

COVER SHEET

0000024015

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

09178612459

(Company Telephone Number)

1231

MonthDay

SEC FORM 17-C

(Form Type)

0530

MonthDay

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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## 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	July 24, 2023
SEC Identification Number	24015
BIR Tax Identification Number	000-282-553
Name of Issuer as specified in its charter	<b>The Keepers Holdings, Inc.</b>
Address of principal office and postal code	No. 900 Romualdez St., Paco, Manila, 1007
Industry Classification Code	
Issuer's Telephone Number	0917-8612459
Former Name	<i>Da Vinci Capital Holdings, Inc.</i>
Securities registered pursuant to Section 8 and 12 of the SRC or Sections 4 and 8 of the RSA	Number of Common Shares – 14,508,750,313
Indicate the item numbers reported therein	Other Matters/Event

SEC 17 C Report: The Keepers Holdings, Inc. Results of Board Meeting  
July 24, 2023

The Board of Directors of The Keepers Holdings, Inc. approved in its meeting today, July 24, 2023, its Consolidated Q2 Financial Report for 2023. In relation thereof, please see the attached Company's Management Report and Press Release.

**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.

**THE KEEPERS HOLDINGS, INC.**

  
**ATTY. CANDY B. DACANAY-DATUON**  
Assistant Corporate Secretary and Compliance Officer



## FINANCIAL HIGHLIGHTS PRESENTED TO THE BOD July 24, 2023

### Top Key Performance Indicators

The following are the financial soundness indicators used by the Group as at June 30, 2023 and December 2022 and for the six-month period ended June 30, 2023 and 2022:

	<b>June 30 2023</b>	December 2022
Current Ratio <sup>(1)</sup>	<b>5.02:1</b>	<b>2.34:1</b>
Asset to Equity Ratio <sup>(2)</sup>	<b>1.16:1</b>	<b>1.46:1</b>
Debt to Equity Ratio <sup>(3)</sup>	<b>0.16:1</b>	<b>0.46:1</b>
Debt to Total Assets Ratio <sup>(4)</sup>	<b>0.14:1</b>	<b>0.31:1</b>
Book Value per Share <sup>(5)</sup>	<b>P1.01</b>	<b>P0.93</b>

  

	<b>June 30 2023</b>	March 31 2022
Earnings per Share <sup>(6)</sup>	<b>P0.08</b>	<b>P0.02</b>
Return on Assets <sup>(7)</sup>	<b>6.32%</b>	<b>2.4%</b>
Return on Equity <sup>(8)</sup>	<b>8.23%</b>	<b>2.7%</b>

- (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

## **Financial Performance**

The following table shows the unaudited consolidated statements of comprehensive income for the six-month period ended June 30, 2023 and 2022:

<i>(In thousands)</i>	June 30, 2023	% to Sales	June 30, 2022	% to Sales	% Change
<b>Net Sales</b>	<b>P6,500,329</b>	<b>100.0%</b>	<b>P5,475,569</b>	<b>100.0%</b>	<b>19%</b>
Cost of Sales	4,695,699	72%	3,967,028	72%	18%
<b>Gross Profit</b>	<b>1,804,630</b>	<b>28%</b>	<b>1,508,541</b>	<b>28%</b>	<b>20%</b>
Operating Expenses	457,169	7%	358,917	7%	27%
<b>Income from Operations</b>	<b>1,347,461</b>	<b>21%</b>	<b>1,149,624</b>	<b>21%</b>	<b>17%</b>
Other income – net	76,930	1%	59,599	1%	29%
<b>Net Income before tax</b>	<b>1,424,391</b>	<b>22%</b>	<b>1,209,223</b>	<b>22%</b>	<b>18%</b>
Provision for income tax	266,652	4%	228,478	4%	17%
<b>Net Income after tax</b>	<b>P1,157,739</b>	<b>18%</b>	<b>P980,745</b>	<b>18%</b>	<b>18%</b>

### **Net Sales**

The Group's consolidated net sales during the first two quarters of 2023 amounting to P6.5 billion grew by 19% from ₱5.5 billion for the same period in 2022. The increase in value was driven by the group's 10% growth in sales volume and the corresponding price increases implemented during the two quarters which ranges from 4% to 10%. The sales mix in the other spirits category is also a factor in the increase in revenue as higher priced SKU's were sold during the period.

### **Gross Profit**

The Group's cost of sales increased by 18% for the six-month period ended June 30, 2023 which is relative to the increase in sales and is basically varies due to sales mix. Gross profit increased by 20% in the first two quarters of 2023. The price increase rolled out and the effect of sales mix are factors for the consistent GP rate.

### **Operating Expenses**

Operating expenses in the first two quarters of 2023 increased significantly by 27%. Variable expenses such as distribution cost and advertising and promotional expenses increased by 18% and is parallel to the increase in net sales. Other operating expenses such taxes, transportation and travel, professional fees and insurance covering inventory also posted increase during the period.

