

COVER SHEET

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SEC Registration Number

THE KEEPERS HOLDINGS, INC.
FORMERLY DAVINCI 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)

1 2 3 1

Month

Day

SEC FORM 17-C

(Form Type)

0 5 3 0

Month

Day

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowing

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 | May 10, 2023 |
| SEC Identification Number | 24015 |
| BIR Tax Identification Number | 000-282-553 |
| Name of Issuer as specified in its charter | The Keepers Holdings, Inc. |
| 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 |

Other Event:

We are amending the Company's disclosure dated May 9, 2023 to include the attached Financial Highlights and Press Release for the 1st Quarter Financial Performance of the Company.

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 May 9, 2023

Top Key Performance Indicators

The following are the financial soundness indicators used by the Group as at March 31, 2023 and December 2022 and for the three-month period ended March 31, 2023 and 2022:

| | March 31 2023 | December 2022 |
|---|--------------------------|------------------|
| Current Ratio ⁽¹⁾ | 3.26:1 | 2.34:1 |
| Asset to Equity Ratio ⁽²⁾ | 1.28:1 | 1.46:1 |
| Debt to Equity Ratio ⁽³⁾ | 0.28:1 | 0.46:1 |
| Debt to Total Assets Ratio ⁽⁴⁾ | 0.22:1 | 0.31:1 |
| Book Value per Share ⁽⁵⁾ | P0.96 | P0.93 |

| | March 31 2023 | March 31 2022 |
|-----------------------------------|--------------------------|------------------|
| Earnings per Share ⁽⁶⁾ | P0.03 | P0.02 |
| Return on Assets ⁽⁷⁾ | 2.3% | 2.4% |
| Return on Equity ⁽⁸⁾ | 3.1% | 2.7% |

- (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

Financial Performance

The following table shows the unaudited consolidated statements of comprehensive income for the three-month period ended March 31, 2023 and 2022:

| <i>(In thousands)</i> | March 31 2023 | % to Sales | March 31 2022 | % to Sales | % Change |
|-------------------------------|--------------------------|-----------------------|-------------------|---------------|--------------|
| Net Sales | P2,897,377 | 100.0% | P2,169,352 | 100.0% | 33.6% |
| Cost of Sales | 2,112,754 | 73.0% | 1,587,325 | 73.2% | 33.1% |
| Gross Profit | 784,623 | 27.0% | 582,027 | 26.8% | 34.8% |
| Operating Expenses | 233,210 | 8.0% | 159,385 | 7.3% | 46.3% |
| Income from Operations | 551,413 | 19.0% | 422,642 | 19.5% | 30.5% |
| Other charges – net | (16,953) | (0.6%) | (183) | (0.0%) | 9177% |
| Net Income before tax | 534,460 | 18.4% | 422,459 | 19.5% | 26.5% |
| Provision for income tax | 113,875 | 3.9% | 89,955 | 4.2% | 26.6% |
| Net Income after tax | P420,585 | 14.5% | P332,504 | 15.3% | 26.5% |

Net Sales

The Group's consolidated net sales during the first quarter of 2023 amounting to P2.9 billion grew by 33.6% from ₱2.2 billion for the same period in 2022. The increase was driven primarily by the group's 30% growth in sales volume. Growth is across all categories. The roll out of price increases which ranges from 4% to 7% on the major brands including Alfonso portfolio in January 2023 contributed to the growth in sale value.

Gross Profit

The Group's cost of sales increased by 33.1% for the period ended March 31, 2023 which is relative to the increase in sales and is basically varies due to sales mix. Gross profit increased by 34.8% in the first quarter of 2023. The price increase rolled out and the effect of sales mix even out increases in costs.

Operating Expenses

Operating expenses in the first quarter of 2023 increased significantly by 46.3% primarily to due to increase in variable expenses such as distribution cost which increased by 36%. The increase in distribution cost was due to the growing sales volume and value and the increase service fees. Other operating expenses such advertising and promotions, local government taxes and insurance also posted increase during the period.

