and events in similar circumstances.

Impairment of Noncurrent Nonfinancial Assets
The Group assesses at the end of each reporting period whether there is an indication that its noncurrent nonfinancial assets which include right-of-use assets, property and equipment and investment in an associate may be impaired. If any such indication exists and where the carrying amount exceeds the estimated recoverable amount, the assets or the cash generating unit (CGU) are written down to their recoverable amounts. The recoverable amount of the noncurrent nonfinancial assets is the greater of fair value less cost to sell and value-in-use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

Impairment losses, if any, are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation and amortization charge are adjusted in future periods to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life.

Other Noncurrent Assets
Excess Tax Credits
Excess tax credits pertain to overpayment of income taxes in prior years. Excess tax credits are initially recognized based on the amount withheld by the payee in accordance with the local tax rules and regulations. These are accumulated and are reduced when deducted against income tax payable. Excess tax credits that are expected to be realized within 12 months after the reporting period are classified as current asset, otherwise, these are classified as other noncurrent asset.

Refundable Deposits
Refundable deposits are cash paid for the lease agreements covering the office spaces and warehouse which are expected to be refunded upon the termination of the lease. These are carried at net realizable value and classified as current for leases which will expire within 12 months from the reporting period otherwise, these will be classified as noncurrent.

Capital Stock
Common shares are classified as equity. The proceeds from the issuance of common shares are presented in equity as capital stock to the extent of the par value of the issued and outstanding shares and any excess of the proceeds over the par value of the shares issued, less any incremental costs directly attributable to the issuance, net of tax, is presented in equity as additional paid-in capital. Incremental costs incurred that are directly related to a probable future equity transaction is presented as “Costs of anticipated equity transaction” under “Prepaid expenses and other current assets account” in the statement of financial position. Transaction costs that related jointly to more than one transaction are allocated to those transactions using a basis of allocation that is rational and consistent with similar transactions.

Retained Earnings
Retained earnings represent the cumulative balance of periodic net income or loss, dividend contributions, correction of prior year errors, effect of changes in accounting policy and other capital adjustments.

Appropriated retained earnings are accumulated earnings set aside by the BOD for a specific purpose. Unappropriated retained earnings are the residual amount of retained earnings after appropriation.

Equity Adjustment from Common Control Transactions
Equity adjustment from common control transactions is the difference between the acquisition cost of an entity under common control and the Parent Company’s proportionate share in the net assets of the entity acquired as a result of a business combination accounted for using the pooling-of-interest method. Equity reserve is derecognized when the subsidiary is deconsolidated, which is the date on which the control ceases.

Dividends on Common Shares
Cash dividends on common shares are recognized as liability and deducted from equity when approved by the BOD of the Group. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

Revenue Recognition
Revenue from contracts with customers is recognized upon transfer of goods to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group concluded that it is acting as principal for the revenue arrangement below.

The following specific recognition criteria must also be met before revenue is recognized:

Sale of Spirits, Wines and Specialty Beverages
Revenue from sale of spirits, wines and specialty beverages is recognized at the point in time when control of the asset is transferred to the customer, generally upon delivery. Revenue is recognized net of variable considerations, i.e. discounts, rebates, listing fees/display allowances and certain payments to customers after the initial sale of goods as reduction to revenue, unless it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Invoices are generated at the time of delivery and are usually due within 30 to 60 days.

Receivable is recognized by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of the time is required before payment is due.

Interest Income
Interest income is recognized in profit or loss as it accrues, taking into account the effective yield on the asset.

Other Income
Other income is recognized as earned.

Cost and Expense Recognition
Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are generally recognized when the services are used or the expenses are incurred.

Cost of Goods Sold
Cost of goods sold is recognized when goods are shipped to the buyer. Expenses are recognized upon utilization of services or at the date they are incurred.

Operating Expenses
Operating expenses are costs incurred to sell or distribute the goods and to administer the business. It includes documentation processing and delivery, among others. Operating expenses are expensed as incurred.

Other Comprehensive Income (Loss)
Other comprehensive income (loss) comprises items of income and expense (including items previously presented under the interim consolidated statement of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRS.

Employee Benefits
Short-term Employee Benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of the past service provided by the employee and the obligation can be estimated reliably.

Retirement Benefits Liability and Costs
The Group has an unfunded, noncontributory defined benefits retirement plan covering substantially all permanent, regular and full-time employees. The Group’s obligation in respect of the defined benefits is calculated by estimating the amount of the future benefits that employees have earned in the current and prior period and discounting that amount.

The calculation of defined benefits obligations is performed on a periodic basis by a qualified actuary using the projected unit credit method.

Remeasurements of the retirement benefits liability, which comprise of actuarial gains and losses, are recognized immediately in other comprehensive income. The Group determines the interest expense on the retirement benefits liability for the period by applying the discount rate used to measure the retirement benefits liability at the beginning of the annual period to the then retirement benefits liability, taking into account any changes in the retirement benefits liability during the period as a result of benefit payments, if any. Interest expense and other expenses related to defined benefits plans are recognized in profit or loss.

When the benefits of the plan are changed or when the plan is curtailed, the resulting change in benefit that relates to past service or gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains or losses on the settlement of defined benefits plans when the settlement occurs.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and,

- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

    - the Group has the right to operate the asset; or
    - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Group as Lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently amortized using the straight-line method from the commencement date to the end of the lease term unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be amortized over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment loss, if any, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is presented as a separate line item in the interim consolidated statement of financial position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following: (a) fixed payments, including in-substance payments; (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; (c) amounts expected to be payable under a residual value guarantee; and, (d) the exercise price under a purchase option the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate; if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or, if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has presented interest expense on the lease liability separately from the amortization charge for the right-of-use asset. The interest expense on lease liability is presented under "Other charges - net" in profit or loss.

<u>Income Taxes</u>
Provision for income tax is composed of current income tax and deferred income tax. Provision for income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income, in which case, it is recognized directly in equity or in other comprehensive income.

Current Income Tax
Current income tax assets and current income tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used as basis to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Uncertainties related to taxes that are not income taxes are recognized and measured in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* unless they are dealt with specifically in another standard.

Deferred Income Tax
Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences and carryforward benefits of unused net operating loss carryover (NOLCO) to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and the carryforward benefits of unused NOLCO can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred income tax assets to be recovered.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Related Party Transactions and Relationships
Related party relationships exist when the party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely to the legal form. Related parties may be individual or corporate entities.

Segment Reporting
An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group determines and presents operating segments based on the information that is internally provided to the Chairman and President, collectively as the Group's chief operating decision maker. The Group assessed that its liquor business as a whole represents a single segment.

Basic and Diluted Earnings Per Share (EPS)
Basic EPS is computed by dividing the net income for the period by the weighted average number of common shares outstanding during the period, with retroactive adjustment for any stock dividends declared.

Diluted EPS is computed in the same manner, adjusted for the effect of all potential dilutive debt or equity instruments.

Foreign Currency Denominated Transactions and Translation

Transactions in foreign currencies are recorded using the functional currency exchange rate at the date of transaction. Outstanding monetary assets and monetary liabilities denominated in foreign currencies are translated using the closing exchange rate at the reporting date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of the provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss, net of reimbursement. If the effect of the time value of money is material, provisions are discounted using the current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies

Contingent liabilities are not recognized in the interim consolidated financial statements but are disclosed in the notes to interim consolidated financial statements unless the outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the interim consolidated financial statements but are disclosed in the notes to interim consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date

Events after the reporting date that provide additional information about the Group's financial position at the reporting date (adjusting events) are reflected in the interim consolidated financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes to interim consolidated financial statements when material.

Standards Issued but Not Yet Adopted

A number of amendments to standards are effective for annual periods beginning after January 1, 2021. However, the Group has not applied the following amended standards in preparing these interim consolidated financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group's interim consolidated financial statements.

The Group plans to adopt the following amended standards on the respective effective dates, as applicable.

Effective January 1, 2022

- PAS 16*, Property, Plant and Equipment - Proceeds before Intended Use (Amendments)* prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with PAS 2, *Inventories*.

  The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.

  For the sale of items that are not part of a company's ordinary activities, the amendments require the company to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statement of comprehensive income. This disclosure is not required if such proceeds and cost are presented separately in the statement of comprehensive income.

  The amendments apply retrospectively, but only to items of property, plant, and equipment made available for use on or after the beginning of the earliest period presented, recognizing the cumulative effect in the opening retained earnings (or other component of equity, as appropriate) of that earliest period presented. Earlier application is permitted.

- PAS 37, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract (Amendments)* clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract - i.e. it comprise both incremental costs and an allocation of other direct costs.

  The amendments apply prospectively. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as appropriate. Earlier application is permitted.

- *Annual Improvements to PFRS Standards 2018-2020.* This cycle of improvements contains amendments to four standards. The following are the amendments that are relevant to the Group:

  - PFRS 9*, Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment)* clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  - PFRS 16, *Leases - Lease Incentives (Amendment to Illustrative Examples)* deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

Earlier application is permitted.

- *Reference to the Conceptual Framework (Amendment to PFRS 3 Business Combinations).* The amendments:

  - updated PFRS 3 so that it now refers to the 2018 Conceptual Framework.

  - added a requirement that, for transactions and other events within the scope of PAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, an acquirer applies PAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination: and

  - added an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

  The amendments are effective for business combinations occurring in reporting periods starting on or after January 1, 2022. Earlier application is permitted.

Effective January 1, 2023

- PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current (Amendments)* promote consistency in application and clarify the requirements on determining whether a liability is current or non-current, the amendments:

  - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period.

  - clarified that a right to defer settlement exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and

  - clarified that settlement of a liability includes transferring a company's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or non-current.

  Earlier application is permitted.

- *Definition of Accounting Estimates (Amendments to PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors).* To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged. The amendments also provide examples on the application of the new definition.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

- *Disclosure of Accounting Policies (Amendments to PAS 1 Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements).* The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies.

  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

  The amendments to PFRS Practice Statement 2 include guidance and additional examples on the application of materiality to accounting policy disclosures.

  The amendments are effective from January 1, 2023. Earlier application is permitted.

4. Management's Use of Judgments, Accounting Estimates and Assumptions

The preparation of the interim consolidated financial statements requires management to exercise judgments, make accounting estimates and use assumptions that affect reported amounts of assets, liabilities, income and expenses and related disclosures. Future events may occur which will cause the assumptions used in arriving at the accounting estimates to change. The effects of any change in accounting estimates are reflected in the interim consolidated financial statements as they become reasonably determinable.

Accounting judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimation, which has the most significant effect on the amounts recognized in the interim consolidated financial statements of the Group.

Determination of the Group*'s Functional Currency*

The Group considers factors, including but not limited to, the currency that mainly influences sales prices of its goods and the currency in which receipts from operating activities are usually retained. Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency has been determined to be the Philippine peso. It is the currency that mainly influences the Group's operations.

Identifying a Lease

The Group uses its judgment in assessing that a contract is, or contains, a lease when the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group has the right to control the asset if it has the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group reassesses whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

As a Lessee. The Group has entered into various contracts for the lease of warehouse space. The Group has determined that it has the right to control the use of the identified assets over their respective lease terms (see Note 19).

Determining the Term and Discount Rate of Lease Arrangements
Where the Group is the lessee, management is required to make judgments about the lease term and the appropriate discount rate to calculate the present value of the lease payments.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases entered into by the Group as lessee, management uses the incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses an approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group and makes adjustments specific to the lease. The weighted average rate applied ranges from 4.11% to 4.69%.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if it is reasonably certain that the lease will be extended (or not terminated) and, as such, included within lease liabilities.

For leases of office space and warehouse, the following factors are usually the most relevant:

- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).

- Otherwise, the Group considers other factors, including historical lease durations, the costs and business disruption required to replace the leased asset, enforceability of the option, and business and other developments.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the lessee's control, for example, when significant investment in the warehouse and office space is made which has a useful life beyond the current lease term.

Recognition of Revenue

The Group uses its judgment in determining the timing of the transfer of control on the goods that it delivered. The Group determined that the control is transferred for sale of goods when the Group has transferred physical possession of the goods and obtained the right to payment for the goods which is upon the customer's acceptance of the goods at the customer's warehouse.

Accounting Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

Allowance for ECLs on Trade and Other Receivables and Refundable Deposits

The Group uses the ECL model in estimating the level of allowance which includes forecasts of future events and conditions. A credit loss is measured as the present value of all cash shortfalls (the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). The model represents a probability-weighted estimate of the difference over the remaining life of the trade and other receivables. The maturity of the Group's trade and other receivables is less than one year so the lifetime ECLs and the 12-month ECLs are similar. In addition, management assessed that the credit risk for its trade and other receivables as at the reporting date is low, therefore the Group did not have to assess whether a significant increase in credit risk has occurred.

ECLs of refundable deposits has been measured on a 12-month expected credit loss basis. In determining the ECL of refundable deposits, the Group considers the counterparties' financial condition and their capacity to return the amounts due. The Group assessed that the credit risk for the outstanding refundable deposits is low as majority of these are transacted with a counterparty that has a good credit standing.

An increase in the allowance for ECLs would increase the recorded operating expenses and decrease current assets.

The combined carrying amounts of trade and other receivables and refundable deposits amounted to P1,060,350 and P1,591,129 as at December 31, 2021 and 2020, respectively (see Notes 6, 11 and 24).

Determination of NRV of Inventories

The Group's estimates of the NRV of inventories are based on the most reliable evidence available at the time the estimates are made, of the amount that the inventories are expected to be realized. These estimates consider the inventory obsolescence, physical deterioration, fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. A new assessment is made at NRV in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is a clear evidence of an increase in NRV because of changes in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised NRV.

The carrying amounts of inventories as at December 31, 2021 and December 31, 2020, amounted to, P3,702,283 and P3,659,336, respectively (see Note 7). No allowance to reduce inventory to NRV was recognized for the periods ended December 31, 2021 and 2020.

Estimation of Useful Lives of Property and Equipment

The Group estimates the useful lives of property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible that future financial performance could be materially affected by changes in these estimates brought about by changes in the factors mentioned. Any reduction in the estimated useful lives of the property and equipment would increase depreciation and amortization expense and decrease noncurrent assets.

The estimated useful lives of property and equipment is discussed in Note 3 to interim consolidated financial statements. There is no change in the estimated useful lives of property and equipment for the three-month periods ended March 31, 2022 and 2021.

The carrying amounts of property and equipment as at March 31, 2022 and 2021 amounted to P25,480 and P26,740, respectively (see Note 9).

Impairment of Noncurrent Nonfinancial Assets
The Group assesses at the end of each reporting period whether there is any indication that its noncurrent nonfinancial assets which pertain to right-of-use assets, property and equipment and investment in an associate are impaired. If any such indication exists, the Group estimates the recoverable amount of these assets. Determining the fair value of these noncurrent nonfinancial assets which requires the determination of the future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the interim consolidated financial statements. Future events could cause management to conclude that these assets are impaired. Any resulting impairment loss could have a material adverse impact on the Group's interim consolidated financial position and interim consolidated financial performance. The preparation of the estimated future cash flows involves significant judgment and estimations. While management believes that the assumptions made are appropriate and reasonable, significant changes in management assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS.

For the three-month periods ended March 31, 2022 and 2021, no impairment loss was recognized on the Group's property and equipment, right-of-use assets and investment in an associate.

The combined carrying values of property and equipment, right-of-use assets and investment in an associate amounted to P250,506 and P281,240 as at March 31, 2022 and December 31, 2021, respectively (see Notes 9, 10, and 19).

Estimation of Retirement Benefits Liability and Costs
The cost of defined benefits retirement plans, as well as the present value of the retirement benefits obligation, is determined using actuarial valuations. The actuarial valuations involve making various assumptions. These include the determination of the discount rates, and future salary increases, among others. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefits obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period.

The Group has retirement benefits liability amounting to P17,993 and P17,972 as at March 31, 2022 and December 31, 2021, respectively (see Note 20).
Recognition of Deferred Income Tax Assets

The Group reviews its deferred income tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. The Group also reviews the expected timing and tax rates upon reversal of temporary differences and adjusts the impact on deferred income tax accordingly. The Group's assessment on the recognition of deferred income tax assets is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Group's past results and future expectations on revenues and expenses. While the Group believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect the Group's assessment of the realizability of deferred income tax assets and may lead to future addition to the provision for deferred income tax.

The Group has recognized deferred income tax assets amounting to P4,291 and P4,107 as at March 31, 2022 and December 31, 2021, respectively (see Note 21).

For the three-month periods ended March 31, 2022 and 2021, MI elected to avail of the optional standard deduction (OSD) which is equivalent to 40% of total gross income. MI intends to continue its availment of the optional standard deduction in the subsequent years.

As at March 31, 2022 and December 31, 2021, the Group has not recognized deferred income tax assets arising from temporary differences amounting to a total of P and P17,037, respectively (see Note 21).

Provisions and Contingencies
The Group, in the ordinary course of business, sets up appropriate provisions for certain contractual and regulatory obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

The Group has provision for probable losses amounting to P7,983 and P11,975 as at March 31, 2022 and December 31, 2021, respectively. No provision for probable losses was recognized by the Group for the three-month periods ended March 31, 2022 and 2021 (see Note 22).

5. Cash and Cash Equivalents

This account consists of:

	Note	**March 31, 2022 (Unaudited)**	December 31, 2021 (Audited)
Cash on hand		**P1,697**	P1,747
Cash in banks	*24*	**1,217,958**	1,274,488
Cash equivalents	*24*	**6,778,284**	6,424,694
		P7,997,939	P7,700,929

Cash in banks earns interest at the respective bank deposit rates. Interest income earned from cash in banks which are recognized in profit or loss amounted to P239 and P515 for the three-month periods ended March 31, 2022 and 2021, respectively, (see Note 18).

Cash equivalents pertain to short-term placements. Interest income earned from cash equivalents which are recognized in profit or loss amounted to P8,596 and

P4,695 for the three-month period ended March 31, 2022 and 2021, respectively, (see Note 18).

6. Trade and Other Receivables

This account consists of:

	Note	**March 31, 2021 (Unaudited)**	December 31, 2021 (Audited)
Trade:			
Third parties		**P687,537**	P1,150,478
Related parties	*1414*	**457,818**	875,685
Less allowance for ECLs		**(2,621)**	(2,621)
		1,142,734	2,023,542
Nontrade:			
Third parties		**23,738**	15,629
Related parties	*14*	**859**	1,857
Others		**-**	1,235
	24	**P1,167,331**	P2,042,263

Trade receivables are non-interest-bearing and are generally on a 30-to-60-day credit terms.

