



April 18, 2024

**Securities and Exchange Commission**

7907 Makati Avenue, Brgy. Bel-Air, Salcedo Village,  
Makati City, 1209

Attention: **Mr. Oliver O. Leonardo**

*Director, Markets and Securities and Regulation Department*

**Philippine Stocks Exchange**

6/F, PSE Tower, 5<sup>th</sup> Avenue corner 28<sup>th</sup> Street  
Bonifacio Global City, Taguig City

Attention: **Ms. Alexandra T. Wong**

*OIC, Disclosure Department*

Gentlemen:

For submission is the **Definitive Information Statement** (“PIS”) (SEC Form 20-IS) of The Keepers Holdings, Inc. (the “Company”) for its forthcoming Annual Stockholders’ Meeting scheduled on May 13, 2024, at 1:00 pm.

The Company’s reply to the comments of the Commission in its letter dated April 12, 2024, is summarized below:

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Certification that none of directors and officers works with the government	Annex “G”
2023 Consolidated Audited Financial Statements	Annex “F”
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Compliance with Section 49 of the Revised Corporation Code	19 to 21

Thank you.

Very truly yours,

**Atty. Candy H. Dacanay – Datuon**  
Assistant Corporate Secretary

# COVER SHEET

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SEC Registration Number

THE KEEPERS 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 20-IS

(Form Type)

0 5 1 3

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

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LCU

Document ID

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Cashier

STAMPS

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**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  
 **Definitive Information Statement**
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. **24015**  
SEC Identification Number
5. **000-282-553**  
BIR Tax Identification Code
6. **No. 900 Romualdez St., Paco, Manila** **1007**  
Address of principal office Postal Code
7. **0917 861 2459**  
Registrant's telephone number, including area code:
8. **May 13, 2024, Monday, 1:00 PM Via Online Meeting**  
Date, time, and place of the meeting of security holders
9. **April 19, 2024**  
Approximate date on which the Information Statement is first to be sent or given to security holders
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 the 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
<b>Common Share</b>	<b>14,508,750,313</b>
12. Are any or all of the 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.**



## NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Notice is hereby given that the Annual Stockholders' Meeting of **THE KEEPERS HOLDINGS, INC.** will be via Online Meeting on May 13, 2024, Monday, at 1:00 pm.

### 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 2023
4. Presentation of Annual Report and Approval of 2023 Audited Financial Statements
5. Election of Regular Directors and Independent Directors
6. Re-appointment of an External Auditor and Fixing its Remuneration
7. Other Matters
8. Adjournment


Only stockholders of record, as of April 22, 2024, are entitled to notice of, and vote at, this meeting.

Pursuant to the Company's bylaws and resolution of the Board of Directors dated April 4, 2024, the annual stockholders' meeting will be held online or virtual. Stockholders may participate in the meeting by remote communication, voting *in absentia*, or by appointing the Chairman of the meeting as their proxy. The Information Statement will be accessible on the Company website, [www.thekeepers.com.ph](http://www.thekeepers.com.ph), starting April 19, 2024.

Stockholders attending by proxy should e-mail their duly accomplished proxies to [corporate.secretary@thekeepers.com.ph](mailto:corporate.secretary@thekeepers.com.ph) or send original hard copies of proxies to the Office of the Assistant Corporate Secretary, The Keepers Holdings, Inc., No. 900 Romualdez St., Paco, Manila 1007 on or before May 6, 2024. Stockholders attending by remote communication should notify the Company on or before May 7, 2024. The Information Statement will provide the requirements and procedures for participating in the meeting.

The Company's Stock Transfer Agent will validate the votes on May 7, 2024, at 4:00 pm, at the Office of the Assistant Corporate Secretary, The Keepers Holdings, Inc., No. 900 Romualdez St., Paco, Manila 1007.

Manila, Philippines, April 8, 2024.

  
**CANDY H. DACANAY – DATUON**  
Assistant Corporate Secretary & Compliance Officer

## EXPLANATION OF AGENDA ITEMS

### **1. Call to Order.**

The Chairman of the meeting will welcome the stockholders and formally open the annual meeting at 1:00 pm.

### **2. Certification of Notice and Quorum.**

The Corporate Secretary will certify that the notice of the meeting to stockholders was posted on the Company website and the Philippine Stock Exchange Edge platform in accordance with Section 3, Article II of the Company's By-Laws. The Corporate Secretary will also certify that a quorum exists for the transaction of business.

### **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 said Minutes and the ratification of the acts and resolutions of the Board of Directors and Management since the last stockholders' meeting will be submitted to the stockholders for approval.