Other Charges- Net

Other charges include interest income earned on short-term cash placements and the net foreign exchange gain realized 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 quarter of 2023 increased by 26.5%, at P420.5 million compared to the net income of P332.5 million in the same period of 2022 due to significant increase in sales and managed costs and operations.

Financial Position

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

| <i>(in thousands)</i> | December 31, 2022 | % to Total Assets | December 31, 2022 | % to Total Assets | % Change |
|---|----------------------|----------------------|----------------------|-------------------------|----------------|
| Cash and cash equivalents | P3,426,244 | 19.3% | P4,784,441 | 24.4% | (28.4%) |
| Trade and other receivables – net | 938,413 | 5.3% | 2,227,178 | 11.3% | (57.9%) |
| Inventories | 7,255,723 | 40.8% | 6,100,767 | 31.0% | 18.9% |
| Prepaid expenses and other current assets | 781,436 | 4.4% | 1,071,480 | 5.5% | (27.1%) |
| Total Current Assets | 12,401,816 | 69.8% | 14,183,866 | 72.2% | (12.6%) |
| Right-of-use assets – net | 112,457 | 0.6% | 118,625 | 0.6% | (5.2%) |
| Property and equipment – net | 32,919 | 0.2% | 28,788 | 0.1% | 14.3% |
| Deferred income tax assets – net | 5,652 | 0.0% | 6,123 | 0.0% | (7.1%) |
| Investments in associate and joint venture | 5,197,283 | 29.2% | 5,246,928 | 26.7% | (0.9%) |
| Other noncurrent assets | 48,113 | 0.2% | 49,505 | 0.3% | (2.8%) |
| Total Noncurrent Assets | 5,396,424 | 30.2% | 5,449,969 | 27.8% | (1.0%) |
| Total Assets | P17,798,240 | 100% | P19,633,835 | 100.0% | (9.3%) |
| Trade and other payables | P2,618,788 | 14.7% | P4,020,687 | 20.5% | (34.9%) |
| Due to related parties | 814,731 | 4.6% | 846,700 | 4.3% | (3.8%) |
| Loan payable | - | 0.0% | 130,000 | 0.7% | (100%) |
| Dividends payable | - | 0.0% | 783,473 | 4.0% | (100%) |
| Income tax payable | 306,074 | 1.7% | 208,240 | 1.1% | 47.0% |
| Lease liabilities – current | 62,862 | 0.4% | 63,654 | 0.3% | (1.2%) |
| Total Current Liabilities | 3,802,455 | 21.4% | 6,052,754 | 30.8% | (37.2%) |
| Lease liabilities - net of current portion | 61,786 | 0.3% | 67,519 | 0.3% | (8.5%) |
| Retirement benefits liability | 20,428 | 0.1% | 20,452 | 0.1% | (0.1%) |
| Total Noncurrent Liabilities | 82,214 | 0.4% | 87,971 | 0.4% | (6.5%) |
| Total Liabilities | 3,884,669 | 21.8% | 6,140,725 | 31.3% | (36.7%) |
| Capital stock | 1,450,875 | 8.2% | 1,450,875 | 7.4% | 0.0% |
| Additional paid in capital | 25,447,900 | 143.0% | 25,447,900 | 129.6% | 0.0% |
| Retained earnings | 7,860,938 | 44.1% | 7,440,353 | 37.9% | 5.7% |
| Equity adjustments from common control | | | | | |
| Transactions | (20,848,500) | (117.1%) | (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 | 1,559 | 0.0% | 1,683 | 0.0% | (7.3%) |
| Other reserves | (2,272) | 0.0% | (2,272) | 0.0% | 0.0% |
| Total Equity | 13,913,571 | 78.2% | 13,493,110 | 68.7% | 3.1% |
| | P17,798,240 | 100% | P19,633,835 | 100.0% | (9.3%) |

Working Capital

As at March 31, 2023 the Group's working capital increased to P8.6 billion from P8.1 billion as at December 31, 2022. Current ratios stood at 3.26x and 2.34x as of March 31, 2023 and December 31, 2022, respectively.