Non-trade receivables pertain to receivables from suppliers for the reimbursements of expenses incurred by the Group for brand promotions. These are non-interest-bearing and are generally on a 30-day credit terms.

Movements in the allowance for ECLs on third party trade receivables are as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of the period	**P2,621**	P2,621
Write-off	**-**	-
Balance at end of the period	**P2,621**	P2,621

7. Inventories

This account consists of:

	Note	**March 31, 2022 (Unaudited)**	December 31, 2021 (Audited)
At cost:			
Spirits		**P3,617,667**	P3,343,387
Wines		**66,101**	98,806
Specialty beverages		**120,447**	77,105
	16	**P3,804,215**	P3,519,298

Cost of inventories charged to “Cost of goods sold” amounted to P1,587,325 and P1,309,183 for the three-month periods ended March 31, 2022 and 2021, (see Note16).

8. Prepaid Expenses and Other Current Assets

This account consists of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Prepaid duties and taxes	**P539,202**	P431,852
Advances to suppliers	**131,910**	118,333
Prepaid import charges	**1,801**	589
Other prepaid expenses	**640**	4,649
	P673,553	P555,423

Prepaid duties and taxes include advance payment for excise taxes, customs duties and seals for purchased goods not yet received.

Advances to suppliers pertain to partial down payment made by the Group to suppliers which will be applied against future billings.

Costs of anticipated equity transaction pertains to costs directly related to issuance of shares for the planned follow-on offering. Such costs will be deducted to equity upon issuance of shares.

9. Property and Equipment

The movements and balances in this account are as follows:

	Transportation and Delivery Equipment	Leasehold Improvements	Office Equipment	Furniture and Fixtures	Computer Software License	Machinery and Equipment	Total
Cost							
January 1, 2021*	45,144	39,073	13,753	6,896	2,221	2,987	110,074
Additions*	3,650	5,019	707	-	333	-	9,710
Disposal*	(10,093)	(13,421)	(5,733)	(2,927)	-	(1,746)	(33,920)
December 31, 2021*	38,701	30,672	8,727	3,969	2,554	1,241	85,864
Additions**	3,489	-	67	-	1,010	57	4,623
Disposals and retirement**	-	(1,761)	(677)	-	-	-	(2,438)
March 31, 2022**	**42,190**	**28,911**	**8,117**	**3,969**	**3,564**	**1,298**	**88,049**
Accumulated Depreciation and Amortization							
January 1, 2021*	35,832	19,176	12,403	6,811	822	2,817	77,861
Depreciation and amortization*	4,376	6,891	1,078	43	880	109	13,377
Disposals*	(10,093)	(11,616)	(5,733	(2,926)	-	(1,746)	(32,114)
December 31, 2021*	30,115	14,451	7,748	3,928	1,702	1,180	59,124
Depreciation and amortization**	1,137	1,845	209	12	824	18	4,044
Disposals**	-		(599)				(599)
March 31, 2022**	**31,252**	**16,295**	**7,358**	**3,940**	**2,526**	**1,198**	**62,569**
Net Book Value							
December 31, 2021*	P8,586	P16,221	P979	P41	P852	P61	P26,740
March 31, 2022**	**P8,584**	**P16,221**	**P979**	**P28**	**P852**	**P61**	**P25,480**

**Audited*
*** Unaudited*

Depreciation and amortization expense for the three-month periods ended March 31, 2022 and 2021 was charged as part of “Operating Expenses” in profit or loss (see Note 17).

10. Investment in an Associate

PWSI entered into a Shareholders' Agreement and a Share Purchase Agreement with Pernod Ricard Asia S.A.S and Allied Netherlands B.V. for the purchase of the shares of stocks of Pernod Ricards Philippines, Inc. (Pernod) for EURO 2.10 million (equivalent to P126,957) in February 2019.

Pernod wholesales and distributes distilled spirits. Pernod offers neutral spirits and ethyl alcohol used in blended wines and distilled liquors. Pernod serves customers throughout the world. Its principal address is at 4-C Palm Coast Avenue One E-com Center Building, Pasay City, 1300. As at December, 2021 and 2020, PWSI owns 30% of Pernod shares.

The financial year end date of Pernod is December 31. This is the reporting date established on the articles of incorporation of the associate. This is also the reporting date adopted by its parent company, Pernod Ricard Asia S.A.S. and its ultimate parent company, Pernod Ricard S.A.

The following table summarizes the financial information of Pernod and shows the reconciliation of PWSI’s share in net assets of such investee to the carrying amounts of its investment as at March 31, 2022 and December 31, 2021:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of period	**P78,388**	P93,361
Share in net loss	**(14,387)**	(14,516)
Share in other comprehensive loss	**-**	(457)
Balance at end of period	**P64,001**	P78,388

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Percentage ownership interest	**30%**	30%
Current assets	**586,388**	541,610
Noncurrent assets	**162,566**	166,860
Current liabilities	**560,549**	469,888
Noncurrent liabilities	**19,920**	22,191
Net assets	**168,434**	216,391
PWSI’s share of net assets	**50,530**	64,917
Goodwill	**13,471**	13,471
Carrying amount of investment in an associate	**P64,001**	P78,388

The following table shows the PWSI's share in net income (loss) of investee for the three-month periods ended March 31, 2022 and 2021:

	March 31, 2022	March 31, 2021
Revenue	**P205,038**	**P118,120**
Net income (loss)/total comprehensive loss for the period	**(P47,956)**	**(P26,097)**
The Group's share in net income (loss) at 30%	**(P14,387)**	**(P7,829)**
Other comprehensive loss for the period	**-**	**-**
The Group's share in other comprehensive loss at 30%	**-**	**-**

11. Other Noncurrent Assets

This account consists of:

	Note	**March 31, 2022 (Unaudited)**	December 31, 2021 (Audited)
Excess tax credits		**P23,234**	P23,234
Refundable deposits	*19, 24*	**16,253**	16,565
Others		**8,279**	6,275
		P47,766	P46,074

Excess tax credits pertain to prepaid taxes carried over from previous taxable years.

12. Trade and Other Payables

This account consists of:

	Note	**March 31, 2022 (Unaudited)**	**December 31, 2021** (Audited)
Trade payables - third parties		**P818,819**	P967,997
Non-trade payables:			
Third parties		**137,485**	169,508
Related parties	*14*	**5,067**	1,857
Statutory obligations		**11,961**	89,172
Accrued expenses		**60,368**	58,305
	24	**P1,033,700**	P1,286,839

Trade payables are unsecured, non-interest-bearing and are generally on a 30-to-60-day payment terms.

Non-trade payables are amounts owed to non-trade suppliers such as manpower agencies, freight companies and other non-trade payment transactions. These are non-interest-bearing and are generally on a 30-day payment terms.

Accrued expenses consist of accruals for utilities, advertisement and other operating expense.

13. Loans Payable

The movements and balances in loans payable are as follows:

	Note	**March 31, 2022 (Unaudited)**	December 31, 2021 (Audited)
Balances at beginning of period		**P-**	P42,000
Payments made		**-**	(42,000)
Availment of loan		**-**	-
Balances at end of period	***Error! Reference source not found.***	**P-**	P-

PWSI
PWSI has unsecured, peso-denominated loans obtained from a local bank with maturity of 90 days with annual interest rate of 3.21% as at December 31, 2020. These are intended to finance the inventory build-up and additional working capital requirements of PWSI. The loans are not subject to compliance with any loan covenant.

PWSI fully settled its loan payable amounting to P313,000 on December 15, 2020.

MPDI
In 2019, MPDI entered into various unsecured, short-term loans with a maturity of less than one year from Asia United Bank totaling to P279,000 with fixed annual interest of 4.75% to 6.00%. MPDI made principal payments amounting to P64,000 in 2019. The remaining outstanding balance amounting to P215,000 was subsequently paid in 2020, P145,000 of which were paid during the period ended December 31, 2020.

In 2019, MPDI entered into various unsecured, short-term loan agreements with Metropolitan Bank and Trust Company (MBTC) totaling P115,000 with fixed annual interest rates of 4.50% to 5.50%. MPDI made principal payments amounting to P34,000 in 2019. The remaining outstanding balance totaling to P81,000 were subsequently paid in 2020, P36,000 of which were paid during the period ended December 31, 2020.

In 2020, MPDI availed of the same type of loans amounting to P97,000 with fixed annual interest rates of 3.5% to 5.00%. MPDI paid P55,000 for this loan in September 2020 and November 2020 and P42,000 during the period ended

December 31, 2021.

MI
On November 20, 2019, MI obtained an unsecured, six-month loan from Metropolitan Bank and Trust Company amounting to P120,000 with a fixed interest rate of 4.50%. This was subsequently paid in 2020.

The proceeds from the availments of notes were used to finance the Group's working capital requirements.

Interest expense recognized in profit or loss amounted to P430 and P3,868 for the three-month periods ended December 30, 2021 and 2020, respectively, and P931 and P16,003 ended December 31, 2021 and 2020, respectively (see Note 18). Interest payable arising from these loans amounting to nil and P2,564 as at December 31, 2021 and 2020, respectively, are recorded as part of non-trade payables under "Trade and Other Payables" account.

14. Related Party Transactions

Transactions and account balances with related parties as at March 31, 2022 and December 31, 2021 are as follows:

Category/ Transaction	Ref	Year	Transactions during the Year	Outstanding Balance: Receivable	Outstanding Balance: Payable	Outstanding Balance: Due to Related Parties	Terms	Conditions
Ultimate Parent Company								
Dividends	*1515*	**2022**	P-		**P-**		Due and demandable	Unsecured
	15	2021	P348,210		P348,210			
Advances		2022	-		-			
Management fee	*A*	**2022**	-			106,700	Due and demandable;	Unsecured
	A	2021	-	-	-	106,700	non-interest-bearing	
Entities under Common Control								
Sales of good	*6,b*	**2022**					30 days credit term;	Unsecured;
	6, b	**2021**					non-interest bearing	no impairment
Lease expense	*19, c*	**2022**					Payable on a monthly	Unsecured
	19, c	**2021**				-	basis	
Advances	*d*	**2022**					Payable on demand;	Unsecured
	d	**2021**					interest-bearing	
Interest expense	*d*	**2022**					Payable on demand	Unsecured
	d	**2021**						
Reimbursement	*E*	**2022**					Payable on demand;	Unsecured;
of expenses	*e*	**2021**					non-interest-bearing	no impairment
Stockholder								
Advances	*f*	**2021**			-		Refer to Note f	Refer to
	f	**2021**			-			Note f
Interest expense	*f*	**2021**					Refer to note f	Refer to
	f	**2021**						Note f
				P-	P-	P-		

a. This pertains to amount due to the Ultimate Parent Company for corporate services rendered to PWSI in 2017 and 2016. No similar services were rendered subsequently.

b. The Group distributes wines and liquors to entities under common control.

c. The Group entered into lease agreements with entities under common control for its office spaces and warehouses. Lease expenses include amortization expense on right-of-use assets and interest expense on lease liabilities (see Note 19).

d. These are cash advances to PWSI from an entity under common control for additional working capital requirements. These advances earn interest rate of 2.0% for period ended December 31, 2021 and 4.5% for period ended December 31, 2020, with maturities of two (2) years.

e. This represents cash advances to and from related parties as at December 31, 2021 and 2020 in the form of reimbursement of expenses and working capital advances.

f. In 2018, MI received unsecured cash advances from a stockholder in a form of promissory notes amounting to P659,500. These advances earn fixed annual interest rate of 4.00% with maturities of one (1) year. The advances were intended for the MI's working capital requirements to finance inventory purchases.

   On November 5, 2019, both parties renewed the promissory note for the same amount and interest rate with a new maturity date of November 21, 2021. In June 2020, both parties terminated the promissory note and MI paid in full the outstanding loan principal and related interest.

   On January 27, 2021, the TKHI received cash amounting to P104,525 from Invescap representing an advance made by Invescap for an anticipated transaction of TKHI. These advances were returned to Invescap in May 2021 following the cancellation of the anticipated transaction.

   No interest expense recognized in profit or loss relating to advances from a stockholder ended December 31, 2021 and 2020.

Amounts owed by and owed to related parties are to be settled in cash.

TKHI has no operations since 2013 and has no employees from said date. All its administrative activities are being handled by the employees of a stockholder.

As at December 31, 2021, the Company is still in the process of formalizing its policy framework in relation to its approval requirement and limits on the amount and extent of related party transactions.

Related Party Transactions and Balances Eliminated During Consolidation

On June 28, 2021, payment of registration fees amounting to P45,454 for the increase in authorized capital stock of TKHI was paid in advance by MI to Cosco. These advances were fully settled in July 13, 2021. There were no other transactions and balances to be eliminated.

Key Management Personnel
The compensation of the key management personnel of the Group which consists of short-term employee benefits amounted to P7,889 and P7,139 ended December 30, 2021 and 2020, respectively, and P6,915 and P2,750 for the ended December 31, 2021 and 2020, respectively.

15. Equity

Capital Stock
As at March 31, 2021 and December 31, 2021, the Parent Company's capital stock, at P0.10 par value per share consists of the following number of shares:

	March 31, 2022		December 31, 2021	
	Shares	**Amount**	Shares	Amount
Authorized P0.10 par value	**20,000,000,000**	**P2,000,000**	**20,000,000,000**	**P2,000,000**
Issued and Outstanding, as previously reported - P0.023 par value	**1,124,999,969**	P25,875	1,124,999,969	P25,875
Share swap transaction - P0.10 par value	**11,250,000,000**	1,125,000	11,250,000,000	1,125,000
Effect of changes in par value	**(866,249,656)**	-	(866,249,656)	-
Shares issued - FOO	**3,000,000,000**	300,000	3,000,000,000	300,000
Issued and Outstanding, as restated - P0.10 par value	**14,508,750,313**	P1,475,875	14,508,750,313	P1,475,875

Common shares carry one vote per share and a right to dividends.

Presented below is the tracking of the Parent Company's registration:

			Number of Shares
Date	Activity	Issue Price	Common Shares
September 3, 1991	Issuance of capital stocks as of listing date	P2.85	1,124,999,969
June 30, 2021*	Effect of reduction in par value	-	(866,249,656)
June 30, 2021	Issuance of capital stocks via shares swap	P2.00	11,250,000,000
November 19, 2021	Issuance of capital stocks – FOO	P1.50	3,000,000,000
Total outstanding shares as at March 31, 2022			14,508,750,313

**The accounting for the share swap arrangement was applied retrospectively (see Note 5)*

As at March 31, 2022, the Parent Company has a total of 474 common stockholders owning listed shares. As disclosed in Note 1, the am20ended Articles of Incorporation of the Parent Company increasing its authorized capital stock was approved by the Stockholders and the BOD on May 28, 2021 and April 29, 2021, respectively. Such corporate action was approved by the SEC on December 31, 2021. The adjustments in the number of issued and outstanding shares of the Company will be reflected on the PSE's systems effective on September 13, 2021.

On July 14, 2021 the Parent Company filed a Registration Statement ("RS") with the SEC in accordance with the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799, the "SRC") for the registration of the Offer Shares. On July 19, 2021, the Parent Company filed its application for the listing and trading of offer shares with the PSE. As at September 14, 2021, the RS and the application for listing are still under review by the SEC and PSE, respectively.

On August 19, 2021, the Parent Company filed the application for listing with the PSE for additional shares of stock issued in connection with the increase of the capital stock and the Share Swap Transaction to comply with the PSE listing rules.

The additional listing of shares without the conduct of a rights or public offering was submitted for approval of the stockholders on May 28, 2021.

Additional Paid-in Capital
Presented below is the Parent Company's additional paid-in capital:

	Note	**March 31, 2022 (Unaudited)**	**December 31, 2021** (Audited)
Balance at beginning of year, as previously reported		**P46,033**	P46,033
Share swap transaction	***Error! Reference source not found.***	**21,375,000**	21,375,000
Share issuance		**4,200,000**	
Share issuance costs		**(173,133)**	
Balance at beginning of period, as restated		**25,447,900**	21,421,033
Share issuance		**-**	4,200,000
Share issuance costs		**-**	(173,133)
Balances at end of period		**P25,447,900**	P25,447,900

Related transaction costs from the share swap transaction paid and incurred for the period ended 2021 amounting to P46,800 is deducted against additional paid-in capital as at December 31, 2021. Transaction costs is composed of fees for the increase in authorized capital stock and documentary stamp tax.

Retained Earnings
Declaration of Dividends
MI
On December 18, 2020, MI's BOD approved the declaration of cash dividends of P26.66 per share or an aggregate amount of P200,000, payable to stockholders of record as of the same date. These dividends were paid on April 6, 2021.

On December 22,2021, MI's BOD approved the declaration of cash dividend equivalent to 30% of the net income for the year ended December 31, 2020 or an aggregate amount of P321,139. These dividends were paid on January 12, 2022.

PWSI
On December 11, 2015, PWSI's BOD approved the declaration of cash dividends amounting to P100,000, payable to stockholders of record as at the same date. The management is planning to settle in 2021 the dividends payable as at December 31, 2020.

On December 22,2021, PWSI's BOD approved the declaration of cash dividend equivalent to 30% of the net income for the year ended December 31, 2020 or an aggregate amount of P12,821. These dividends were paid on January 17, 2022.

MPDI
On December 22,2021, MPDI's BOD approved the declaration of cash dividend equivalent to 30% of the net income for the year ended December 31, 2020 or an aggregate amount of P19,994. These dividends were paid on January 12, 2022.

Appropriated Retained Earnings
On December 13, 2018, the BOD of MI approved the appropriation of P950,000 from MI's unappropriated retained earnings to finance the acquisition of land, and construction and establishment of new warehouse and related facilities. The construction is expected to be completed in December 2021.