### **4. Presentation of Annual Report and Approval of the Audited Financial Statements.**

The Company will present its 2023 Annual Report and Audited Financial Statements to the stockholders. A resolution ratifying the 2023 Annual Report and Audited Financial Statements will also be presented to the stockholders for approval.

### **5. Election of Regular and Independent Directors.**

The Chairman of the meeting will announce the nominees for the election of directors and the Corporate Governance Committee's recommendation on their qualifications to perform the duties required of them, and they will be presented for the election of stockholders. The nominees for the election of directors are:

*For Regular Directors:*

1. Mr. Lucio L. Co
2. Mr. Jose Paulino L. Santamarina
3. Ms. Camille Clarisse P. Co - Lao
4. Ms. Jannelle O. Uy
5. Mr. Robin Derrick C. Chua

*For Independent Directors:*

1. Mr. Enrico S. Cruz
2. Mr. Edgardo G. Lacson

The nominees' business profiles will be provided in the Information Statement.

### **6. Re-election of External Auditor and fixing its remuneration.**

A resolution for the re-election of R.G. Manabat & Company (KPMG) in the ensuing year and its proposed remuneration of up to P1.2 million as External Auditor of the Company and its subsidiaries will be presented to the stockholders for approval.

### **7. Other Matters.**

The Chairman will open the floor to answer 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 13, 2024, Monday, 1:00 PM, via Online 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](http://www.thekeepers.com.ph), beginning on April 18, 2024<sup>1</sup>.

**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, any stockholder shall have the right to dissent and demand payment of the fair value of the shares in the following instances:

- a) In case of an amendment to the articles of incorporation that has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those 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 the corporate property and assets;
- c) In case of merger or consolidation; and
- d) In case of investment of corporate funds for any purpose other than the corporation's primary purpose.

However, no matters or actions to be taken at the meeting may give rise to a possible exercise by stockholders of their appraisal rights.

#### **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 which he intends to oppose.

### **B. CONTROL AND COMPENSATION INFORMATION**

#### **Item 4. Voting Securities and Principal Holders**

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<sup>1</sup> The Information Statement will be distributed to stockholders by posting the Notice of Meeting and the Information Statement on the Company website and the PSE Edge following Section 3, Article II of the Company's bylaws.

- (a) Number of outstanding shares as of March 31, 2024:  
14,508,750,313 common shares  
Number of votes entitled: one (1) vote per share
- (b) All stockholders on record as of April 22, 2024, 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 on the number of shares of stock standing in their own names in the stock books of the Company as of the 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 Company multiplied by the whole number of directors to be elected.

(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 31, 2024:

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	%
Common	Cosco Capital, Inc. <sup>2</sup> No. 900 Romualdez St., Paco, Manila	Stockholder/ Parent Company	Parent Company	Filipino	11,250,000,000	77.54%
Common	PCD Nominee Corporation	Stockholder/ Not related	Acting for various clients	Filipino	2,235,184,354	15.40%
Common	PCD Nominee Corporation	Stockholder/ Not related	Acting for various clients	Non-Filipino	767,213,528	5.2%

2. Security Ownership of Directors and Executive Officers of the Company as of March 31, 2024:

Title of Class	Name of Beneficial Owner	Position	Nature of beneficial ownership	Citizenship	Number of 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%

<sup>2</sup> 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	Edgardo G. Lacson	Independent Director	Direct	Filipino	1,000	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	520,000	0.00%
Common	Abigael D. Lintag	Internal Auditor Investor	Direct	Filipino	14,000 0	0.00% 00.00%
Common	John Marson T. Hao	Relations and Sustainability Officer	Direct	Filipino		

3. None of the officers or directors have any voting trust agreement for owning the Company's stocks.
4. There has been no change in control of the Company in the last fiscal period.
5. Foreign ownership level as of March 31, 2024:  
767,213,736, or 5.29% of the Company's outstanding capital stock.

#### **Item 5. Directors and Executive Officers**

(a) The Company held seven board meetings in 2023. The record of attendance of the Directors is as follows:

<b>Director</b>	<b>Attendance</b>	<b>Percentage</b>
Mr. Lucio L. Co	7/7	100%
Mr. Jose Paulino L. Santamarina	7/7	100%
Ms. Camille Clarisse P. Co	7/7	100%
Ms. Jannelle O. Uy	6/7	86%
Mr. Robin Derrick C. Chua	6/7	86%
Mr. Enrico S. Cruz	7/7	100%
Mr. Edgardo G. Lacson	4/4	100%

Mr. Lacson was elected as an Independent Director of the Company on May 30, 2023.