Current Assets

Cash and cash equivalents amounted to about P3.4 billion as of March 31, 2023 or 19.3% of total assets. The net decrease of 28.4% from the P4.8 billion balance at the close of December 31, 2022 pertains primarily to the sales collections, payments to trade suppliers and payment of dividends.

Trade and other receivables significantly decreased by 57.9%, from the December 31, 2022 balance of P2.2 billion to P983 million as of March 31, 2023, due to continues improvements in credit and collection process and accounts receivable management as well.

Inventories amounted to P7.2 billion or 40.8% of total assets as of March 31, 2023. It increased by 18.9% 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 quarter of 2023. Inventories in-transit amounted to P536.7 million and P1.9 billion on March 31, 2023 and December 31, 2022, respectively.

Prepaid expenses and other current assets amounted to P781.4 million as of March 31, 2023. The decrease of 27.1% 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 quarter of 2023.

Noncurrent Assets

As at March 31, 2023, total noncurrent assets amounted to P5.4 billion or 30.2% 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, 2023, net book value amounted to P112.4 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 P32.9 million as of March 31, 2023. This account mainly consists of the leasehold improvements on offices and warehouses. The net increase of P4.1 million 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 P5.2 billion as of March 31, 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 P48.1 million as of March 31, 2023. 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, 2023 total current liabilities amounted to P3.8 billion equivalent to 21.4% of total assets.

Trade and other payables amounted to P2.6 billion or 14.7% of total assets. The decrease of 34.9% 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 amounting to P814.7 million includes the amount payable to related parties 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 P306.0 million as of March 31, 2023. Income tax payable as of December 31, 2022 amounting to P208.2 million were paid in April 2023.

Lease liabilities due within the year amounted to P62.9 million representing lease payable for the use of warehouses and offices.

Noncurrent Liabilities

As at March 31, 2023, total non-current liabilities amounted to P82.2 million and consists of the following:

Lease liabilities payable for the succeeding year until the end of the lease agreements on the use of warehouses and offices amounted to P61.8 million.

Retirement benefit liability which represents the present value of the defined benefits retirement obligations amounted to P20.4 million.

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:

| | For the three-month period ended March 31 | |
|--|--|-------------|
| <i>(In thousands)</i> | 2023 | 2022 |
| Net cash from (used in) operating activities | (P391,535) | P665,204 |
| Net cash used in investing activities | (28,484) | (3,879) |
| Net cash used in financing activities | (940,893) | (364,469) |
| Effect of exchange rate changes | 2,715 | 35 |
| Net increase (decrease) in cash and cash equivalents | (P1,358,197) | P297,010 |

Net cash used in operating activities during the current period is basically attributable to net effect of increase in sales, further 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 additional assets acquisitions used in the operation.

Net cash used in financing activities in the current period is primarily due to payment of dividends, bank loans and lease liabilities.



Keepers net income grew 26.5% to PHP 420 million in 1Q 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 quarter of 2023 with net income of Php 420 million growing 26.5% versus the previous year due to the strong sales volume performance from all categories (imported brandy, wine, spirits and specialty beverages).

Keepers has recorded consolidated revenue amounting to Php 2.9 billion, a 33.6% growth versus previous year on the back of a 30% growth in volume of cases sold for the period. This was driven principally by the continued robust performance of Alfonso, the leading imported brandy in the market, which has already surpassed its pre pandemic levels, premiumizing market and on-premise channel rebound. Sales performance from our other spirits, wines as well as specialty beverages categories also registered remarkable strong rebound contributing to the overall revenue growth clearly indicating a recovering demand as the country transitions to normalization and zero pandemic restrictions.

Pursuant to its strategic plans in 2022, Keepers has also completed its acquisition of 50% equity interest in Bodegas Williams & Humbert SA, the producers of Alfonso, the Keepers' flagship brand and the number 1 imported brandy in the Philippines.

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.