16. Cost of Goods Sold

This account consists of:

		Three-Month Ended	
	Note	**March 31, 2022**	**March 31, 2021**
Inventories at beginning of year		**P3,519,298**	P3,659,336
Net purchases		**1,872,242**	1,240,568
Total goods available for sale		**5,391,540**	4,889,904
Inventories at end of year	*7*	**(3,804,215)**	(3,590,721)
		P1,587,325	P1,309,183

17. Operating Expenses

This account consists of:

		Three-Month Period	
	Note	**March 31 2022**	**March, 31 2021**
Distribution costs		**P57,269**	P59,735
Advertisement		**22,824**	18,191
Salaries and other employee benefits		**28,446**	24,454
Depreciation and amortization	*9, 19*	**18,506**	18,387
Outside services		**11,242**	10,804
Taxes and licenses		**11,259**	16,458
Insurance		**4,833**	3,632
Utilities and communication		**820**	3,997
Transportation and travel		**1,059**	955
Representation and entertainment		**62**	106
Miscellaneous		**3,065**	4,001
		P159,385	P160,720

18. Other Charges

This account consists of:

		Three-Month Ended	
	Note	**March 31, 2022**	March 31, 2021
Interest income	*5*	**P8,835**	P5,210
Foreign exchange gain (loss) – net		**3,507**	(704)
Interest expense	*13, 14, 19*	**(1,979)**	(2,751)
Bank charges		**(150)**	(68)
Others		**3,991**	-
		P14,204	P1,687

19. Lease Agreements

The Group entered into lease agreements with entities under common control for its office space and warehouses. These leases have terms ranging from two (2) years to five (5) years, renewable under terms and condition agreed upon by both parties.

The lease payments provide for, among others, security deposits amounting to P16,254 and P16,565 as at March 31, 2022 and December 31, 2021, respectively, which are shown under "Other noncurrent assets" account in the interim consolidated statements of financial position (see Note 11).

The movements and balances of the right-of-use assets and lease liabilities as at and for the period ended March 31, 2021 and December 31, 2021 are as follows:

i. Right-of-Use Assets

	Note	**March 31, 2022 (Unaudited)**	December 31, 2021 (Audited)
Balance at beginning of period		**P176,112**	P185,853
Additions		**-**	50,439
Amortization charge for the period	*17*	**(15,087)**	(60,180)
Balance at end of year		**P161,025**	P176,112

ii. Lease Liabilities

	Note	**December 31, 2021**	December 31, 2021 (Audited)
Balance at beginning of period		**P186,858**	P201,960

Additions		**-**	50,439
Interest charge for the period	*18*	**1,979**	9,031
Payments made		**(16,259)**	(74,572)
Balance at end of period		**P172,578**	P186,858

As at March 31, 2022 and December 31, 2021, the Group's lease liabilities are classified in the interim consolidated statements of financial position as follows:

	March 31, 2022	December 31, 2021 (Audited)
Current	**P58,698**	P58,118
Noncurrent	**113,880**	128,740
	P172,578	P186,858

Maturity analyses of the undiscounted lease liabilities as at March 31, 2022 and December 31, 2021 are as follows:

	Undiscounted Lease Payments	**Interest**	**Present Value of Lease Liabilities**
Not later than one year	**P42,444**	**P3,988**	**P58,698**
Later than one year but not later than five years	**66,807**	**2,750**	**113,880**
Balance at March 31, 2022	**P109,251**	**P6,738**	**P172,578**

	Undiscounted Lease Payments	Interest	Present Value of Lease Liabilities
Not later than one year	P65,082	P6,964	P58,118
Later than one year but not later than five years	135,047	6,307	128,740
Balance at December 31, 2021	P200,129	P13,271	P186,858

iii. Amounts recognized in profit or loss for the three-month periods ended March 31, 2022 and 2021:

	Note	**March 31, 2022**	March 31, 2021
Amortization expense	*17*	**P15,059**	P15,008
Interest on lease liabilities	*18*	**1,979**	2,251
		P17,038	P17,259

iv. Amounts recognized in the statements of cash flows for the three-month period ended March 31, 2022 and 2021:

	March 31, 2022	March 31, 2021
Total cash outflow for leases	**P16,231**	P26,791

20. Retirement Benefits Liability

The Group has an unfunded, noncontributory, defined benefits retirement plan covering all of its regular, full-time employees. Under the plan, the employees are entitled to retirement benefits equivalent to an amount computed based on Republic Act No. 7641, Retirement Pay Law, equivalent to one-half month's salary for every year of service, with six months or more of service considered as one year.

The succeeding table summarizes the components of the retirement benefits cost under a defined benefits retirement plan recognized in profit or loss and the amount of retirement benefits liability recognized in the statements of financial position. Annual cost is determined using the projected unit credit method. The Group's latest actuarial valuation date is December 31, 2021.

The table below shows the present value of the defined benefits retirement obligation or the retirement benefits liability and its components as at March 31, 2022 and December 31, 2021:

	March 31, 2022 (Unaudited)	**December 31, 2021** (Audited)
Balance at beginning of year	**17,972**	15,330
Recognized in Profit or Loss		
Current service cost	**554**	1,608
Interest cost	**-**	606
	554	2,214
Recognized in Other Comprehensive Income (Loss)		
Actuarial loss (gain) arising from:		
Change in demographic assumptions	**-**	(764)
Change in financial assumptions	**-**	1,173
Experience adjustments	**-**	1,008
	-	1,418
Benefits paid	**(533)**	(990)
Balance at end of year	**P17,993**	P17,972

The retirement benefits cost is recognized as part of "Salaries and other employee benefits" account under operating expenses in profit or loss.

There are no unusual or significant risks to which the retirement benefits liability exposes the Group. However, it should be noted that in the event a benefit claim arises under the retirement benefits liability, the benefit shall immediately be due and payable from the Group.

As at March 31, 2022 and December 31, 2021, accumulated remeasurements on retirement benefits amounted to P3,552 as presented in the interim consolidated statements of financial position.

The principal actuarial assumptions (in percentages) used to determine retirement benefits are as follows:

	March 31, 2022	December 31, 2021
Discount rate	5.08%	5.08%
Future salary increases	8.00% to 10.00%	8.00% to 10.00%

The valuation results are based on the employee data as of the valuation date. The discount rate assumption is based on the Bankers Association of the Philippines (BAP) PHP Bloomberg BV AL Reference Rates (BVAL) benchmark reference curve for the government securities market (previously the PDEx (PDST-R2) market yields on benchmark government bonds) as of the valuation date and considering the average years of remaining working life of the employees as the estimated term of the benefit obligation.

Assumptions for mortality and disability rates are based on published statistics and mortality and disability tables.

The weighted average duration of defined benefits obligation is 9.56 years as at March 31, 2022 and December 31, 2021.

As at March 31, 2022 and December 31, 2021, the reasonably possible changes to one of the relevant actuarial assumptions, while holding all other assumptions constant, would have affected the defined benefits liability by the amounts below:

	March 31, 2022		December 31, 2021	
	Defined Benefits Liability		Defined Benefits Liability	
	1 Percent Increase	**1 Percent Decrease**	1 Percent Increase	1 Percent Decrease
Discount rate			(P813)	P440
Salary increase rate			1,265	(1,027)

Although the analysis does not take into account the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

Funding Arrangements
Since the Group does not have a formal retirement plan, benefit claims under the retirement benefits liabilities are paid directly by the Group when they become due.

Asset-liability Matching (ALM)
The Group does not have a formal retirement plan and therefore has no plan assets to match against the liabilities under the defined benefits obligation.

Maturity analyses of retirement benefits liability based on a ten (10) year projection of the expected future benefit payments is as follows:

	Carrying Amount	Contractual Cash Flows	Within 1 Year	Within 1 - 5 Years	More than 5 Years
2022					
2021	**P17,972**	**P14,348**	**P872**	**P7,760**	**P5,716**

21. Income Taxes

Enactment of Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act
On March 26, 2021, the President of the Philippines has approved the Republic Act (RA) No. 11534, or the "Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE), with nine (9) provisions vetoed by the President. Below are the salient features of the Act that are relevant to the Company:

a) Corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5 million and with total assets not exceeding P100 million. All other domestic corporations and resident foreign corporations will be subject to 25% income tax. Said reductions are effective July 1, 2020.

b) Minimum corporate income tax (MCIT) rate is reduced from 2% to 1% effective July 1, 2020 to June 30, 2023.

c) The imposition of improperly accumulated earnings tax has been repealed.

On April 8, 2021, the Bureau of Internal Revenue issued the following implementing revenue regulations that are effective immediately upon publication:

- BIR RR No. 2-2021, amending certain provisions of Revenue Regulations No. 2-98, As Amended, to implement the amendments introduced by RA No. 11534 to the National Revenue Code of 1997, as Amended, relative to the final tax on certain passive income.

- BIR RR No. 3-2021, Rules and Regulations implementing Section 3 of RA No. 11534 amending Section 20 of the National Internal Revenue Code of 1997, As Amended.

- BIR RR No. 4-2021, implementing the Provisions on Value-Added Tax (VAT) and Percentage Tax under RA No. 11534 which further amended the National Revenue Code of 1997, as Amended, as implemented by Revenue Regulations No. 16-2005 (Consolidated Value-Added Tax Regulations of 2005), As Amended.

- BIR RR No. 5-2021, implementing the new income tax rates on the regular income of corporations on certain passive incomes, including additional allowable deductions from gross income of persons engaged in business or practice of profession pursuant to RA No. 11534 which further amended the National Revenue Code (NIRC) of 1997.

The corporate income tax of the Group was lowered from 30% to 25% for large corporations, on which the Group would qualify, effective July 1, 2020.

The provision for income tax consists of:

	March 31, 2022	March 31, 2021
	2021	2020
Current	**P90,022**	P34,350
Deferred	**(67)**	1,173
	89,954	P35,523

The Group's provision for current income tax represents regular corporate income tax (RCIT) in all periods presented.

MI elected to avail of the optional standard deduction (OSD) which is equivalent to 40% of total gross income for the period ended December 31, 2021. The reconciliation of the provision for income tax computed at the statutory income tax rate and the provision for income tax shown in profit or loss for the periods ended December 31 are as follows:

	March 31, 2022	March 31, 2021
Income before income tax	**P422,459**	P283,151
Provision for income tax at the statutory income tax rate*	**P105,615**	P70,788
Additions to (reductions from) income taxes resulting to the tax effects of:		
Availment of optional standard deduction	**(17,932)**	(1,847)
Impact of CREATE Act		(31,514)
Change in unrecognized deferred income tax asset	**612**	(3,924)
Interest income subjected to final tax	**(2,084)**	(1,303)
Share in net loss of an associate	**3,597**	1,957
Non-deductible expenses	**146**	1,366
Provision for income tax	**P89,954**	P35,523

**Statutory income tax rate for the three-month periods ended March 31, 2022 and 2021 is 25%*

The components of the Group's net deferred income tax assets as at March 31, 2022 and December 31, 2021 are as follows:

	March 31, 2022	**December 31, 2021**
Retirement benefits liability	**P3,041**	P3,145
PFRS 16, *Leases* adjustment	**484**	368
Allowance for expected credit losses on trade receivables	**655**	655
Unrealized foreign exchange gains - net	**(5)**	(61)
	P4,175	P4,107

TKHI
As at March 31, 2022 and December 31, 2021, TKHI has carryforward benefits of unused NOLCO amounting to P46,197 and P43,748, respectively, for which no deferred income tax asset was recognized. Management believes that it is not probable that future taxable profits will be available to allow all or part of its deferred

income tax asset to be utilized prior to its expiration.

Details of the TKHI's NOLCO for the taxable year 2022 are as follows:

Period Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Ending Balance	Expiry Date
2017	P975	P -	P -	P975	P -	2020
2018	715	-	-	715	-	2021
2019	1,048	-	-	-	1,048	2022
2020	1,089	-	-	-	1,089	2025*
2021	41,612	-	-	-	41,612	2026*
2022	2,448	-	-	-	2,448	2027*
	P47,887	**P -**	**P -**	**P1,690**	**P46,197**	

**Pursuant to Section 4 of Republic Act (RA) 11494, Bayanihan to Recover As One Act and as implemented under Revenue Regulations (RR) No. 25-2020, unless otherwise disqualified from claiming the deduction, the business or enterprise which incurred net operating loss for taxable years 2020 and 2021 shall be allowed to carry over the same as a deduction from its gross income for the next five (5) consecutive taxable years immediately following the year of such loss. The net operating loss for said taxable years may be carried over as a deduction even after the expiration of RA No. 11494 provided the same are claimed within the next five (5) consecutive taxable years immediately following the year of such loss.*

MI

The following table shows the amounts of temporary differences for which no deferred income tax asset was recognized because MI believes that it is not probable that the tax benefits of these temporary differences will be availed of as MI intends to continue its availment of the optional standard deduction in the subsequent years:

	March 31, 2022	**December 31, 2021**
PFRS16, *Leases* adjustment	**7,174**	7,174
Retirement benefits liability	**113**	5,370
Unrealized foreign exchange loss (gain) - net	**(35)**	4,493
	P7,252	P17,037

22. Provision

The Group sets-up a provision for any probable liabilities that may arise as a result of conducting its business. The disclosures of additional details beyond the present disclosures may prejudice the Group's position with respect to these matters. Thus, as allowed by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* only a general description is provided.

The movements and balances of provisions as at and for the three-month period ended March 31, 2022 and December 31, 2021 are as follows:

	March 31, 2022	December 31, 2021
Balances at beginning of year	**P11,975**	P11,975
Provision used during the period	**(3,992)**	-
Balances at end of year	**P7,983**	P11,975

23. Earnings Per Share

Basic/diluted EPS of the Group is computed as follows:

(In thousands, except per share data)	March 31, 2022	March 31, 2021
Net income (a)	**P332,545**	P247,628
Weighted average number of common shares outstanding for the period* (b)	**14,508,750,313**	11,508,750
Basic EPS (a/b)	**P0.02**	P0.02

**after share swap transaction and change in par value of common shares (Note 5)*

Weighted average number of common shares in 2022 used for the purposes of basic earnings per share were computed as follows:

	Number of Common Shares	Proportion to Period	Weighted Average
Outstanding shares at the beginning and end of period	**14,508,750,313**	**3/3**	**14,508,750,313**

The Group has no potential dilutive instruments as at March 31, 2022 and 2021, hence, diluted EPS is the same as the basic EPS.

24. Financial Risk and Capital Management Objectives and Policies

<u>Objectives and Policies</u>
The Group's BOD has overall responsibility for the establishment and oversight of the Group's risk management framework. The BOD has delegated to the management the responsibility of developing and monitoring the Group's risk management policies

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The BOD oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Group has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital.

The Group's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Group. There were no changes in the exposures to each of the above risks and to the Group's objectives, policies and processes for measuring and managing the risk from the previous period. The policies for managing specific risks are summarized below:

<u>Credit Risk</u>
Credit risk represents the risk of loss the Group would incur if credit customers and counterparties fail to perform their contractual obligations. The Group's credit risk arises from the Group's use of its financial assets. Credit risk management involves entering into financial transactions only with counterparties with acceptable credit rating.

The carrying amount of financial assets represents the maximum credit exposure to credit risk as at December 31 as follows:

	Note	**March 31, 2022**	**December 31 2021**
Cash in banks	*5*	**P1,217,957**	P1,274,488
Cash equivalents	*5*	**6,778,284**	6,424,694
Trade and other receivables	*6*	**1,167,331**	2,042,263
Refundable deposits	*12*	**16,254**	16,565
		P9,179,826	P9,758,010

The Group's policy is to enter into transactions with a diversity of credit worthy parties to mitigate any significant concentration of credit risk. There is no significant concentration of credit risk within the Group.

As at March 31, 2022 and December 31, 2021, the Group does not expect any counterparty, other than trade customers, to fail in meeting its obligations, thus, related risk is deemed to be insignificant. On the other hand, the Group believes that no impairment loss is necessary in respect of other financial assets since they are neither past due nor impaired.

Credit Quality
In monitoring and controlling credit extended to counterparty, the Group adopts a comprehensive credit rating system based on financial and non-financial assessments of its customers. Financial factors being considered comprised of the financial standing of the customer while the non-financial aspects include but are not limited to the assessment of the customer's nature of business, management profile, industry background, payment habit and both present and potential business dealings with the Group.

The Group assessed the credit quality of the following financial assets as follows:

a. Cash in banks and cash equivalents were assessed as high grade since these are deposited in reputable banks with a good credit standing, which have a low profitability of insolvency and can be withdrawn anytime. The credit quality of these financial assets is considered to be high grade.

b. Trade and other receivables were assessed as standard grade since these include receivables that are collected on their due dates even without an effort from the Group to follow them up.

c. Refundable deposits were assessed as high grade since these security deposits are refundable at the end of the lease term which is expected from a reputable service provider.

ECL Assessment
The Group allocates each exposure to a credit risk on data that are determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial assets, management accounts and cash flow projections and available press information about customers) and applying expected credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default.

In measuring the expected credit losses, the trade and other receivables have been assessed on a collective basis as they pose shared credit risk characteristics. They have been grouped based on the days past due.

The following table provides information about the exposure to credit risk for trade and other receivables as at March 31, 2022 and December 31, 2021:

	March 31, 2022		
	Gross Carrying Amount	**Impairment Loss Allowance**	**Credit-impaired**
Current (not past due)	**P749,402**	**P-**	**No**
1 - 30 days past due	**347,737**	**-**	**No**
31 - 120 days past due	**70,193**	**2,621**	**Yes**
Balance at March 31, 2022	**P1,167,332**	**P2,621**	

	December 31, 2021		
	Gross Carrying Amount	Impairment Loss Allowance	Credit-impaired
Current (not past due)	P1,638,334	P -	No
1 - 30 days past due	389,204	-	No
31 - 120 days past due	17,346	2,621	Yes
Balance at December 31, 2021	P2,044,884	P2,621	

The Group applies the simplified approach in providing for expected credit losses prescribed by PFRS 9, which permits the use of the lifetime expected loss provision and applies a provision matrix.

The maturity of the Group's receivables is less than one year so the lifetime expected credit losses and the 12-month expected credit losses are similar.

Exposures within each credit risk grade are assessed based on delinquency and actual credit loss experience. The Group considered both historical loss rate and forward-looking assumption. The Group assessed that the impact of forward-looking assumption is immaterial.

The maturity of the Group's receivables is less than one year so the lifetime expected credit losses and the 12-month expected credit losses are similar.

The additional allowance for impairment in respect of trade and other receivables of the Group as a result of the expected credit loss assessment amounted to P2,621 as at December 31, 2021 and December 31, 2020.

Exposures within each credit risk grade are assessed based on delinquency and actual credit loss experience. The Group considered both historical loss rate and forward-looking assumptions. The Group assessed that the impact of forward-looking assumption is immaterial.