(b) The Company has three Board Committees:

1. Executive Committee:

Chairman: Mr. Lucio L. Co

Members: Mr. Jose Paulino L. Santamarina, Ms. Camille Clarisse P. Co,  
Ms. Jannelle O. Uy, and Mr. Robin Derrick C. Chua

2. Audit Committee

Chairman: Mr. Enrico S. Cruz

Members: Mr. Edgardo G. Lacson and Mr. Jose Paulino L. Santamarina



3. Corporate Governance Committee:

Chairman: Mr. Edgardo G. Lacson

Members: Mr. Enrico S. Cruz and Mr. Robin Derrick C. Chua

(c) The following are the nominees for the election of regular directors:

1. Mr. Lucio L. Co
2. Mr. Jose Paulino L. Santamarina
3. Ms. Camille Clarisse P. Co
4. Ms. Jannelle O. Uy
5. Mr. Robin Derrick C. Chua

The following are the nominees for the election of independent directors:

1. Mr. Enrico S. Cruz as Independent Director
2. Mr. Edgardo G. Lacson as Independent Director

Mr. Co nominated Mr. Cruz and Mr. Lacson as the Company's independent directors during the Corporate Governance Committee meeting held on March 21, 2024. On the Committee's favorable recommendation, the Board of Directors approved their nominations on April 4, 2024.

Presented below are the business profiles of the nominees for the election of directors:

**Lucio L. Co, Filipino, 69 years old**

Mr. Co has served as Chairman of the Company since 2013. Mr. Co is concurrently 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., Makabayan Holdings Incorporated, Union Energy Corporation, and Union Equities, Inc. He is a Director of these companies: Bacolod Real Estate Development Corporation, 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, Illido Management Corporation, KMC Realty Corporation, Negros Water Company, Patagonia Holdings Corp., PPCI Subic, Inc., S&R Pizza Harbor Point, Inc., S&R Pizza, Inc., 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. and Director of Puregold Price Club, Inc. and the Philippine Bank of Communications.

He has been an entrepreneur for the past 50 years.

**Mr. Jose Paulino L. Santamarina, Filipino, 60 years old**

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. 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 as an auditor for the professional firm SGV from 1984 to 1988. He concurrently holds directorship and 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. Mr. Santamarina graduated from Ateneo de Davao University with a Bachelor of Science in Accountancy degree in 1984. He is a Certified Public Accountant.

**Ms. Camille Clarisse P. Co - Lao, Filipino, 35 years old**

Ms. Co has been one of the Directors of the Company since 2020. Ms. Co also serves as chairman and president of Meritus Prime Distributions, Inc., one of the Company's subsidiaries. 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.

**Ms. Jannelle O. Uy, Filipino, 35 years old**

Ms. Uy has been a Director of the Company since 2020 and is the Chairman and President of Montosco, Inc., one of its subsidiaries. Her previous experience includes working as a Key Account Manager at Unilever Philippines from 2009 to 2013. She graduated from De La Salle University with a degree in Applied Corporate Management in 2009.

**Mr. Robin Derrick C. Chua, Filipino, 34 years old**

Mr. Chua has been one of the Directors of the Company since 2020. Mr. Chua has been the Managing Director of Premier Wine and Spirits, Inc., one of the subsidiaries of the Company, 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 graduated from Ateneo de Manila University with a degree of Bachelor in Management and a Minor in Entrepreneurship in 2012.

**Mr. Enrico S. Cruz, Filipino, 66 years old<sup>3</sup>**

Mr. Cruz has been an Independent Director of the Company since 2020. Mr. Cruz is concurrently 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, Remuneration Committee, and Finance Committee. He is the incumbent Vice Chairman and a member of the Engagement and Underwriting Committee

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<sup>3</sup> The Certification of Independent Director of Mr. Cruz is hereto attached as Annex "C".

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, 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., Maxilife Insurance Corporation, Inc., and Robinsons Retail Holdings, Inc. 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 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. As 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.