### **Other Income- Net**

Other income (net of other charges) increased by 29%. This includes interest income earned on short-term cash placements and the net foreign exchange losses during the period. It also includes the share in the results of operations of the investees, Pernod Ricard Philippines and Bodegas Williams & Humbert SA.

### **Net Income**

The Group's net income for the first half of 2023 increased by 18%, at P1.1 billion compared to the net income of P980.7 million in the same period of 2022.

## **Financial Position**

The Group's unaudited consolidated financial position as at June 30, 2023 are shown below together with the comparative figures of audited consolidated financial position as of December 31, 2022:

<i>(in thousands)</i>	June 30, 2023	% to Total Assets	December 31, 2022	% to Total Assets	% Change
Cash and cash equivalents	P1,646,52	10%	P4,784,441	24.4%	(66%)
Trade and other receivables – net	1,524,653	9%	2,227,178	11.3%	(32%)
Inventories	7,668,365	45%	6,100,767	31.0%	26%
Prepaid expenses and other current assets	708,557	4%	1,071,480	5.5%	(34%)
<b>Total Current Assets</b>	<b>11,548,095</b>	<b>68%</b>	<b>14,183,866</b>	<b>72.2%</b>	<b>(19%)</b>
Right-of-use assets – net	97,052	1%	118,625	0.6%	(18%)
Property and equipment – net	30,032	0%	28,788	0.1%	4%
Deferred income tax assets – net	6,999	0%	6,123	0.0%	15%
Investments in associate and joint venture	5,285,478	31%	5,246,928	26.7%	(1%)
Other noncurrent assets	48,548	0%	49,505	0.3%	(16%)
<b>Total Noncurrent Assets</b>	<b>5,468,109</b>	<b>32%</b>	<b>5,449,969</b>	<b>27.8%</b>	<b>(0%)</b>
<b>Total Assets</b>	<b>P17,016,204</b>	<b>100%</b>	<b>P19,633,835</b>	<b>100.0%</b>	<b>(13%)</b>
Trade and other payables	P1,962,040	12%	P4,020,687	21%	(51%)
Due to related parties	106,700	1%	846,700	4%	(87%)
Loan payable	-	0%	130,000	1%	(100%)
Dividends payable	-	0%	783,473	4%	(100%)
Income tax payable	173,330	1%	208,240	1%	17.0%
Lease liabilities – current	56,362	0%	63,654	0%	(12%)
<b>Total Current Liabilities</b>	<b>2,298,432</b>	<b>14%</b>	<b>6,052,754</b>	<b>31%</b>	<b>(37%)</b>
Lease liabilities - net of current portion	52,267	0%	67,519	0.3%	(23%)
Retirement benefits liability	21,152	0%	20,452	0.1%	(3%)
<b>Total Noncurrent Liabilities</b>	<b>73,419</b>	<b>0%</b>	<b>87,971</b>	<b>0.4%</b>	<b>(17%)</b>
<b>Total Liabilities</b>	<b>2,371,851</b>	<b>14%</b>	<b>6,140,725</b>	<b>31.3%</b>	<b>(36.7%)</b>
Capital stock	1,450,875	9%	1,450,875	8%	0%
Additional paid in capital	25,447,900	150%	25,447,900	130%	0%
Retained earnings	8,598,091	51%	7,440,353	38%	16%
Equity adjustments from common control					
Transactions	(20,848,500)	(124%)	(20,848,500)	-106.2%	0.0%
Accumulated remeasurements on					
retirement benefits	3,071	0.0%	3,071	0.0%	0.0%
Cumulative translation adjustment	(4,812)	0.0%	1,683	0.0%	(386%)
Other reserves	(2,272)	0.0%	(2,272)	0.0%	0.0%
<b>Total Equity</b>	<b>14,644,353</b>	<b>86%</b>	<b>13,493,110</b>	<b>68.7%</b>	<b>8.5%</b>
	<b>P17,016,204</b>	<b>100%</b>	<b>P19,633,835</b>	<b>100.0%</b>	<b>(13%)</b>

## **Working Capital**

As at June 30, 2023 the Group's working capital increased to P9.2 billion from P8.1 billion as at December 31, 2022. Current ratios stood at 5.02x and 2.34x as of June 30, 2023 and December 31, 2022, respectively.

### **Current Assets**

**Cash and cash equivalents** amounted to about P1.6 billion as of June 30, 2023 or 10% of total assets. The net decrease of 66% from the P4.8 billion balance at the close of December 31, 2022 pertains primarily to the sales collections, payments to trade supplier, payment of dividends and full settlement of the investment in Bodegas.

**Trade and other receivables** significantly decreased by 32%, from the December 31, 2022 balance of P2.2 billion to P1.5 billion as of June 30, 2023, due to continues improvements in credit and collection process and accounts receivable management.