Cash in banks and cash equivalents are considered of good quality as these pertain to deposits in reputable banks. Impairment on cash has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash has low credit risk based on the external credit ratings of the counter parties.

The credit risk for security deposit is assessed to have not increased significantly since initial recognition as the counterparties have strong financial position and there are no past due amounts. The Group uses similar approach for assessment of ECLs for security deposit to those used for cash in banks. The Group has assessed that the impact of providing ECL for security deposit is immaterial, thus did not recognize loss allowance.

<u>Liquidity Risk</u>

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements, as well as capital expenditures and loan payments. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.

The following are the contractual maturities of financial liabilities as at March 31, 2022 and December 31, 2021:

	March 31, 2022			
	Carrying Amount	**Contractual Cash Flows**	**1 Year or Less**	**More than 1 Year**
Financial Liabilities				
Trade and other payables*	**P1,021,739**	**P1,021,739**	**P1,021,739**	
Due to related parties**	**106,700**	**106,700**	**106,700**	
Lease liabilities	**172,578**	**172,578**	**58,698**	**113,880**
Total	**P1,301,017**	**P1,301,017**	**P1,187,137**	**P113,880**

**Excluding statutory obligations amounting to P11,961.*

	December 31, 2021			
	Carrying Amount	Contractual Cash Flows	1 Year or Less	More than 1 Year

Financial Liabilities				
Trade and other payables*	P1,197,667	P1,197,667	P1,197,667	
Due to related parties**	106,700	106,700	106,700	
Dividends payable	348,210	348,210	348,210	
Lease liabilities	186,858	200,129	65,082	135,047
Total	P1,839,435	P1,852,706	P1,717,659	P135,047

**Excluding statutory obligations amounting to P11,961.*

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

<u>Market Risk</u>
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group is subject to various risks, including foreign currency risk and interest rate risk.

Interest Rate Risk
Interest rate risks is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates.

Accordingly, management believes that the Group does not have significant interest rate risk.

Foreign Currency Exchange Risk
Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to foreign currency risk relates primarily to the Group's foreign currency-denominated monetary assets and monetary liabilities.

The currencies in which these transactions are primarily denominated are in United States dollar (USD), Singaporean dollar (SGD), Euro (EUR), Australian Dollar (AUD) and British Pound Sterling (GBP).

The following table shows the Group's foreign currency-denominated monetary assets and monetary liabilities and their Philippine peso (PHP) equivalents as at March 31, 2022 and December 31, 2021:

	March 31, 2022					
	USD	**SGD**	**EUR**	**AUD**	**GBP**	**PHP Equivalent**
Foreign currency - denominated monetary assets:						
Cash	**560**					**29,147**
Trade and other receivables	**-**		**-**	**-**	**-**	**-**
	560		**-**	**-**	**-**	**29,147**
Foreign currency - denominated monetary liabilities:						
Trade payables	**-**		**-**	**-**	**-**	**-**

Net foreign currency - denominated monetary asset (liabilities)	**560**		**-**	**-**	**-**	**29,147**

	December 31, 2021					
	USD	**SGD**	**EUR**	**AUD**	**GBP**	**PHP Equivalent**
Foreign currency - denominated monetary assets:						
Cash	**784**					**39,674**
Trade and other receivables	**2**		**30**	**6**	**1**	**2,075**
	786		**30**	**6**	**1**	**41,749**
Foreign currency - denominated monetary liabilities:						
Trade payables	**(173)**		**(14,536)**			**(852,879)**
Net foreign currency - denominated monetary asset (liabilities)	**613**		**(14,506)**	**6**	**1**	**(811,130)**

In translating the foreign currency-denominated monetary assets and monetary liabilities into Philippine peso amounts, the significant exchange rates applied are as follows:

	December 31, 2021	December 31, 2020
USD	**52.05**	50.56
EUR	**-**	58.07
AUD	**-**	36.18
GBP	**-**	66.19

The following table demonstrates sensitivity of cash flows due to changes in foreign exchange rates with all variables held constant.

	March 31, 2022	
	Percentage Decrease in Foreign Exchange Rates	**Increase (Decrease) in Income before Income Tax**
USD	**8.34%**	**P1,822,994**
EUR	**-**	**-**
AUD	**-**	**-**
GBP	**-**	**-**

December 31, 2021

	Percentage Decrease in Foreign Exchange Rates	Increase (Decrease) in Income before Income Tax
USD	**5.24%**	**P1,219**
EUR	**(2.76%)**	**17,128**
AUD	**(0.62%)**	**(1)**
GBP	**3.97%**	**2**

Changes in foreign exchange rates are based on the average of the banks' forecasted closing exchange rates during the first quarter of the following calendar year. A movement in the opposite direction would increase/decrease income before income tax by the same amount, on the basis that all other variables remain constant.

<u>Capital Risk Management</u>
The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its businesses and maximize shareholder value.

The Group manages its capital structure and makes adjustments, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may pay-off existing debts, return capital to stockholders or issue new shares.

The Group defines capital as paid-in capital stock and retained earnings.

There were no changes in the Group's approach to capital management during the year.

The Chief Financial Officer has the overall responsibility for monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Group's external environment and the risks underlying the Group's business operations and industry.

The Group's BODs review the capital structure of the Group on an annual basis. As part of this review, the BODs consider the cost of capital and the risks associated with each class of capital.

The debt-to-equity ratio at the end of reporting periods is as follows:

	March 31, 2022	December 31, 2021
Debt	**P1,570,798**	P2,107,152
Equity	**12,374,687**	12,042,182
Debt to equity ratio	**0.13:1**	0.17:1

The Group is not subject to externally imposed capital requirements.

25. Fair Values of Financial Instruments

Cash in Banks, Cash Equivalents, Trade and Other Receivables, Trade and Other Payables, Due to Related Parties and Dividends Payable

The carrying amounts of the Group's cash in banks, cash equivalents, trade and other receivables, trade and other payables (excluding statutory obligations) and dividends payable approximate their fair values due to the short-term maturities of these financial instruments.

Refundable Deposits

The carrying amount of refundable deposits approximates its fair values as the impact of discounting is not significant.

Loans Payable

The estimated fair values of loans payable are based on the present value of expected future cash flows using the applicable market rates for similar types of loans at reporting date.

Lease Liabilities

The fair value of lease liabilities was estimated as the present value of all future cash flows discounted using the incremental borrowing rate. The carrying amounts approximate their fair values because the difference between the interest rates of these instruments and the prevailing market rates for similar instruments is not considered significant.

As at March 31, 2022 and December 31, 2021, the Group has no financial instruments carried at fair value. Thus, disclosure on inputs using a three-level fair value hierarchy is not necessary.

	March 31, 2022	
	Carrying Amount	**Fair Value**
Financial Assets at Amortized Cost		
Cash in banks	**P1,274,898**	**P1,274,898**
Cash equivalents	**6,424,374**	**6,424,374**
Trade and other receivables - net	**2,075,409**	**2,075,409**
Refundable deposits	**15,962**	**15,962**
	P9,790,643	**P9,790,643**
Other Financial Liabilities		
Trade and other payables	**P1,287,140**	**P1,287,140**
Due to related parties	**106,700**	**106,700**
Dividends payable	**353,627**	**353,627**
Lease liabilities	**187,061**	**187,061**
	P1,934,528	**P1,934,528**

	December 31, 2021	
	Carrying Amount	Fair Value
Financial Assets at Amortized Cost		
Cash in banks	P1,274,488	P1,274,488
Cash equivalents	6,424,694	6,424,694
Trade and other receivables - net	2,042,263	2,042,263
Refundable deposits	16,565	16,565

	P9,758,010	P9,758,010
Other Financial Liabilities		
Trade and other payables	P1,197,667	P1,197,667
Due to related parties	106,700	106,700
Dividends payable	348,210	348,200
	P1,652,667	P1,652,667

ANNEX "C"

THE KEEPERS HOLDINGS, INC.
Annual Stockholders Meeting
May 30, 2022, www.thekeepers.com.ph

(__) Vote by Ballot – casting votes following the instructions shown in the table below.

(__) Vote by Proxy – appointing the Chairman of the meeting to represent and cast votes following the instructions shown in the table below.

	Agenda Item	**FOR**	**AGAINST**	**ABSTAIN**
1	Approval of Minutes of the Previous Annual Meeting and Ratification of Acts and Resolutions of the Board of Directors and Management in 2021			
2	Approval of 2021 Annual Report and Audited Financial Statements			
	Election of Directors			
3	Mr. Lucio L. Co			
3.1	Mr. Jose Paulino L. Santamarina			
3.2	Ms. Camille Clarisse P. Co			
3.3	Ms. Jannelle O. Uy			
3.4	Mr. Robin Derrick C. Chua			
3.5	Mr. Enrico S. Cruz, *Independent Director*			
3.6	Mr. Bienvenido E. Laguesma, *Independent Director*			
4	Amendment of Bylaws			
5	Re-appointment of RG Manabat & Company as External Auditor of the Company and subsidiaries with up to P1 million remuneration			

Name of Stockholder ____________________________

Number of Shares ____________________________

Signature of Stockholder / Authorized Signatory ____________________________

1. For corporate shareholders, this form must be accompanied by a corresponding secretary's certificate confirming the appointment of the Proxy or the designated representative and the votes cast.

2. Where no specific authority is indicated, the vote shall be deemed to approve all the corporate matters listed above and for all the nominated directors named therein.

3. This form should be sent by e-mail to thekeepersholdings@gmail.com on or before May 25, 2022. The company's stock transfer agent will validate the votes on May 27, 2022, at 1:00 pm, at the office of the Assistant Corporate Secretary, Tabacalera Building, No. 900 Romualdez St., Paco, Manila, 1007.

The Keepers Holdings

ANNEX "D"

GUIDELINES FOR PARTICIPATING IN THE 2022 ANNUAL STOCKHOLDERS' MEETING OF THE KEEPERS HOLDINGS, INC. VIA REMOTE COMMUNICATION AND VOTING *IN ABSENTIA*

The 2022 Annual Stockholders' Meeting ("**ASM**") of The Keepers Holdings, Inc. (the **"Company"**) will be held on May 30, 2022, at 10 am, via live Zoom meeting.

Considering the health and safety concerns brought about by COVID 19 pandemic, the ASM will be via remote communication and stockholders voting via proxy or *in absentia*.

Registration

Stockholders must notify the Assistant Corporate Secretary of their intention to participate in the ASM via remote communication and/or vote *in absentia* by no later than May 25, 2022, by sending an email at thekeepersholdings@gmail.com and by submitting the following supporting documents/information:

- Individual Stockholders
  1. Copy of valid government ID of stockholder/proxy
  2. Stock certificate number/s
  3. If appointing a proxy, copy of the proxy form duly signed by the stockholder (need *not* be notarized)
  4. Email address and contact number of stockholder or proxy
- Multiple Stockholders or joint owners
  1. Stock certificate number/s
  2. Proof of authority of stockholder voting the shares signed by the other registered stockholders, for shares registered in the name of multiple stockholders (need *not* be notarized)
  3. Copy of valid government IDs of all registered stockholders
  4. Email-address and contact number of the authorized representative
- Corporate Stockholders
  1. Secretary's Certification of Board resolution appointing and authorizing a proxy to participate in the ASM
  2. Valid government ID of the authorized representative
  3. Stock certificate number/s
  4. Email-address and contact number of the authorized representative
- Stockholders with Shares under broker account
  1. Certification from the broker as to the number of shares owned by the stockholder
  2. Valid government ID of stockholder
  3. If appointing a proxy, copy of the proxy form duly signed by the stockholder (need *not* be notarized)
  4. Email address and contact number of stockholder or proxy

Online Voting and Meeting

The stockholders who have sent us their intention to participate in the ASM shall be notified via email of their log-in passwords to join the online meeting. There will be video recordings of the ASM, which a stockholder on record may avail upon request.

The stockholders can then cast their votes following these simple steps:

1. Visit our company website www.thekeepers.com.ph
2. Look for the "Casting Votes in the 2022 Stockholders' Meeting" button.
3. Fill up the Voting Forms.
4. Submit your vote by clicking the "Submit" button.
5. For our verification, email the required documents under the "registration" portion at thekeepersholdings@gmail.com
6. After our verification, you will receive an email confirmation regarding your votes from the Company.

Open Forum

There will be Open Forum during the meeting, where representatives of the Company may answer as many questions as time will allow. However, a stockholder may send their questions in advance by emailing thekeepersholdings@gmail.com on or before May 25, 2022.

The Company's Investor Relations Officer will answer questions received but not answered during the ASM by email.

For any queries or concerns, please contact the office of the Assistant Corporate Secretary at 09178612459 or via email at thekeepersholdings@gmail.com

ANNEX "E"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ENRICO S. CRUZ**, Filipino, of legal age and a resident of No. 37 Radish Street, Valle Verde V, Pasig, Metro Manila, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee as independent director of **THE KEEPERS HOLDINGS, INC.** and have been its independent director since November 20, 2020.

2. I am affiliated with the following companies:

COMPANY	POSITION	PERIOD OF SERVICE
Security Bank Corporation	Independent Director	August 2019 – Present
DITO CME Holdings Corp.	Independent Director	December 2021 – Present
Robinsons Retail Holdings, Inc.	Independent Director	April 2022 – Present
SB Capital	Vice-Chairman	May 2020 - Present
AREIT, Inc.	Independent Director	February 2020 - Present
Maxicare Corporation	Independent Director	August 2019 - Present
CIBI Information, Inc.	Director	July 2020 - Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of The Keepers Holdings, Inc. as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations, and other SEC issuances.

4. I am not related to any of the directors/officers/substantial shareholders of The Keepers Holdings, Inc.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not involved or employed in any government service, government agency, or GOCC. Thus, no required permission per Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules is necessary.

7. I shall faithfully and diligently comply with my duties and responsibilities as an Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance, and other SEC issuances.

8. I shall inform the Corporate Secretary of The Keepers Holdings, Inc. of any changes in the abovementioned information within five days from its occurrence.

APR 29 2022

DONE this __ day of April 2022 in the City of Manila.

Certification of Independent Director:

ENRICO S. CRUZ
Nominee for Independent Director
The Keepers Holdings, Inc.

SUBSCRIBED AND SWORN to before me this APR 20 2022 day of April 2022 in the City of Manila. Affiant exhibited to me competent proof of his identity. D.L - N11-75-001060/ 2023-09-26

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Page No. 26
Book No. 32
Series of 2022.

CHERRIE LYNNE MAY R. PUREZA
Notary Public for the City of Manila
Commission No. 2020-079 until Dec. 31, 2021
Extended until June 30, 2022 per SC B.M. No. 3795
Roll No. 58325
IBP Lifetime Member No. 09093
PTR No. 015[illegible]/01-03-2022/Mla.
MCLE Compliance No. VI-[illegible]06868/02-11-22
No. 900 Romualdez St., Paco, Manila

ANNEX "F"

CERTIFICATE OF INDEPENDENT DIRECTOR

I, **BIENVENIDO E. LAGUESMA**, Filipino, of legal age and with office at No. 706 Prestige Tower, F. Ortigas Jr. Road, Ortigas Center, Pasig City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee as independent director of **THE KEEPERS HOLDINGS, INC.** and have been its independent director since November 20, 2020.

2. I am affiliated with the following companies:

COMPANY/ORGANIZATION	**POSITION**	**PERIOD OFSERVICE**
Laguesma Magsalin Fernandez & Quirolgico Law Offices	Partner	2021 - present
Maritime Academy of Asia and the Pacific (MAAP)	Trustee	2019 - present
Anda Power Corporation	Vice-Chairman	2021 – present
Philippine Bank of Communications	Independent Director	2019 - present
Cosco Capital, Inc.	Independent Director	2017 – present
PAL Holdings, Inc.	Independent Director	2021 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of The Keepers Holdings, Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rule and Regulations and other SEC issuances.

4. I am not related to any of the directors/officers/substantial shareholders of The Keepers Holdings, Inc.

5. I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not involved or employed in any government service, government agency, or GOCC. Thus, no required permission per Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rule is necessary.

7. I shall faithfully and diligently comply with my duties and responsibilities as an Independent Director under the Securities Regulation Code and its implementing Rules and Regulations, Code of Corporate Governance, and other SEC issuances.

8. I shall inform the Corporate Secretary of The Keepers Holdings, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done, this 02 MAY 2022 th day of April 2022 in the City of Manila.

BIENVENIDO E. LAGUESMA
Independent Director
The Keepers Holdings, Inc.

SUBSCRIBED AND SWORN to before me this 02 May 2022 day of April 2022 at City of Manila, Bienvenido E. Laguesma personally appeared before me and exhibited to me his identification card bearing his photograph and signature. SSS ID NO. 03-3513911-2

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Series of 2022

ROXANNE G. DOMINGO-MAUR
Notary Public for the City of Manila
Commission No. 2021-001 until Dec. 31, 2022
Roll No. 69155
IBP Lifetime Member No. 018547
PTR No. MLA 0163209 / 01-05-2022
MCLE Compliance No. VII-0011920/03-02-22
No 900 Romualdez St., Paco, Manila

ANNEX "G"

SUMMARY OF SEC 17- C REPORTS

The following are the summary of the SEC Form 17-C filed by the Company:

Date of Report	Date Filed with SEC
February 19, 2021	**February 19, 2021**

Result of Special Board Meeting of Da Vinci Capital Holdings, Inc dated February 19, 2021

The Board of Directors of Da Vinci Capital Holdings, Inc. has approved the following items today:

- Ratification of Invescap Incorporated's subscription of 25% of the proposed increase in the authorized capital stock of Da Vinci Capital Holdings, Inc. (the "**Corporation**") from PhP327.6 million to PhP2 billion at par value.

- Approval of the Share Swap Transaction wherein the Corporation is authorized to enter into a Deed of Exchange of Shares with, and issue common shares of stock to, Cosco Capital, Inc., and in exchange and as consideration thereof, Cosco Capital shall assign 100% of its shares in the following unlisted companies in favor of the Corporation:

  (1) Montosco, Inc.

  (2) Meritus Prime Distributions, Inc.

  (3) Premier Wine and Spirits, Inc.

- Approval of the delegation to Management of the power to determine the final terms and conditions of the Share Swap, including the price/ratio, etc.

- Authorization to apply with the Bureau of Internal Revenue for a Tax-Free Exchange Ruling.

- Plan to conduct a follow-on-offering to comply with the minimum public ownership requirement and approval of the delegation to Management of the power to determine the conduct and the terms and conditions of the follow-on-offering.