**Mr. Edgardo G. Lacson, Filipino, 80 years old<sup>4</sup>**

Mr. Lacson has been an Independent Director of the Company since 2023. He is concurrently the Chairman of Employers' Confederation of the Philippines, MIL Export Philippines, Inc. and Metrostores, Inc., President of MIS Maritime Corporation, Marine Industry Supply Corp., Safe Seas Shipping Agency Co., Inc., Director of Link Edge, Independent Director of Global Ferronickel Holdings, Inc. and Double Dragon Meridian Park – REIT, and a Member of the Board of Trustees of the University of Makati. He served as Independent Director of Puregold Price Club, Inc. from 2011 to 2022, Trustee of the Philippine Interisland Shipping Association from 1994 to 2022, and Director of The Philippine Stock Exchange from 2011 to 2017. He graduated from the Dela Salle College in 1965 with a Bachelor of Science degree, a major in Accounting, and an MBA candidate. Mr. Lacson is a Certified Public Accountant.

Presented below are the Executive Officers' Business Profiles:

**Ms. Baby Gerlie I. Sacro, Filipino, 45 years old**

Ms. Sacro has been the Company's Corporate Secretary since 2021. She graduated from Polytechnic University of the Philippines with a Bachelor of Science in Entrepreneurial Management.

**Ms. Imelda Lacap, Filipino, 45 years old**

Ms. Lacap has been the Company's Comptroller since 2021. She was an Audit Officer at Puregold Price Club, Inc., from 2001 to 2006. She graduated from Centro Escolar University—Malolos with a Bachelor of Science in Accountancy degree in 1998. She is a Certified Public Accountant.

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<sup>4</sup> The Certification of Independent Director of Mr. Lacson is hereto attached as Annex "D".

**Ms. Candy H. Dacanay-Datuon, Filipino, 45 years old**

Atty. Dacanay has been the Company's Assistant Corporate Secretary and Compliance Officer since 2013. Atty. Dacanay is a graduate of Colegio De San Juan de Letran, holding a Bachelor of Arts degree in Political Science, with honors as a 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 legal 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), Corporate Secretary of Kareila Management Corporation (S&R), and Corporate Secretary and Compliance Officer of League One Finance and Leasing Corporation. Atty. Dacanay completed the Harvard Business School Online Certificate Program, "Sustainable Business Strategy", in 2020.

**Ms. Editha D. Alcantara, Filipino, 52 years old**

Ms. Alcantara has been the Treasurer of the Company since 2013. Ms. Alcantara serves as Chairman of Blue Ocean Holdings, Inc. and Jurist Realty, Inc.; President of PSMT Philippines, Inc.; Vice-President and Treasurer of Invescap Incorporated; Treasurer of Blue Ocean Foods, Inc., KB Space Holdings, Inc., Maxents Investments, Inc. and Premier Freeport, Inc., Director of Cosco Price, Inc., Fertuna International Trading, Inc., Subic Freeport Zone Hamburgers Corporation and Corporate Secretary of P.G. Holdings, Inc. Ms. Alcantara graduated from the Polytechnic University of the Philippines with a degree in Bachelor of Economics and Politics in 1992.

**Significant Employees**

All employees of the Company are expected to make a significant contribution to the business's operation. The Company's business is not highly dependent on the services of certain key personnel.

**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 a cousin of Ms. Camille Clarisse P. Co.

**Involvement in Certain Legal Proceedings**

As of December 31, 2023, 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.

Since the last annual meeting of security holders, no director has resigned or declined to stand for re-election to the board of directors 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 its employees and key officers fixed monthly compensation and a per diem allowance for board directors. In December 2022, the Company increased the per diem allowances of its directors from P40,000 to P100,000 per board meeting and from P15,000 to P20,000 per committee meeting.

The total annual compensation of the President and the four most highly compensated officers amounted to P10,627,430 in 2021 and P12,942,730 in 2022. Please see the table below for details:

### (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	2022	P12,942,730	-	-
	2023	P11,778,400	P3,500,000.00	-
	Projected 2024	P12,956,240		
Aggregate compensation paid to all other officers and managers	2022	P11,962,492	-	-
	2023	P11,379,041	-	-
	Projected 2024	P12,516,946		

In 2023, the directors of the Company (including independent directors) received compensation and per diems for Board and committee meetings attended, as follows (estimated amount):

Lucio L. Co	P475,000.00
Jose Paulino L. Santamarina	P2,283,400.00
Robin Derrick C. Chua	P3,273,400.00
Camille Clarrise P. Co - Lao	P2,020,000.00
Jannelle O. Uy	P3,400,000.00
Enrico S. Cruz	P1,780,000.00
Edgardo G. Lacson	P460,000.00

### (B) Standard Arrangements

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

### **(C) Other Arrangements**

The Company has no other arrangements under which the directors are compensated, directly or indirectly, for any services provided as directors 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 that are consistent with the country's labor laws. The Company also has a retirement plan for its employees that is consistent with current labor laws.

### **(E) Warrants and Options**

None.