**Inventories** amounted to P7.5 billion or 445% of total assets as of June 30, 2023. It increased by 26% from the December 31, 2022 balance of P6.1 billion due to the net effect of importations received and the cost of sales during the first two quarters of 2023. Inventories in-transit amounted to P1.3 billion and P1.9 billion on June 30, 2023 and December 31, 2022, respectively.

**Prepaid expenses and other current assets** amounted to P708 million as of June 30, 2023. The decrease of 34% from the P1.1 billion balance as of December 31, 2022 is the net effect of additional payments for new orders to trade suppliers and applications of advances against shipments received during first half of 2023.

### **Noncurrent Assets**

As at June 30, 2023, total noncurrent assets amounted to P5.5 billion or 32% of total assets.

**Right-of-use assets (ROU)** represents the values recognized from long-term lease contracts covering office and warehouse facilities. As of June 30, 2023, net book value amounted to P97 million. The net decrease 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 P30 million as of June 30, 2023. This account mainly consists of the leasehold improvements on offices and warehouses. The net increase from the December 31, 2022 net book value of P28.8 million was due to purchase of office equipment and transportation and delivery equipment, and the depreciation during the period.

**Investment in an associate and joint venture** amounted to P5.5 billion as of June 30, 2023. This includes the group's 30% equity interest in Pernod Ricard Philippines which was made in February 2019, net of accumulated share in net income. Investment in joint venture pertains to The Keepers Holdings, Inc. acquisition of 50% equity interest in Bodegas Williams & Humbert SA. Movement from the December 31, 2022 balance pertains to the recognized share in the results of operations of said investees.

**Other non-current assets** amounted to P48.5 million as of June 30, 2023. It consists of excess tax credits carried over from previous years and the refundable deposits from the lease contracts.

### **Current Liabilities**

As at June 30, 2023 total current liabilities amounted to P2.3 billion equivalent to 14% of total assets.

**Trade and other payables** amounted to P2.0 billion or 12% of total assets. The decrease of 54% from the December 31, 2022 balance of P4.0 billion was due to the settlements to trade suppliers, both local and foreign.

**Due to related parties** amounted to P106.7 million as of June 30, 2023. The decrease pertains to amount payable relative to the equity investment in Bodegas Williams & Humbert SA which was settled in April 2023.

**Dividends payable** as of December 31, 2022 amounting to P783.4 million pertains to the cash dividend declared in December 2022 at P0.54 per share or about 50% of the consolidated net income for the year ended December 31, 2021 in line with the company's existing dividend policy and subsequently paid on January 20, 2023.



**Income tax payable** amounted to P173 million as of June 30, 2023. Total amount paid for income tax amounted to P302.4 million which includes Income tax payable as of December 31, 2022 amounting to P208.2 million and the tax due for the 1<sup>st</sup> Quarter or 2023.

## **ON CASH FLOW**

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:

	<b>For the six-month period ended June 30</b>	
<i>(In thousands)</i>	<b>2023</b>	<b>2022</b>
Net cash from (used in) operating activities	<b>(P1,444,413)</b>	P25,306
Net cash used in investing activities	<b>(1,496)</b>	(11,439)
Net cash used in financing activities	<b>(1,686,982)</b>	(380,764)
Effect of exchange rate changes	<b>(5,030)</b>	1
Net decrease in cash and cash equivalents	<b>(P3,137,921)</b>	(P366,896)

Net cash used in operating activities during the current period is basically attributable to net effect of increase in sales, continuous improvement of collection process, and settlement of trade payable accounts, purchase of inventory requirements and other related current operating requirements.

Net cash used in investing activities mainly pertains to the funds used for minimal assets acquisitions used in the administrative activities. It includes initial asset acquisitions for our Cebu operations.

Net cash used in financing activities in the current period is primarily due to payment of dividends, bank loans and full payment for the investments in Bodegas.

*-end-*



### **Keepers net income grew 18% to PHP 1.16 billion in 1H 2023**

Manila, Philippines – Lucio Co-led The Keepers Holdings Inc. (Keepers), the largest imported liquor distribution in the Philippines, delivered another solid performance in the first half of 2023 with net income of Php 1.16 billion growing 18% versus the previous year due to the strong sales volume performance from imported brandy, wines and specialty beverages.

Keepers has recorded consolidated revenue amounting to Php 6.5 billion, a 19% growth versus previous year on the back of a 10% growth in volume of cases sold for the period. This was driven principally by Alfonso, the leading imported brandy in the market, which has already surpassed its pre pandemic levels, premiumizing market and on-premise channel rebound.

For the year 2022, Keepers has declared annual cash dividends amounting to Php 0.054 per common share which represents a 125% increase versus 2021, equivalent to 50% dividend payout of Keepers 2021 net income.

For over twenty years, The Keepers Holdings Group has brought and served Filipino consumers the leading international brands of spirits, wines and specialty beverages into the Philippines. These iconic global brands include Johnnie Walker, Chivas Regal, Glenfiddich, Suntory, Jinro, Jose Cuervo, Jim Beam, Penfolds, Red Bull and many others.