- Schedule of Annual/Special Stockholder's Meeting and Setting of Record Date.

Record Date:	March 8, 2021
Special Stockholders' Meeting:	April 8, 2021

And that the notices be issued in accordance with the alternative mode of notifying the stockholders about the meeting (via publication) and that the meeting be held via remote communication. • Election of Mr. Jose Paulino Santamarina as President. • Appointment of Ms. Imelda Lacap as Comptroller. • Appointment of Ms. Baby Gerlie I. Sacro as Corporate Secretary.	
February 24, 2021	**February 24, 2021**
Pursuant to the letter of the Exchange dated February 22, 2021, we are submitting the attached disclosure on the Company's changes in its Articles of Incorporation, increase in capital stock, share-swap transaction with Cosco Capital, Inc. and the intended follow-on-offering.	
March 9, 2021	**March 9, 2021**
Comprehensive Corporate Disclosure of Da Vinci Capital Holdings, Inc. This Comprehensive Corporate Disclosure will be updated when the material terms and conditions of the transaction have been fixed and agreements have already been signed. For more details of the transactions and the companies involved therein, please see the attached Corporate Comprehensive Disclosure together with the Articles of Incorporation, By Laws, General Information Sheets, and Audited Financial Statements of the three liquor companies and Invescap Incorporated.	
March 10, 2021	**March 10, 2021**
Amended Comprehensive Corporate Disclosure of Da Vinci Capital Holdings, Inc. This Comprehensive Corporate Disclosure is herein amended to inform the stockholders and the investing public of the valuation price of three liquor companies subject of the share swap transaction. No Deed of Exchange has been signed yet but as soon as the stockholders approve the transaction, both parties will sign the necessary documents and we will furnish the Exchange copies thereof. For more details of the transactions and the companies involved therein, please see the attached Amended Corporate Comprehensive Disclosure together with the Articles of Incorporation, By Laws, General Information Sheets, and Audited Financial Statements of the three liquor companies and Invescap Incorporated.	
March 15, 2021	**March 15, 2021**
Davin Board Approval March 15, 2021. The Board of Directors of Da Vinci Capital Holdings, Inc. in its meeting today approved the following:	

1. Treatment of Fractional Shares - the Company will top-up all fractional shares which resulted from the change of par value from P0.023 to P0.10.
2. Ratification of Management approval on the valuation of three liquor companies (Montosco, Inc., Meritus Prime Distributions, Inc., and Premier Wine and Spirits, Inc.) to be injected to Da Vinci Capital Holdings, Inc. in the amount of PhP22.5 billion.

Further details of the foregoing items will be provided in the Definitive Information Statement of the Company to be released on March 16, 2021.

April 29, 2021	**April 30, 2021**

Change in Par Value from PhP0.23 to PhP0.10

On October 26, 2020, the Board of Directors of Da Vinci Capital Holdings, Inc. approved to change the par value from PhP0.023 to PhP0.10. On November 20, 2020, the stockholders of the Company representing at least 85% of its outstanding shares approved the change in par value.

Effects on Capital Structure

Issued Shares

Type of Security / Stock Symbol	Before	After
Common Share / DAVIN	1,124,999,969	258,749,992.87

Outstanding Shares

Type of Security / Stock Symbol	Before	After
Common Share / DAVIN	1,124,999,969	258,749,992.87

Listed Shares

Type of Security / Stock Symbol	Before	After
Common Share / DAVIN	1,124,999,969	258,749,992.87

Procedure (s) for updating stock certificates

Details of Stock Transfer Agent

Name	BDO Unibank, Inc.
Address	15/F South Tower, BDO Corporate Center, H.V. Dela Costa St. cor. Makati Avenue, Makati City
Contact Person	Oliver Galvez

Inclusive dates when the old stock certificates can be replaced

Start Date	TBA

End Date	TBA

Documentary Requirements

Individual Shareholders	TBA
Corporate Shareholders	TBA

Date of availability of new stock certificates – TBA

Procedures in case of lost stock certificates – TBA

Please note that the shares illustrated under "after" column pertain only to current issued and outstanding shares of the Company and do not include the shares subject of the Invescap Subscription and the Share Swap Transaction.

We will update the disclosure once we have finalized the documentary requirements and procedures with the Stock Transfer Agent and the treatment of fractional shares with the Securities and Exchange Commission.

April 29, 2021	**April 30, 2021**

Change in Corporate Name to “The Keepers Holdings, Inc.”

Change in Corporate Name from "Da Vinci Capital Holdings, Inc." to "The Keepers Holdings, Inc." as approved by the Company's Board of Directors on October 6, 2020 and the stockholders representing more than 2/3 of the outstanding capital stock on a meeting held on November 20, 2020.

Procedure (s) for updating stock certificates

Details of Stock Transfer Agent

Name	BDO Unibank, Inc.
Address	15/F South Tower, BDO Corporate Center, H.V. Dela Costa St. cor. Makati Avenue, Makati City
Contact Person	Oliver Galvez

Inclusive dates when the old stock certificates can be replaced

Start Date	TBA
End Date	TBA

Documentary Requirements

Individual Shareholders	TBA
Corporate Shareholders	TBA

Date of availability of new stock certificates – TBA Procedures in case of lost stock certificates – TBA The Company will update the disclosure to provide the documentary requirements and procedures in changing the stock certificates once they have been finalized with the Stock Transfer Agent. The new stock symbol will be disclosed after the approval of the Securities and Exchange Commission (SEC) of the Company's change of name.	
March 30, 2021	**March 30, 2021**
Result of the Special Meeting of Da Vinci Capital Holdings, Inc. dated March 29, 2021. The Board of Directors of Da Vinci Capital Holdisng, Inc. in its meeting dated March 29, 2021, resolved to: (a) Accept the rescission of the Subscription Contract between the Company and Invescap in order to avoid further delays to the share swap transaction with Cosco Capital, Inc.; (b) Accept the offer by Cosco Capital, Inc. to subscribe to 11,250,000,000 common shares at P2.00 per share in support of the proposed increase in the Company's authorized capital stock via a share swap transaction; and (c) Postpone the Special Stockholders' Meeting of the Company set on April 8, 2021 due to the changes in the transactions. The Company will soon notify the stockholders of the next schedule of annual meeting. To provide more details to the stockholders and the investing public, the Company will further amend the Corporate Comprehensive Disclosure previously submitted to these transactions.	
March 31, 2021	**March 31, 2021**
Postponement of Special Stockholders' Meeting of Da Vinci Capital Holdings, Inc. On March 29, 2021 the Board of Directors of Da Vinci Capital Holdings, Inc. approved the postponement of Special Stockholders' Meeting of Company set on April 8, 2021 due to changes in the Share Swap Transaction structure being undertaken by the Corporation. Appropriate notice for the postponement and the new date for the stockholders' meeting will be released to the stockholders.	
April 16, 2021	**April 16, 2021**
In its meeting held today, April 16, 2021, the Board of Directors of Da Vinci Capital Holdings, Inc. approved the following items:	

1. 2020 Audited Financial Statements
2. Valuation Report issued by Isla Lipana & Co., PwC, in connection with Da Vinci's Share Swap Transaction with Cosco Capital, Inc.
3. Annual Stockholders' Meeting on May 28, 2021, 10:00 am

   Record Date: May 3, 2021

   Manner of Voting: by proxy or in absentia

   Agenda:

   a. Certification of Notice and Quorum
   b. Top-Up Plan for the Fractional Shares Resulting from the Proposed Increase in Authorized Capital stock
   c. Re-Election of Directors including independent directors
   d. Re-Appointment of External Auditor and fixing its remuneration
   e. Other Matters
   f. Adjournment

4. Special Stockholders' Meeting on May 28, 2021, 10:30 am

   Record Date: May 3, 2021

   Manner of Voting: by proxy or in absentia

   Agenda:

   a. Certification of Notice and Quorum
   b. Ratification of Rescission of Subscription Contract between Da Vinci Capital Holdings, Inc. and Invescap Incorporated
   c. Approval of Share Swap Transaction with Cosco Capital, Inc.
   d. Waiver of Rights Offering on the Subscription of Shares by Cosco Capital, Inc.
   e. Follow-on Public Offering ("FOO") Program
   f. Other Matters
   g. Adjournment

April 27, 2021	**April 27, 2021**
Annual Stockholders' Meeting of Da Vinci Capital Holdings Inc. In the special board meeting of Da Vinci Capital Holdings, Inc. held on April 27, 2021, the Company resolved to conduct only one Stockholders' meeting to be held on May 28, 2021. The details and agenda for the meeting are as follows:	

<table>
<tr><td colspan="2">Date: May 28, 2021
Time: 10 am
Record Date: May 3, 2021
Manner of Voting: by proxy or in absentia
Agenda:
a.Certification of Notice and Quorum

b.Top-Up Plan for the Fractional Shares Resulting from the Proposed Increase inAuthorized Capital stock

c.Ratification of Rescission of Subscription Contract between Da Vinci CapitalHoldings, Inc. and Invescap Incorporated

d.Approval of Share Swap Transaction of up to 11,250,000,000 Shares of Da VinciCapital Holdings, Inc. in exchange for Cosco Capital Inc.'s 100% equity in thefollowing unlisted companies:

(1)Montosco, Inc.
(2)Meritus Prime Distributions, Inc. and
(3)Premier Wine and Spirits, Inc.
e.Waiver of Rights Offering on the Subscription of up to 11,250,000,000 Shares byCosco Capital, Inc.

f.Follow-on Public Offering ("FOO") Program

g.Re-Election of Directors including independent directors

h.Re-Appointment of External Auditor and fixing its remuneration

i.Other Matters

j.Adjournment</td></tr>
<tr><td>April 29, 2021</td><td>April 30, 2021</td></tr>
<tr><td colspan="2">Result of Special Board Meeting of Da Vinci Capital Holdings, Inc. dated April 29, 2021

The Board of Directors of Da Vinci Capital Holdings, Inc. has approved today the following items:

1. Confirmation of the Amendment of Articles of Incorporation and By-Laws
2. Approval of the Follow-On Public Offering to be conducted by the Management of Da Vinci Capital Holdings, Inc. to conform with the mandatory requirements of the Minimum Public Ownership Rule.</td></tr>
<tr><td>May 28, 2021</td><td>May 31, 2021</td></tr>
<tr><td colspan="2">Result of Annual Stockholders' Meeting dated May 28, 2021

The Board of Directors of Da Vinci Capital Holdings, Inc. has approved today the following items:</td></tr>
</table>

1. Call to Order
2. Certification of Notice and Quorum
3. Review and Approval of the Minutes of the Previous Meeting held on November 20, 2020
4. Annual Report of Management and Approval of the Audited Financial Statements for 2020.
5. Ratification of Acts of the Board of Directors and Management since the Last Annual Meeting of Stockholders
6. Approval of Amendment of the Company's Articles of Incorporation and By-Laws:

   (1) Amendment of Corporate Name to "The Keepers Holdings, Inc."
   (2) Amendment of Primary and Secondary Purposes.
   (3) Amendment of Corporate term to Perpetual Existence
   (4) Change in Par Value of Common shares to P0.10 per share and the reclassification of authorized preferred shares to common shares
   (5) Increased of Authorized Capital Stock to P2 billion or 20 billion shares, and Delegation to the Company's Board of Directors of the authority to determine the manner of subscription and the subscriber/s of the increase in authorize capital stock

7. Top-Up Plan for the Fractional Shares Resulting from the Proposed Increase in Authorized Capital Stock
8. Ratification of Rescission of Subscription Contract between Da Vinci Capital Holdings, Inc. and Invescap Incorporated
9. Issuance and Listing of up to 11,250,000,000 Common Shares of Da Vinci Holdings, Inc. pursuant to the Share Swap to Transaction with Cosco Capital.
10. Waiver of Requirement to Conduct a Rights Offering on the Issuance and Listing up to 11,250,000,000 Da Vinci Common Shares to Cosco Capital, Inc. for the Share Swap Transaction
    Out of a total of 63,349,607 common shares held by the minority stockholders who attended the meeting, by proxy or in absentia 63,349,207 or 99.99% of the attending minority voted to approve the waiver of requirement to conduct a Rights Offering on the issuance and listing of up to 11,250,000,000 Da Vinci Common Shares to Cosco Capita, Inc. pursuant to the Share Swap Tranasaction.
11. Issuance and Listing of up to 3,000,000,000 Da Vinci Common Shares pursuant to DAVIN's Follow-on Public Offering ("FOO") Program
12. Election of the following directors including independent directors:

    Mr. Lucio L. Co
    Mr. Jose Paulino Santamarina
    Ms. Camille Clarisse P. Co
    Ms. Jannelle O. Uy
    Mr. Robin Derrick C. Chua
    Mr. Enrico S. Cruz, as independent director
    Atty. Bienvenido E. Laguesma, as independent director

13. Re-Appointment of R.G. Manabat & Company as External Auditor and audit fee
14. Adjournment

May 28, 2021	**May 31, 2021**
Result of Annual Stockholders Meeting dated May 28, 2021 Out of 1,124,999,969 common shares issued and outstanding of Da Vinci Capital Holdings, Inc., stockholders representing a total of 1,019,554,444 or 91% of the issued and outstanding shares, and out of 1,019,554,444 common shares, 63,349,607 common shares held by the minority stockholders, attended the Annual Stockholders' meeting, by person, proxy or in absentia, and voted to approve the following items: a. Call to Order b. Certification of Notice and Quorum c. Review and Approval of the Minutes of the Previous Meeting held on November 20, 2020 d. Annual Report of Management and Approval of the Audited Financial Statements for 2020 e. Ratification of Acts of the Board of Directors and Management since the Last Annual Meeting of Stockholders f. Approval of Amendment of the Company's Articles of Incorporation and By-Laws 1. Amendment of Corporate Name to "The Keepers Holdings, Inc." 2. Amendment of Primary and Secondary Purposes 3. Amendment of Corporate term to Perpetual Existence 4. Change in Par Value of Common shares to P0.10 per share and the reclassification of authorized preferred shares to common shares 5. Increase of Authorized Capital Stock to P2 billion or 20 billion shares, and Delegation to the Company's Board of Directors of the authority to determine the manner of subscription and the subscriber/s of the increase in authorized capital stock. g. Top-Up Plan for the Fractional Shares Resulting from the Proposed Increase in Authorized Capital stock h. Ratification of Rescission of Subscription Contract between Da Vinci Capital Holdings, Inc. and Invescap Incorporated i. Issuance and Listing of up to 11,250,000,000 Common Shares of Da Vinci Capital Holdings, Inc. pursuant to the Share Swap Transaction with Cosco Capital Inc. j. Waiver of Requirement to Conduct a Rights Offering on the Issuance and Listing of up to 11,250,000,000 Da Vinci Common Shares to Cosco Capital, Inc. for the Share Swap Transaction Out of a total of 63,349,607 common shares held by the minority stockholders who attended the meeting, by proxy or in absentia, 63,349,207 or 99.99% of the attending minority voted to approve the waiver of requirement to conduct a Rights Offering on the	

issuance and listing of up to 11,250,000,000 Da Vinci Common Shares to Cosco Capital, Inc. pursuant to the Share Swap Transaction.

k. Issuance and Listing of up to 3,000,000,000 Da Vinci Common Shares pursuant to DAVIN's Follow-on Public Offering ("FOO") Program

l. Election of the following directors including independent directors:

Mr. Lucio L. Co
Mr. Jose Paulino L. Santamarina
Ms. Camille Clarisse P. Co
Ms. Janelle O. Uy
Mr. Robin Derrick C. Chua
Mr. Enrico S. Cruz as Independent Director
Mr. Bienvenido E. Laguesma as Independent Director

m. Re-Appointment of R.G. Manabat & Company as External Auditor and audit fee

n. Adjournment

May 28, 2021	**May 31, 2021**

President's Report

Report delivered by the President of Da Vinci Capital Holdings, Inc., Mr. Jose Paulino Santamarina, in its Annual Stockholders' Meeting held on May 28, 2021.

June 18, 2021	**June 21, 2021**

Result of Organizational Meeting dated June 18, 2021

During the Organizational Meeting of the Board of Directors of Da Vinci Capital Holdings, Inc. held on June 18, 2021, via zoom, the Board of Directors appoints the following officers and committee members:

Chairman	Mr. Lucio L. Co
President	Mr. Jose Paulino L. Santamarina
Treasurer	Ms. Maria Editha D. Alcantara
Comptroller	Ms. Imelda D. Lacap
Corporate Secretary	Ms. Baby Gerlie I. Sacro
Assistant Corporate Secretary & Compliance Officer	Ms. Candy H. Dacanay-Datuon

Executive Committee:

Chairman	Mr. Lucio L. Co
Member	Mr. Jose Paulino L. Santamarina
Member	Ms. Camille Clarisse P. Co
Member	Ms. Jannelle O. Uy
Member	Mr. Robin Derrick C. Chua

Audit Committee

Chairman	Mr. Bienvenido E. Laguesma (Independent Director)

Member Mr. Enrico S. Cruz (Independent Director) Member Mr. Jose Paulino L. Santamarina (Executive Director) Corporate Governance Committee: Chairman Mr. Enrico S. Cruz (Independent Director) Member Mr. Bienvenido E. Laguesma (Independent Director) Member Mr. Lucio L. Co (Executive Director) All herein officers shall serve for a term of one year and until their respective successors are duly elected and qualified.	
July 7, 2021	**July 8, 2021**
Result of Board Meeting SEC Approval on the Increase in Authorized Capital Stock and Amendments to the Articles of Incorporation and By-laws of the Company	
July 9, 2021	**July 12, 2021**
The Board of Directors of The Keepers Holdings, Inc. (Formerly, Da Vinci Capital Holdings, Inc.) has approved dated July 9, 2021, the following: 1. The terms of the Follow-On Public Offering ("FOO") of up to 3,000,000,000 common shares at a price range of P2.00 to P2.50 per share; 2. Filing of the Registration Statement with the Securities and Exchange Commission and the Listing Application with the Philippine Stock Exchange; 3. Appointment of underwriters, advisors, legal counsels, stock and transfer agent, receiving agent/bank, the Philippine Depository & Trust Corporation, and other agents as may be necessary in relation to the FOO; 4. Approval and adoption of the Disclosures Contained in the Registration Statement and Prospectus of the Company; 5. Authorization for the Securities and Exchange Commission to Inspect the Bank Account/s of the Company in relation to the FOO; 6. Approval of the Pro Forma Consolidated Financial Statements and Interim Review Report – Q1 2020 and 2021; 7. Change in the stock code/symbol of the Company in the Philippine Stock Exchange to "KEEPR", subject to the approval of the Exchange; 8. Adoption of a Dividend Policy; and 9. Appointment of Ms. Emerlinda Llamado as Internal Auditor and Mr. John Marson T. Hao as Investor Relations Officer.	
October 25, 2021	**October 29, 2021**
Result of Special Board Meeting dated October 25, 2021 The Board of Directors of The Keepers Holdings, Inc., approved, in its special meeting dated October 25, 2021, the adjustment in the offer price of its Follow-On Public Offering ("FOO") of up to 3,000,000,000 common shares from P2.00 to P2.50 per Common Share to P1.50 to P2.00 per Common Share to P1.50 to P2.00 per Common Share.	
October 29, 2021	**October 29, 2021**
Result of Board Meeting	

The Board of Directors of The Keepers Holdings, Inc. (Formerly, Da Vinci Capital Holdings, Inc.) has approved today October 29, 2021, the following: 1. Result of special board meeting of The Keepers Holdings, Inc. (Formerly, Da Vinci Capital Holdings, Inc.) dated October 25, 2021; 2. Approval of the Securities and Exchange Commission ("SEC") on the adjustment of the Offer Price Range of the Follow-On Public Offering on 26 October 2021; and 3. Determination of Final Offer Price of the FOO on 28 October 2021.	
November 5, 2021	**November 8, 2021**
Result of Board Meeting Press Release of The Keepers Holdings, Inc. entitled, "Offer Period for The Keepers Holdings FOO starts"	
November 9, 2021	**November 10, 2021**
Result of Board Meeting dated November 9, 2021 The Board of Directors of The Keepers Holdings, Inc. approved today, November 9, 2021, its Consolidated Financial Performance as of September 30, 2021. The mandatory Quarterly Report (SEC 17-Q) will be released on or before November 15, 2021.	
November 17, 2021	**November 17, 2021**
Result of Board Meeting dated November 9, 2021 In compliance with Condition (C)(4) under the Notice of Approval dated 15 October 2021 approving the Company's offer and issuance of 3,000,000,000 common shares (the "Offer Shares"), the public is informed of the following results of the Follow-on Public Offer (the "Offer"). As a result of the Offer, the public ownership percentage of the Company is at 20.82%, in compliance with the Minimum Public Ownership Rule of the Exchange.	
December 21, 2021	**December 21, 2021**
The Keepers Disclosure dated December 21, 2021 The Board of Directors of Da Vinci Capital Holdings, Inc. has approved today the following items: 1. Declaration of Cash Dividend Amount per Share: P0.024 per share Declaration Date: December 21, 2021 Record Date: January 10, 2022 Payment Date: January 28, 2022 2. 2022 Annual Stockholders' Meeting	

Date: May 30, 2022
Time: 10:00 AM
Record Date: March 30, 2022
Mode: via remote communication

ANNEX "H"

COVER SHEET

0000024015

SEC Registration Number

DA VINCI CAPITAL HOLDINGS, INC.

(Company's Full Name)

NO. 900 ROMUALDEZ ST., PACO,
MANILA

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

CANDY H. DACANAY-DATUON

(Contact Person)

(02) 8523-3055

(Company Telephone Number)

12 **31**

Month **Day**

SEC FORM 17-C

(Form Type)

05 **28**

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowing

Total No. of Stockholders

Domestic

Foreign

SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

Date of Report	May 28, 2021
SEC Identification Number	24015
BIR Tax Identification Number	000-282-553
Name of Issuer as specified in its charter	Da Vinci Capital Holdings, Inc.
Address of principal office and postal code	No. 900 Romualdez St., Paco, Manila, 1007
Industry Classification Code	
Issuer's Telephone Number	(632) 8522-8801
Former Name	None
Securities registered pursuant to Section 8 and 12 of the SRC or Sections 4 and 8 of the RSA	Number of Common Shares – 1,124,999,969
Indicate the item numbers reported therein	Other Matters/Event

Other Matters:

Result of Annual Stockholders' Meeting of Da Vinci Capital Holdings, Inc. held on May 28, 2021:

Out of 1,124,999,969 common shares issued and outstanding of Da Vinci Capital Holdings, Inc., stockholders representing a total of ***1,019,554,444 or 91%*** of the issued and outstanding shares, and out of 1,019,554,444 common shares, 63,349,607 common shares held by the minority stockholders, attended the meeting, by person, proxy or in absentia, and voted to approve the following items:

a. Call to Order

b. Certification of Notice and Quorum

c. Review and Approval of the Minutes of the Previous Meeting held on November 20, 2020

d. Annual Report of Management and Approval of the Audited Financial Statements for 2020

e. Ratification of Acts of the Board of Directors and Management since the Last Annual Meeting of Stockholders

f. Approval of Amendment of the Company's Articles of Incorporation and By-Laws

    1. Amendment of Corporate Name to "The Keepers Holdings, Inc."
    2. Amendment of Primary and Secondary Purposes (see attached Annex "A")
    3. Amendment of Corporate term to Perpetual Existence
    4. Change in Par Value of Common shares to P0.10 per share and the reclassification of authorized preferred shares to common shares
    5. Increase of Authorized Capital Stock to P2 billion or 20 billion shares, and Delegation to the Company's Board of Directors of the authority to determine the manner of subscription and the subscriber/s of the increase in authorized capital stock.

g. Top-Up Plan for the Fractional Shares Resulting from the Proposed Increase in Authorized Capital stock

h. Ratification of Rescission of Subscription Contract between Da Vinci Capital Holdings, Inc. and Invescap Incorporated

i. Issuance and Listing of up to 11,250,000,000 Common Shares of Da Vinci Capital Holdings, Inc. pursuant to the Share Swap Transaction with Cosco Capital Inc.

j. Waiver of Requirement to Conduct a Rights Offering on the Issuance and Listing of up to 11,250,000,000 Da Vinci Common Shares to Cosco Capital, Inc. for the Share Swap Transaction

    Out of a total of 63,349,607 common shares held by the minority stockholders who attended the meeting, by proxy or in absentia, 63,349,207 or 99.99% of the attending minority voted to approve the waiver of requirement to conduct a Rights Offering on the issuance and listing of up to 11,250,000,000 Da Vinci Common Shares to Cosco Capital, Inc. pursuant to the Share Swap Transaction.

k. Issuance and Listing of up to 3,000,000,000 Da Vinci Common Shares pursuant to DAVIN's Follow-on Public Offering ("FOO") Program

l. Election of the following directors including independent directors:

    Mr. Lucio L. Co
    Mr. Jose Paulino L. Santamarina
    Ms. Camille Clarisse P. Co
    Ms. Janelle O. Uy
    Mr. Robin Derrick C. Chua
    Mr. Enrico S. Cruz as Independent Director
    Mr. Bienvenido E. Laguesma as Independent Director

    For the business profile of the elected directors, see attached Annex "B".

m. Re-Appointment of R.G. Manabat & Company as External Auditor and audit fee

n. Adjournment

All directors/nominees for re-election, key officers, representative/s from R.G. Manabat & Company, External Auditor, were present in the meeting.

For the tally of votes, see attached Annex "C".

ANNEX "A"

PRIMARY PURPOSE

To invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, including shares of stock, bonds, debentures, notes, evidences of indebtedness, and other securities or obligations of any corporation or corporations, association or associations, domestic or foreign, for whatever lawful purpose or purposes the same may have been organized and to pay therefore in money or by exchanging shares of stock of this corporation or any other corporation, while the owner or holder of any such real or personal property, stocks, bonds, debentures, contracts, or obligations, to receive, collect and dispose of the interest, dividends, and income arising from such property; and to possess and exercise in respect thereof all the rights, powers and privileges of ownership, including all voting powers of any stock so owned; to carry on and manage the general business of any company.

SECONDARY PURPOSES

(a) To engage in the management, supervision, or control of business enterprises of all kinds, the operations and transactions of any company or undertaking and to manage and administer lands, buildings, whether real or personal, and in general, to act as agent, attorney-in-fact, or in any representative capacity as may be permitted by law, except the management of funds, securities, portfolio and other similar assets of any firm or entity.

(b) To own, acquire, construct, maintain and operate plants, factories, and buildings that are necessary for the production and manufacturing of all kinds of goods, wares, and merchandise of all kinds and descriptions within the commerce of men.

(c) To hold, purchase, acquire, or be interested in the shares or capital stocks, bonds, or other evidence of debts issued or created by any other corporation, partnership or Company, domestic or foreign, governmental or otherwise, and as the owner and holder of any such shares of stock, to exercise all the rights and privileges of ownership, including the right to vote thereon and exercise all the rights to pertaining thereto.

(d) To act as joint or solidary obligor, mortgagor, guarantor, or surety for principal and accessory security obligations incurred or to be incurred by subsidiaries, affiliates, sister companies, and other corporations.

AND IN FURTHERANCE OF THE FOREGOING CORPORATE PURPOSES:

(1) To enter into, make, and perform contracts of every kind for any lawful purpose with any person, firm, corporation, national government, or any of its instrumentalities.

(2) To purchase, hold, convey, sell, lease, rent, mortgage, encumber and otherwise deal with real property, improved or unimproved, as the purposes for which the corporation is formed may permit.

(3) To borrow money or create indebtedness, bonded or otherwise; to secure the payment of any such obligations by a mortgage, pledge or agreement as to all or any part of properties, real and personal, of the corporation; to provide that any such obligations shall be convertible into or exchangeable for stocks of the corporation upon such terms permitted by law as the Board of directors shall determine.

(4) To apply for, register, produce, purchase, exchange, lease, acquire, own, operate, or negotiate for, licenses or other rights in respect of, sale, transfer, grant or licenses, and rights in respect of, manufacture under, introduce, sell, assign, collect the royalties on, mortgage, pledge, create a lien upon, or otherwise dispose of, deal in, and turn to account, letters patent, patent rights, inventions, discoveries, machines, licenses, processes, data and formulate any kinds pursuant to the laws of the Philippines, or any country whatsoever, and with a view to the working and development of the same.

(5) To finance, enter into, or perform contracts and agreements in connection or furtherance of any of the foregoing.

(6) To promote any company or companies to acquire all or any part of the stockholdings, properties, and liabilities of said company, as may be permitted by law, or for any other purpose which may seem directly or indirectly calculated to benefit the Company under law.

(7) Without in any way limiting the powers of the Company, it shall have the power to make and perform contracts of any kind and description with any person, firm, or corporation; to have one or more offices within the Philippines and abroad; and to conduct its business and exercise its powers, authorities, and privileges granted by the laws of the Philippines to corporations organized under said laws and, in particular, unto corporations of similar nature and kind.

(8) Generally, to do all such acts, things and to transact all business as may be directly or indirectly incidental to or conducive to the attainment of the above objects or any of them, respectively.

ANNEX "B"

Business Profile of the Elected Members of the Board:

(1) Lucio L. Co, Filipino, 66 years old, Chairman of the Board of Directors

Mr. Co is the Chairman and President of the following companies: Bellagio Holdings, Inc., Canaria Holdings Corporation, Ellimac Prime Holdings, Inc., Invescap Incorporated, Puregold Duty Free, Inc., and Puregold Properties, Inc.

He is the Chairman of the Alcorn Petroleum and Minerals Corporation, Entenso Equities, Inc., NE Shopping Centers Corporation, P.G. Holdings, Inc., Pajusco Holdings Corporation, Puregold Duty Free (Subic), Inc., Puregold Finance, Inc., Puregold Realty Leasing & Management, Inc., San Jose City I Power Corp., Union Energy Corporation, and Union Equities, Inc.

He is one of the Directors of these companies: Catuiran Hydropower Corporation, Cleangreen Energy Corporation, Forbes Corporation, Grass Gold Renewable Energy (G2REC) Corporation, Karayan Hydropower Corporation, Kareila Management Corporation, LCCK & Sons Realty Corporation, Luis Co Chi Kiat Foundation, Inc., Meritus Prime Distributions, Inc., Montosco, Inc., League One Finance and Leasing Corporation, Pamana Water Corporation, Tower 6789 Corporation and VS Gripal Power Corporation.

Mr. Co is holding the following positions in other Philippine listed companies: Director of Philippine Bank of Communications, Chairman of Puregold Price Club, Inc. and Chairman of Da Vinci Capital Holdings, Inc.

He is a member of the Board of Trustees of Luis Co Chi Kiat Foundation, Inc.

Mr. Co has been an entrepreneur for the past 40 years.

(2) Jose Paulino L. Santamarina, Filipino, 57 years old, Director and President.

Jose Paulino Santamarina or JP, Filipino, is currently the President of Premier Wines and Spirits, Inc. - one of the leading companies in the imported wine and spirits industry - and a company he helped co-found in 1996.

Prior to Premier, JP was the Chief Financial Officer (1988 - 96) of CMG Marketing, Inc., a subsidiary of United Distillers Ltd., the precursor of what is now known as Diageo. CMG was a pioneer in the imported wine and spirits industry, established during the early stages of market liberalization in 1986.

Before CMG, he was an auditor of the professional firm SGV from 1984 to 1988, right after college.

He holds directorship and/or officer positions in the following companies: Booze On-line, Inc., Cleangreen Energy Corporation; Karayan Hydropower Corporation, Liquorph Distributors Corp., Pamana Consortium, Inc., Pamana Water Corporation, Premier Wine and Spirits, Inc. (Chairman and President), San Jose City I Power Corp., Southern Utility Management and Services Incorporation, Technowater Corporation, and VS Gripal Power Corporation.

JP graduated at Ateneo de Davao University, Bachelor Of Science in Accountancy. He is a Certified Public Accountant.

(3) Camille Clarisse P. Co, Filipino, 32 years old, Director.

Ms. Co is currently the Chairman and President of Meritus Prime Distributions, Inc. She is also a Director of Alerce Holdings, Corp., Blue Ocean Holdings, Corp., CHMI Hotels and Residences, Inc., Fertuna Holdings, Corp., Invesco Company, Inc., KMC Realty Corporation, League One, Inc., Montosco, Inc., Nation Realty Inc., P.G. Holdings, Inc., Patagonia Holdings, Corp., Pure Petroleum Corp., Premier Wine and Spirits, Inc. Puregold Properties, Inc., S&R Pizza, Inc., SPC Resources, Inc., Union Equities, Inc., VFC Land Resources, Inc.

Ms. Co is a graduate of De La Salle University with a degree of Bachelor of Arts in Psychology in 2009.

(4) Janelle O. Uy, Filipino, 32 years old, Director.

Ms. Uy is the Chairman and President of Montosco, Inc. Her previous experience includes working as a Key Account Manager in Unilever Philippines from 2009 to 2013.

She graduated from the De La Salle University with a degree in Applied Corporate Management in 2009.

(5) Robin Derrick C. Chua, Filipino, 31 years old, Director.

Mr. Chua is the Managing Director of Premier Wine and Spirits, Inc. from 2018 up to the present. He also worked in various consumer marketing and sales roles in Unilever Philippines and overseas from 2012 to 2018.

He is a graduate of Ateneo de Manila University with a degree of Bachelor in Management and a Minor in Entrepreneurship in 2012.

(6) Enrico S. Cruz, Filipino, 63 years old, Independent Director.

Mr. Cruz is currently an Independent Director of Security Bank Corporation, where he is also the Chairman of Risk Oversight Committee and Vice Chairman of the Audit Committee, Member Nominations and Renumeration Committee and Finance Committee. He is the incumbent Vice Chairman and a member of Engagement and Underwriting Committee of SB Capital Investment Corporation.

He is also an Independent Director of AREIT, Inc (Ayala Land REIT Company), where he chairs the Audit Committee, and is a member of the Related Party Transactions, Corporate Governance and Nominations, Compensation and Benefit and Risk Oversight Committees. Mr. Cruz is also an Independent Director of Maxicare Corporation and a member Audit and Related Party Transactions Committees.

He is part of the Board of Directors of CIBI Information Inc,

Mr. Cruz previous experience includes being the Chief Country Officer (CCO) of Deutsche Bank AG Manila Branch from 2003 until his retirement in 2019. Before he joined Deutsche Bank, he was a Senior Vice President at Citytrust Banking Corporation (CTBC), an affiliate of Citibank N.A.

He was a Director of the Bankers Association of the Philippines (BAP) from 2003 to 2007, and from 2011 to 2015. He was again elected to the Board of the BAP and was appointed 2nd

Vice President and Secretary from 2017 to 2020. Ås a BAP Director, he was likewise the Chairman of the Capital Markets Committee (2017-2019) and Open Market Committee (2019-2020).

Mr. Cruz was also a Director of Deutsche Knowledge Services RHQ, Deutsche Regis Partners, Philippine Dealing and Exchange Corporation, and Philippines Securities Settlement Corporation. He is also a past President of the Money Market Association.

He obtained his B.S. in Business Economics and MBA from the University of the Philippines. He was named by the UP College of Business as a Distinguished Alumnus in 2008 and also a Distinguished Alumnus Awardee by the UP School of Economics Alumni Association.

(7) Bienvenido E. Laguesma Filipino, Filipino, 70 years old, Independent Director.

Mr. Laguesma is a Senior Partner at Laguesma Magsalin Consulta Law Offices, Independent Director of Philippine Bank of Communications and Cosco Capital, Inc., both are listed companies. He is also a Director of Rural Bank of Angeles, Cavite United Rural Bank, Asia United Leasing & Finance Corp., and Asia United Fleet Management Services, Inc.

He served as Secretary of the Department of Labor and Employment from 1998 to 2001, Commissioner of Social Security System from 2011 to 2016. He also became Presidential Assistant of the Office of the President of the Republic of the Philippines from 1996 to 1998, Undersecretary of the Department of Labor and Employment from 1990 to 1996, Administrator in the National Conciliation and Mediation Board from 1987 to 1990, Regional Director of the Department of Labor and Employment from 1982 to 1986, Assistant Regional Director from 1981-1982, and Executive Labor Arbiter, National Labor Relations Commission from 1979 to 1981. Mr. Laguesma started his public service as Labor Arbiter of the National Labor Relations Commission in 1979 and Provincial Director of Bataan Provincial Labor Office 1978 to 1979, and Mediator-Arbiter of the Bureau of Labor Relations from 1976 to 1978.

Atty. Laguesma completed his Career Executive Development Course from the Development Academy of the Philippines from 1984 to 1985 and Public Administration Course from the Royal Institute of Public Administration in London, United Kingdom in 1985. Lyceum of the Philippines awarded Atty. Laguesma, with an Outstanding Alumnus award in 1971, Doctor of Humanities, Honoris Causa, by the Adamson University in 1999, and Doctor of Humanities, Honoris Causa, by the Central Colleges of the Philippines in 2016.

He is a member of the Integrated Bar of the Philippines since 1976, the Philippine Bar Association since 2004, and the Rotary Club of Manila since 2002.

Atty. Laguesma graduated from the Lyceum of the Philippines with a degree of Bachelor of Arts major in Political Science in 1971 and Ateneo de Manila University College of Laws with a degree of Bachelor of Laws in 1975.

ANNEX "C"

Tally of Votes per Agenda Item:
Total Number of Issued and Outstanding Shares: 1,124,999,969
Total Number of Shares Present and Voting Shares: 1,019,554,444 (91%)
Total Number of Minority Shares Present and Voting: 63,349,607

RESOLUTIONS	YES	NO	ABSTAIN
1. Approval of the Minutes of the Previous Meeting	1,019,554,044	0	400
2. Approval of the Annual Report and 2020 AFS	1,019,554,044	0	400
3. Ratification of Acts of the Board of Directors and Management since the Last Annual Meeting of Stockholders	1,019,554,044	0	400
4. Approval of the Amendment of the Company's Articles of Incorporation and By-Laws			
a. amendment of Corporate Name	1,019,554,044	0	400
b. Amendment of Primary and Secondary Purpose	1,019,554,044	0	400
c. Amendment of Corporate Term	1,019,554,044	0	400
d. Change in par value of Common Shares	1,019,554,044	0	400
e. Increase of authorized capital stock, and delegation to the Company's Board of Directors of the authority determine the manner of subscription and the subscriber/s of the increase in the authorized capital stock	1,019,554,444	0	0
5. Approval of the Top-Up Plan for the fractional shares resulting from the proposed increase in authorized capital stock	1,019,554,444	0	0
6. Ratification of Rescission of Subscription Contract between the Company and Invescap Incorporated	1,019,554,044	0	400
7. Issuance and Listing of up to 11,250,000,000 Common Shares to Cosco Capital Inc. pursuant to the Share Swap Transaction	1,019,554,044	0	400
8. Waiver of requirement to conduct rights offering on the issuance and listing of up to 11,250,000,000 Common Shares to Cosco Capital, Inc. Out of 1,019,554,444 common shares, 63,349,607 shares held by the minority stockholders attended the meeting. Out of 63,349,607 minority shares, 63,349,207 or 99.99% of the attending minority voted in favor of the waiver of requirement to conduct rights offering on the issuance and listing of up to 11,250,000,000 DAVIN common shares to Cosco Capital, Inc.	1,019,554,044	0	400
9. Issuance and Listing of up to 3,000,000,000 Common Shares Pursuant to the Company's Follow-on Public Offering	1,019,554,444	0	0
10. Election of Directors			
a. Lucio L. Co	1,019,554,444	0	0
b. Jose Paulino Santamarina	1,019,554,444	0	0
c. Camille Clarisse P. Co	1,019,554,444	0	0
d. Jannelle O. Uy	1,019,554,444	0	0

e. Robin Derrick C. Chua	1,019,554,444	0	0
f. Enrico S. Cruz	1,019,554,444	0	0
g. Bienvenido E. Laguesma	1,019,554,444	0	0
11. Appointment of R.G. Manabat & Company (KPMG) as External Auditor and Fixing its Remuneration to up to P150,000.00	1,019,554,444	0	0
12. Other matter	1,019,554,444	0	0

SIGNATURE

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.

DA VINCI CAPITAL HOLDINGS, INC.

CANDY H. DAGANAY - DATUON
Assistant Corporate Secretary & Compliance Officer

ANNEX "I"

CERTIFICATION

I, **CANDY H. DACANAY – DATUON**, Filipino, of legal age, am the Assistant Corporate Secretary and Compliance Officer of **THE KEEPERS HOLDINGS, INC.** hereby certify that ***none*** of the directors and officers of the Company works for the Philippine Government as of date hereof.

I am issuing this Certification as a requirement of the Securities and Exchange Commission for the issuance of the Definitive Information Statement of the Company.

SIGNED this 11th day of May 2022 in the City of Manila, Philippines.

CANDY H. DACANAY – DATUON
Assistant Corporate Secretary and Compliance Officer

SUBSCRIBED AND SWORN to before me this 10 MAY 2022 day of May 2022 in the City of Manila. Affiant exhibited her Integrated Bar of the Philippines Lifetime ID No. 09872.

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Book No. V
Series of 2022.

ROXANNE G. DOMINGO-MAUR
Notary Public for the City of Manila
Commission No. 2021-001 until Dec. 31, 2022
Roll No. 69155
IBP Lifetime Member No. 018547
PTR No. MLA 0163209 / 01-05-2022
MCLE Compliance No. VII-0011920/03-02-2'
No. 900 Romualdez St., Paco, Manila

Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following should be read in conjunction with the accompanying audited consolidated financial statements for the years ended December 31, 2021 and 2020 and the accompanying notes thereto.

Top Key Performance Indicators

The following are the financial soundness indicators used by the Group as at December 31, 2021 and 2020:

	December 31 2021	December 2020
Current Ratio (1)	**7.05:1**	3.97:1
Asset to Equity Ratio (2)	**1.18:1**	1.35:1
Debt to Equity Ratio (3)	**0.18:1**	0.35:1
Debt to Total Assets Ratio (4)	**0.15:1**	0.26:1
Book Value per Share (5)	**P0.83**	P0.56

	December 2021	December 2020
Earnings per Share (6)	**P0.13**	P0.10
Return on Assets (7)	**13.83%**	13.46%
Return on Equity (8)	**17.11%**	19.67%

(1) Current Assets over Current Liabilities

(2) Total Assets over Total Equity

(3) Total Liabilities over Total Equity

(4) Total Liabilities over Total Assets

(5) Total Equity over Total Common Shares Outstanding

(6) Net income after tax over Weighted Average Common Shares Outstanding

(7) Net income after tax over Average Total Assets

(8) Net income after tax over Average Total Equity

I. Financial Performance

The following table shows the consolidated statements of comprehensive income for the years ended December 31, 2021 and 2020:

(In thousands)	**2021**	**% to Sales**	2020	% to Sales	**% Change**
Net Sales	**P11,034,613**	**100.0%**	P8,167,404	100.0%	**35.1%**
Cost of Sales	**8,095,233**	**73.4%**	5,931,960	72.6%	**36.5%**
Gross Profit	**2,939,380**	**26.6%**	2,235,444	27.4%	**31.5%**
Operating Expenses	**947,204**	**8.6%**	609,489	7.5%	**55.4%**
Income from Operations	**1,992,176**	**18.0%**	1,625,955	19.9%	**22.5%**
Share in the net loss of an investee	**(14,516)**	**(0.1%)**	(24,833)	(0.3%)	**(41.5%)**
Other income (charges) – net	**17,106**	**0.2%**	(30,716)	(0.4%)	**(155.7%)**
Net Income before tax	**1,994,766**	**18.1%**	1,570,406	19.2%	**27.0%**
Provision for income tax	**410,383**	**3.7%**	391,650	4.8%	**4.8%**
Net Income after tax	**P1,584,383**	**14.4%**	P1,178,756	14.4%	**34.4%**

Net Sales

The Group posted a consolidated net sales of P11.03 billion in 2021 or a growth of 35.1% compared to the P8.17 billion in 2020. As in the case of almost every firm, 2020 sales were largely affected by the pandemic. The increase in sales in 2021 was due to the gradual opening of the economy that allows more movements in terms of marketing and promotional activities as compared to 2020.

Although the Inter-Agency Task Force against COVID-19 has placed Metro Manila and surrounding provinces under hard lockdowns in certain periods during the 1st Quarter and 3rd Quarter of 2021 due to the fresh surge of cases and the threat of the more transmissible Delta variant, the stronger rebound of sales in the 4th Quarter of 2021 significantly contributed to the Groups 2021 sales achievements. Fourth Quarter sales represents 40% of the total year's sales.

The Group posted a strong 31.9% growth in terms of sales volume in 2021 as compared to 2020 basically driven by the strong recovery of its brandy category which registered a 39.5% growth and comprise about 77.8% of the Group's sales volume. The Wines and Specialty Beverage categories likewise contributed satisfactory growth especially in the 4th quarter which is the gift-giving season. The Other Spirits category, which includes whiskeys and tequila, actually experienced a downtrend during the 1st 3 quarters of 2021 but managed to close the year at almost the same volume last year. This category is largely driven by the on-premise operations which have been the most affected market segment by the community and mobility restrictions.

Breakdown of the sales volume performance by category follows:

(In thousands)

Category	2021	% to Total	2020	% to Total	% Change
Brandy	**3,473**	**77.8%**	2,489	**73.5%**	**39.5%**
Other spirits	**533**	**11.9%**	533	**15.8%**	**0.0%**
Wines	**220**	**4.9%**	167	**4.9%**	**31.7%**
Specialty beverages	**240**	**5.4%**	197	**5.8%**	**21.8%**
Total Cases Sold	**4,466**	**100.0%**	3,386	100.0%	**31.9%**

Cost of Sales
The Group's cost of sales increased by 36.5% for the year ended December 31, 2021, this is relative to the increase in sales. Sales mix is a factor as well.

Gross Profit
The minimal decrease in the gross profit rate in 2021 is attributed to sales mix and the impact of conditional discounts and execution of customer-initiated promotional activities. There were no significant increase in product costs, taxes and other import charges during the year. The group ensures seamless customs releasing process permitting incoming goods to be delivered to the warehouse facilities at reasonable costs and avoiding unnecessary charges.

Operating Expenses
Operating expenses increased by 55.4% in 2021 mainly due to increased trade deals, promotional activities, distribution costs, depreciation of office improvements, and amortizations for new leased office and warehouse facilities. The increase also includes the professional fees, taxes and filing fees incurred in connection with the parent company's shares swap transaction implemented sometime in May 2021 and the related follow-on offering and listing of additional common shares of the parent company at the Philippine Stock Exchange in November 2021

Share in the Net Losses of an Investee
Share in the net operating losses from equity-accounted investments in an associate amounted to P14.52 million in 2021 or a decrease of 41.5% as compared to the share in the loss in 2020 amounting to P24.83 million. The decrease was mainly due to the marketing supports extended by the investee's brand owners during the second quarter of 2021. Investee's sales grew by 8% in 2021 as compared to 2020.

Other Income (Charges)- Net
Other income (net of other charges) amounted to P17.11 million in 2021, improved significantly when compared to the net other charges of P30.72 million in 2020. This is due to significant decrease in the interest expense particularly on bank loans and advances from related parties.

Net Income
The Group's net income for the year ended December 31, 2021 amounted to P1.58 billion or an increase of P405.63 million or 34.4% compared to the net income of P1.18 billion in 2020. This is due to significant increase in sales, cost-saving measures, the 2020 income tax savings amounting to

P32.69 million and the tax savings effect of lower income tax rate in the current period resulting from the implementation of the CREATE law.

II. Consolidated Financial Position

The Group's consolidated audited financial position as at December 31, 2021 are shown below together with the comparative figures based on the pro-forma consolidated audited financial position as of December 31, 2020:

(in thousands)	**December 31, 2021**	**% to Total Assets**	**December 31, 2020**	**% to Total Assets**	**% Change**
Cash and cash equivalents	**P7,700,929**	**54.4%**	P2,534,103	28.9%	203.9%
Trade and other receivables – net	**2,042,263**	**14.4%**	1,574,625	18.0%	29.7%
Inventories	**3,519,298**	**24.9%**	3,659,336	41.8%	(3.8%)
Prepaid expenses and other current assets	**555,423**	**3.9%**	639.010	7.3%	(13.1%)
Total Current Assets	**13,817,913**	**97.7%**	8,407,074	95.9%	64.4%
Right-of-use assets – net	**176,112**	**1.2%**	185,853	2.1%	(5.2%)
Property and equipment – net	**26,740**	**0.2%**	32,213	0.4%	(17.0%)
Deferred income tax assets - net	**4,107**	**0.0%**	4,762	0.1%	(13.8%)
Investment in an associate	**78,388**	**0.6%**	93,361	1.1%	(16.0%)
Other noncurrent assets	**46,074**	**0.3%**	40,497	0.5%	13.8%
Total Noncurrent Assets	**331,421**	**2.3%**	356,686	4.1%%	(7.1%)
Total Assets	**P14,149,334**	**100.0%**	P8,763,760	100.0%	61.5%
Trade and other payables	**P1,286,839**	**9.1%**	1,325,766	15.1%	(2.9%)
Due to related parties	**106,700**	**0.8%**	200,553	2.3%	(46.8%)
Loan payable	**-**	**-**	42,000	0.5%	(100.0%)
Dividends payable	**348,210**	**2.5%**	300,000	3.4%	16.1%
Income tax payable	**148,598**	**1.0%**	185,438	2.1%	(19.9%)
Lease liabilities – current	**54,118**	**0.4%**	52,553	0.6%	3.0%
Provisions	**11,975**	**0.1%**	11,975	0.1%	0.0%
Total Current Liabilities	**1,960,440**	**13.9%**	2,118,285	24.2%	(7.5%)
Lease liabilities - net of current portion	**128,740**	**0.9%**	149,407	1.7%	(13.8%)
Retirement benefits liability	**17,972**	**0.1%**	15,330	0.2%	17.2%
Total Noncurrent Liabilities	**146,712**	**1.0%**	164,737	1.9%	(10.9%)
Total Liabilities	**2,107,152**	**14.9%**	2,283,022	26.1%	(7.7%)
Capital stock	**1,450,875**	**10.3%**	1,150,875	13.1%	26.1%
Additional paid in capital	**25,447,900**	**179.8%**	21,421,033	244.4%	18.8%
Retained earnings (deficit)	**5,988,812**	**42.3%**	4,752,639	54.2%	26.0%
Equity adjustments from common control transactions	**(20,848,500)**	**-147.3%**	(20,848,500)	(237.9%)	0.0%
Accumulated remeasurements on retirement benefits	**3,552**	**0.0%**	4,691	0.1%	(24.3%)
Other reserves	**(457)**	**0.0%**	-	-	0.0%
Total Equity	**12,042,182**	**85.1%**	6,480,738	73.9%	85.8%
	P14,149,334	**100.0%**	P8,763,760	100.0%	61.5%

Working Capital
As at December 31, 2021 the Group's working capital increased to P11.86 billion from just P6.29 billion as at December 31, 2020. Current ratios are 7.05x and 3.97x as of December 31, 2021 and 2020, respectively.

Current Assets
Cash and cash equivalents amounted to P7.70 billion as of December 31, 2021 or 54.4% of total assets. The balance includes the net proceeds from the follow on offering amounting P4.35 billion. It mainly consists of short-term placements.

Trade and other receivables amounted to P2.04 billion as of December 31, 2021 or 14.4% of total assets. It mainly consists of trade receivables from various customers. The increase of 29.7% is due to the significant increase in sales in 4^{th} quarter. There is also a further improved credit and collection process and transitions to more negotiable credit terms. Average collection period improved to 59 days in 2021 compared to the 87 days in 2020

Inventories amounted to P3.52 billion or 24.9% of total assets. Sales efficiency lowered average age of inventory to 162 days in 2021 from 258 days in 2020.

Prepaid expenses and other current assets amounted to P555.42 million or 3.9% of the total assets. The amount decreased by 13.1% or P83.59 million compared to the balance of P639 million as of December 31, 2020 due to applications of advance payments to suppliers against shipments received during 4^{th} quarter of 2021.

Noncurrent Assets
As at December 31, 2021, total noncurrent assets amounted to P331.42 million or 2.3% of total assets.

Right-of-use assets (ROU) represents the values recognized from long-term lease contracts covering office and warehouse facilities. Net book value as of December 31, 2021 is at P176.11 million. The net decrease of 5.2% was due the net effect of new lease agreement covering the use of office spaces, renewal of lease contract on the use of warehouse and the amortizations recognized during the period.

Property and equipment-net book values amounted to P26.74 million, representing 0.2% of total assets. This account mainly consists of the leasehold improvements on offices and warehouses. The net decrease of 17.0% from the December 31, 2020 net book value of P32.21 million was mainly due to additional improvements and the depreciation during the period.

Investment in an associate amounted to P78.39 million or 0.6% of total assets. This represents the group's 30% equity interest in Pernod Ricard Philippines which was made in February 2019.

Other non-current assets amounted to P46.07 million or 0.3% of total assets. It mainly consists of excess tax credits carried over from previous years, input tax and the refundable deposits from the lease contracts.

Current Liabilities
As at December 31, 2021 total current liabilities amounted to P1.96 billion equivalent to 13.9% of total assets. It includes payable to trade suppliers amounting to P1.29 billion which were settled in January 2022.

Trade and other payables amounted to P1.29 billion or 9.1% of total assets. The decrease of 2.9% from the December 31, 2020 balance of P1.33 billion was due to the net effect of new purchases and payments to trade suppliers, both local and foreign.

Due to related parties, represents payable for management fees amounted to P100.7 million as of December 31, 2021.

Dividends payable as of December 31, 2021 amounted P348.21 million which pertains to the cash dividend declared in December 2021 at P0.24 per share or about 30% of the consolidated net income for the year ended December 31, 2020 in line with the company's dividend policy. Dividends payable as of December 31, 2020 amounting to P300 million were fully paid to COSCO in 2021.

Income tax payable amounted to P148.60 million as of December 31, 2021 is 19.9% lower than the income tax payable as of December 31, 2020 due to the income tax savings effect of lower corporate income tax rate under CREATE law.

Lease liabilities due within the year amounted to P54.12 million representing lease payable for the use of warehouses and offices.

Provisions amounting to P11.98 million was set up as provision for any probable liabilities that may arise as a result of conducting the group's business.

Noncurrent Liabilities

As at December 31, 2021, total non-current liabilities amounted to P146.71 million, equivalent to 1.0% of total assets.

Lease liabilities payable for the succeeding year until the end of the lease agreements on the use of warehouses and offices amounted to P128.74 million. Net decrease of 13.8% pertains to the new lease agreement on the use of office spaces, renewal of lease agreement on use of warehouse and the reclassification of current portion of the lease liabilities.

Retirement benefit liability which represents the present value of the defined benefits retirement obligations amounted to P17.97 million as of December 31, 2021.

Equity

As at December 31, 2021 total equity amounted to P12.04 billion or 85.1% of total assets.

Capital stock amounted to P1.45 billion as of December 31, 2021. The increase is due to the issuance of additional new common shares resulting from the offer and sale to the public of 3,000,000,000 primary common shares on November 19, 2021, each common share with a par value of ₱0.10 per share, in order to restore and comply with the minimum public ownership of at least 20% following the Share-Swap Transaction implemented with Cosco Capital sometime in May 2021.

Additional paid in capital amounted to P25.45 billion of which, P21.33 billion resulted from the recognition of the difference between the fair market values of the three liquor distribution companies based on an independent valuation and the par value of the 11.250 billion new shares issued by the Company in favor of Cosco Capital pursuant to the share swap transaction between the Company and Cosco. This amount is net of P46.8 million pertaining to shares issuance costs incurred during the follow-on offering transaction.

The balance also includes additional paid in capital from the follow-on offering of 3,000,000,000 primary shares amounting to P4.07 billion, net of the share issuance cost of P126.33 million.

Retained earnings amounted to P5.99 billion representing the aggregated retained earnings of the Company and the subsidiaries as of December 31, 2021.

Equity adjustments from common control transactions amounting to P20.85 billion represents the difference between the fair market values and the carrying values of the net assets of the three liquor distribution companies recognized in accordance with existing standards and guidance on consolidation of companies under common control.
Accumulated remeasurements on retirement benefits which pertains to accruals and adjustments made in compliance with the accounting standard covering employee benefits amounted to P3.55 million as of December 31, 2021.

III. Sources and Uses of Cash

The Group's primary sources of liquidity are basically its net operating cash inflows augmented by availment from banks loan facilities as and when required.

A brief summary of the consolidated cash flows during the comparative years are shown below:

	For the year ended December 31	
(In thousands)	**2021**	2020
Net cash from operating activities	**P1,366,499**	P3,592,551
Net cash used in investing activities	**(13,481)**	(34,091)
Net cash from (used in) financing activities	**3,813,808**	(1,466,427)
Net increase in cash and cash equivalents	**P5,166,826**	P2,092,033

Net cash from operating activities during the current year is basically attributable to net effect of increase in sales, further improvement of collection process, settlement of trade payable accounts, purchase of inventory requirements and other related current operating requirements. Net cash from the operating activities of the previous year were mainly due to collections and the lower spending in this period due to the effects of the community lockdowns caused by pandemic.

Net cash used in investing activities mainly pertains to the funds used for additional assets acquisition and leasehold improvements.

Net cash from financing activities in 2021 primarily came from the proceeds from follow on offering of primary shares of the Company on November 19, 2021 as well as settlements of advances from related parties, bank loan and cash dividends paid during the year.

IV. Material Events and Uncertainties

There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Group's liquidity increasing or decreasing in any material way.

There are no events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation;

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the year.

There are no material commitments for capital expenditures other than those performed in the ordinary course of trade of business in line with the Group's expansion program.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the revenues or income from continuing operations.

There are no significant elements of income not arising from continuing operations.

The Group experiences the fourth quarter of the year as the peak season relating to increased sales resulting from Christmas and New Year holidays.

FINANCIAL INFORMATION

Item 1. Financial Statements – (Please see Annex "A")

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following should be read in conjunction with the accompanying unaudited interim consolidated financial statements and notes thereto which form part of this Quarterly Report. These interim consolidated financial statements and notes thereto have been prepared in accordance with Philippine Financial Reporting Standards particularly PAS 34, Interim Financial Statements

Top Key Performance Indicators

The following are the financial soundness indicators used by the Group as at March 31, 2022 and December 2021 and for the three-month period ended March 31, 2022:

	March 31 2022	December 2021
Current Ratio (1)	**9.48:1**	**7.05:1**
Asset to Equity Ratio (2)	**1.13:1**	**1.18:1**
Debt to Equity Ratio (3)	**0.13:1**	**0.18:1**
Debt to Total Assets Ratio (4)	**0.11:1**	**0.15:1**
Book Value per Share (5)	**P0.85**	**P0.83**

	March 31 2022	March 31 2021
Earnings per Share (6)	**P0.02**	P0.02
Return on Assets (7)	**2.4%**	2.9%
Return on Equity (8)	**2.7%**	3.7%

(1) Current Assets over Current Liabilities
(2) Total Assets over Total Equity
(3) Total Liabilities over Total Equity
(4) Total Liabilities over Total Assets
(5) Total Equity over Total Common Shares Outstanding
(6) Net income after tax over Weighted Average Common Shares Outstanding
(7) Net income after tax over Average Total Assets
(8) Net income after tax over Average Total Equity

I. Financial Performance

The following table shows the consolidated statements of comprehensive income for the three-month period ended March 31, 2022 and 2021:

(In thousands)	**First Quarter 2022**	**% to Sales**	First Quarter 2021*	% to Sales	**% Change**
Net Sales	**P2,169,352**	**100.0%**	P1,759,196	100.0%	**23.3%**
Cost of Sales	**1,587,325**	**73.2%**	1,309,183	74.4%	**21.2%**
Gross Profit	**582,027**	**26.8%**	450,013	25.6%	**29.3%**
Operating Expenses	**159,385**	**7.3%**	160,720	9.1%	**(0.8%)**
Income from Operations	**422,642**	**19.5%**	289,293	16.4%	**46.1%**
Share in the net loss of an investee	**(14,387)**	**(0.7%)**	(7,829)	(0.4%)	**83.8%**
Other income (charges) – net	**14,204**	**0.7%**	1,687	0.1%	**742.0%**
Net Income before tax	**422,459**	**19.5%**	283,151	16.1%	**49.2%**
Provision for income tax	**89,955**	**4.1%**	35,523	2.0%	**153.2%**
Net Income after tax	**P332,504**	**15.3%**	P247,628	14.1%	**34.3%**

**Based on the reviewed Proforma Interim Consolidated Statements of Comprehensive Income for the Three-Month Period Ended March 31,2021*

Net Sales
The Group's consolidated net sales during the first quarter of 2022 amounting to P2.2 billion grew by 23.3% from ₱1.8 billion for the same period in 2021. The increase was driven primarily by the 17.2% growth in sales volume amidst the gradual reopening of the economy and easing of mobility restrictions following higher alert level in Metro Manila due to the surge of the Omicron variant from the first week of January to first week of February 2022 as well as the initial effects of price increase for the group's flagship brand Alfonso which comprise about 12% of the growth in sales value.

Breakdown of the sales volume performance by category follows:

(In thousands)

Category	**3M2022**	**% to Total**	3M2021	% to Total	**% Change**
Brandy	**593**	**71.4%**	480	**67.7%**	**23.5%**
Other spirits	**120**	**14.4%**	149	**21.0%**	**(19.5%)**
Wines	**48**	**5.8%**	34	**4.8%**	**41.2%**
Specialty beverages	**70**	**8.4%**	46	**6.5%**	**52.2%**
Total Cases Sold	**831**	**100.0%**	709	100.0%	**17.2%**

The brandy category, driven by the Alfonso Brandy, accounts for 71.4% share in the Group' sales in terms of volume for the first quarter of 2022 and it grew by 23.5% from the sales in the first quarter of 2021. Wines and Specialty Beverage categories shows remarkable growth of 41.2% and 52.2%, respectively. However, Other Spirits category sales is down by 19.5% since the On-Premise channel has not yet returned to its full operating capacity.

Cost of Sales
The Group's cost of sales increased by 21.2% for the period ended March 31, 2022 which is relative to the increase in sales and sales mix.

Gross Profit
Gross profit increased by 29.3% in the first quarter of 2022. The increase in the gross profit rate from 25.6% to 26.8% to is attributable to the net effect of the price increase and minimal increase in the excise tax, product costs and other import charges.

Operating Expenses
Operating expenses decreased minimally due to the nonrecurring costs for taxes and professional fees incurred in prior period in relation to the share swap and the Follow-on Offering transactions.

Share in the Net Losses of an Investee
Share in the net operating losses from equity-accounted investments in an associate amounted to P14.4 million in 2022.

Other Income (Charges)- Net
Other income, net of other charges amounted to P14.2 million in the first quarter of 2022, improved significantly when compared to the net other charges of P1.7 million in the first quarter of 2021. This is due to the increase in the interest income earned on short-term cash placements and the net foreign exchange gain realized during the period.

Net Income
The Group's net income for the first quarter of 2022 increased by 34.3%, at P332.5 million compared to the net income of P247.6 million in the same period of 2021. This is due to increase in sales, strategic management of operating expenses and increase in the interest income.

II. Consolidated Financial Position

The Group's consolidated financial position as at March 31, 2022 are shown below together with the comparative figures based on the pro-forma consolidated financial position as of December 31, 2021:

(in thousands)	**March 31, 2022**	**% to Total Assets**	**December 31, 2021**	**% to Total Assets**	**% Change**
Cash and cash equivalents	**P7,997,939**	**57.3%**	P7,700,929	54.4%	3.9%
Trade and other receivables – net	**1,167,331**	**8.4%**	2,042,263	14.4%	(42.8%)
Inventories	**3,804,215**	**27.3%**	3,519,298	24.9%	8.1%
Prepaid expenses and other current assets	**673,553**	**4.8%**	555,423	3.9%	21.3
Total Current Assets	**13,643,038**	**97.8%**	13,817,913	97.7%	(1.3%)
Right-of-use assets – net	**161,025**	**1.2%**	176,112	1.2%	(8.6%)
Property and equipment – net	**25,480**	**0.2%**	26,740	0.2%	(4.7%)
Deferred income tax assets – net	**4,175**	**0.0%**	4,107	0.0%	1.6%
Investment in an associate	**64,001**	**0.5%**	78,388	0.6%	(18.4%)
Other noncurrent assets	**47,766**	**0.3%**	46,074	0.3%	3.7%
Total Noncurrent Assets	**302,447**	**2.2%**	331,421	2.3%	(8.7%)
Total Assets	**P13,945,485**	**100.0%**	P14,149,334	100.0%	(1.4%)
Trade and other payables	**P1,033,741**	**7.4%**	P1,286,839	9.1%	(19.7%)
Due to related parties	**106,700**	**0.8%**	106,700	0.8%	(0.0%)
Loan payable	**-**	**-**	-	-	-
Dividends payable	**-**	**-**	328,210	2.4%	(100.0%)
Income tax payable	**231,844**	**1.7%**	148,598	1.1%	56.0%
Lease liabilities – current	**58,698**	**0.4%**	58,118	0.4%	1.0%
Provisions	**7,983**	**0.1%**	11,975	0.1%	(33.3%)
Total Current Liabilities	**1,438,966**	**10.4%**	1,960,440	13.9%	(26.6%)
Lease liabilities - net of current portion	**113,880**	**0.8%**	128,740	0.9%	(11.5%)
Retirement benefits liability	**17,993**	**0.1%**	17,972	0.1%	0.1%
Total Noncurrent Liabilities	**131,873**	**0.9%**	146,712	1.1%	(10.1%)
Total Liabilities	**1,570,839**	**11.3%**	2,107,152	14.9%	(25.5%)
Capital stock	**1,450,875**	**10.4%**	1,450,875	10.3%	0.0%
Additional paid in capital	**25,447,900**	**182.5%**	25,447,900	179.8%	0.0%
Retained earnings	**6,321,276**	**45.3%**	5,980,812	42.3%	5.6%
Equity adjustments from common control Transactions	**(20,848,500)**	**-149.5%**	(20,848,500)	-147.3%	0.0%
Accumulated remeasurements on retirement benefits	**3,552**	**0.0%**	3,552	0.0%	0.0%
Other reserves	**(457)**	**0.0%**	(457)	0.0%	0.0%
Total Equity	**12,374,646**	**88.7%**	12,042,182	85.1%	2.8%
	P13,945,485	**100.0%**	P14,149,334	100.0%	(1.4%)

Working Capital

As at March 31, 2022 the Group's working capital increased to P12.20 billion from P11.86 billion as at December 31, 2021. Current ratios stood at 9.48x and 7.05x as of March 31, 2022 and December 31, 2021, respectively.

Current Assets
Cash and cash equivalents amounted to about P8.00 billion as of March 31, 2022 or 57.4% of total assets. The balance includes the net proceeds from the follow on offering in November 2021 amounting P4.35 billion and mainly invested in short-term bank placements.

Trade and other receivables amounted to P1.17 billion as of March 31, 2022 or 8.4% of total assets. It mainly consists of trade receivables from various customers. The decrease of 29.7% is the result of further improved credit and collection process.

Inventories amounted to P3.80 billion or 27.3% of total assets as of March 31, 2022 or an increase of P284.92 million from the December 31, 2021 balance of P3.52 billion. Increase is due to the net effect of importations received and the cost of sales during the first quarter of 2022.

Prepaid expenses and other current assets amounted to P673.55 million or 4.8% of the total assets as of March 31, 2022. Increase of P118.13 million or 21.3% is the net effect of additional payments for advance excise taxes, advance payments on new orders to trade suppliers and applications of advances against shipments received during first quarter of 2022.

Noncurrent Assets
As at December 31, 2021, total noncurrent assets amounted to P302.45 million or 2.2% of total assets.

Right-of-use assets (ROU) represents the values recognized from long-term lease contracts covering office and warehouse facilities. As of March 31, 2022, net book value amounted to P161.03 million. The net decrease of 8.6% was due the net effect of new lease agreement covering the use of office spaces, renewal of lease contract on the use of warehouse and the amortizations recognized during the period.

Property and equipment-net book values amounted to P25.48 million as of March 31, 2022. This account mainly consists of the leasehold improvements on offices and warehouses. The net decrease of P1.26 million from the December 31, 2021 net book value of P26.74 million was due to purchase of office equipment and the depreciation during the period.

Investment in an associate amounted to P64.00 million as of March 31, 2022. This represents the group's 30% equity interest in Pernod Ricard Philippines which was made in February 2019 net of accumulated share in net losses of the investee company recognized to date

Other non-current assets amounted to P47.77 million as of March 31, 2022. It consists of excess tax credits carried over from previous years and the refundable deposits from the lease contracts.

Current Liabilities
As at March 31, 2022 total current liabilities amounted to P1.44 billion equivalent to 10.3% of total assets.

Trade and other payables amounted to P1.03 billion or 7.4% of total assets. The decrease of 19.7% from the December 31, 2021 balance of P1.29 billion was due to the net settlements to trade suppliers, both local and foreign.

Due to related parties, represents payable for management fees amounted to P100.7 million as of March 31, 2022 and December 31, 2021.

Dividends payable as of December 31, 2021 amounting to P348.21 million pertains to the cash dividend declared in December 2021 at P0.24 per share or about 30% of the consolidated net income for the year ended December 31, 2020 and subsequently paid on January 28, 2022.

Income tax payable amounted to P231.84 million as of March 31, 2022. Income tax payable as of December 31, 2021 amounting to P148.60 million were paid in April 2022.

Lease liabilities due within the year amounted to P58.70 million representing lease payable for the use of warehouses and offices.

Provisions amounting to P7.98 million as of March 31, 2022. The decrease of P4.0 million from December 31, 2021 of P11.98 balance resulted from management's updated assessment of the business risks previously covered by these provisions.

Noncurrent Liabilities
As at December 31, 2021, total non-current liabilities amounted to P131.87 million, equivalent to 0.9% of total assets.

Lease liabilities payable for the succeeding year until the end of the lease agreements on the use of warehouses and offices amounted to P113.88 million. Net decrease of 11.5% pertains to the reclassification of current portion of the lease liabilities.

Retirement benefit liability which represents the present value of the defined benefits retirement obligations amounted to P18.00 million as of December 31, 2021.

Equity
As at December 31, 2021 total equity amounted to P12.37 billion or 88.7% of total assets.

Capital stock amounted to P1.45 billion as of March 31, 2022 and December 31, 2021.

Additional paid in capital amounted to P25.45 billion of which, P21.33 billion resulted from the recognition of the difference between the fair market values of the three liquor distribution companies based on an independent valuation and the par value of the 11.250 billion new shares issued by the Company in favor of Cosco Capital pursuant to the share swap transaction between the Company and Cosco net of P46.8 million pertaining to shares issuance costs.

The balance also includes additional paid in capital from the follow on offering of 3,000,000,000 primary shares amounting to P4.07 billion, net of the share issuance cost of P126.33 million.

Retained earnings amounted to P6.32 billion representing the aggregated retained earnings of the Company and the subsidiaries as of March 31, 2021.

Equity adjustments from common control transactions amounting to P20.85 billion represents the difference between the fair market values and the carrying values of the net assets of the three liquor distribution companies recognized in accordance with existing standards and guidance on consolidation of companies under common control.

Accumulated remeasurements on retirement benefits which pertains to accruals and adjustments made in compliance with the accounting standard covering employee benefits amounted to P3.55 million as of March 31, 2021 and December 31, 2021.

III. Sources and Uses of Cash

The Group's primary sources of liquidity are basically its net operating cash inflows augmented by availment from bank loan facilities as and when required.

A brief summary of the consolidated cash flows during the comparative periods are shown below:

	For the periods ended March 31	
(In thousands)	**2022**	2021
Net cash from (used in) operating activities	**P665,204**	(P499,666)
Net cash used in investing activities	**(3,880)**	(1,043)
Net cash from (used in) financing activities	**(364,441)**	40,824
Net increase (decrease) in cash and cash equivalents	**P296,883**	(P459,885)

Net cash from operating activities during the current period is basically attributable to net effect of increase in sales, further improvement of collection process, settlement of trade payable accounts, purchase of inventory requirements and other related current operating requirements. Net cash from the operating activities on prior period was mainly due to the payment of advances excise tax.

Net cash used in investing activities mainly pertains to the funds used for additional assets acquisitions.

Net cash used in financing activities in the current period is primarily due to payment of dividends and lease liabilities.

IV. Material Events and Uncertainties

There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Group's liquidity increasing or decreasing in any material way.

There are no events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation;

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the year.

There are no material commitments for capital expenditures other than those performed in the ordinary course of trade of business in line with the Group's expansion program.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the revenues or income from continuing operations.

There are no significant elements of income not arising from continuing operations.

The Group experiences the fourth quarter of the year as the peak season relating to increased sales resulting from Christmas and New Year holidays.