## **Item 7. Independent Public Accountants**

(a) The Company's external auditor in 2023:

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) The Board recommends the same principal accountant for 2024, upon the favorable recommendation of the Audit Committee.

(c) Mr. Sambrano or his representatives are expected to be present at the stockholders' 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 2022 and P1.2 million in 2023. Up to P1.2 million is being proposed to the stockholders as an independent accountant fee for the Company and its subsidiaries for 2024.

#### **Item 8. Compensation Plans**

No action is to be taken regarding any plan under 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 outstanding securities of the Company during the meeting.

#### **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 attached 2023 Management Discussion and Analysis of Operations (*Annex "E"*) and 2023 Consolidated Audited Financial Statements (*Annex "F"*).

#### **Item 12. Mergers, Consolidations, Acquisitions, and Similar Matter**

No action involving mergers, consolidations, acquisitions, or similar transactions of the Company is to be taken during the meeting.

#### **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 will be taken in the meeting concerning the restatement of any company asset, capital, or surplus.

### **D. OTHER MATTERS**

#### **Item 15. Action concerning Reports**

- (a) Minutes of the 2023 Annual Stockholders' Meeting, including the President's Report and the 2023 Consolidated Audited Financial Statements.
- (b) Annual Report including the 2023 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

No action is to be taken regarding the amendment of the charter, bylaws, or any other documents.

## Item 18. Other Proposed Action

- (a) Ratification of all the acts and resolutions of the board of directors and management from the date of the previous stockholders' meeting. The summary of material matters approved by the Board of Directors in 2023 is as follows:

Date of Board Meeting	Items Approved by the Board
April 17, 2023	(1) 2022 Consolidated Audited Financial Statements of the Company and its subsidiaries
May 2, 2023	(2) Details of 2022 Annual Stockholders' Meeting and List of Nominees for Election of Directors
May 9, 2023	Nomination of Mr. Edgardo G. Lacson as Independent Director.
May 30, 2023	First Quarter Consolidated Financial Report for 2023
	Result of Annual Stockholders Meeting:
	(1) Approval of the Minutes of the previous Stockholders Meeting and Ratification of Acts and Resolutions of the Board of Directors and Management in 2022
	(2) Approval of the 2022 Annual Report and Consolidated Audited Financial Report
	(3) Reappointment of RG Manabat & Company as External Auditor of the Company and its subsidiaries with up to P1.2 million fee
	(4) Election of Mr. Lucio L. Co, Mr. Jose Paulino L. Santamarina, Ms. Camille Clarisse P. Co, Ms. Janelle O. Uy, Mr. Robin Derrick C. Chua as Regular Directors
	(5) Election of Mr. Enrico S. Cruz and Mr. Edgardo G. Lacson as Independent Directors
	Result of Organizational Meeting:
	Approval of the appointment of the following officers for the year 2023-2024:
	Chairman: Mr. Lucio Co
	President: Mr. Jose Paulino Santamarina
	Treasurer: Ms. Maria Editha Alcantara
	Chief Finance Officer: Ms. Imelda Lacap
	Chief Risk Officer: Mr. Teodoro Polinga
	Corporate Secretary: Ms. Baby Gerlie Sacro
	Assistant Corporate Secretary
	& Compliance Officer: Ms. Candy Dacanay - Datuon
	Internal Auditor: Ms. Abigail Lintag
	Lead Independent Director: Mr. Enrico Cruz
	Investor Relations &
	Sustainability Officer: Mr. John Marson Hao
	Adviser to the Board: Mr. Roberto Juanchito Dispo



Executive Committee:

Chairman: Mr. Lucio Co

Members: Mr. Jose Paulino Santamarina, Ms. Camille Clarisse Co, Ms. Jannelle Uy, and Mr. Robin Derrick Chua

Audit Committee:

Chairman: Mr. Enrico Cruz (Independent Director)

Members: Mr. Edgardo Lacson (Independent Director) and Mr. Jose Paulino Santamarina (Executive Director)

Corporate Governance Committee:

Chairman: Mr. Edgardo Lacson (Independent Director)

Members: Mr. Enrico Cruz (Independent Director) and Mr. Robin Derrick Chua (Executive Director)

July 24, 2023

November 9, 2023

December 11, 2023

Second Quarter Consolidated Audited Financial Report for 2023

Third Quarter Consolidated Audited Financial Report for 2023

Regular Cash Dividend Declaration of P0.077 per share

(b) Election of regular and independent directors.

On the recommendation of the Corporate Governance Committee in a meeting held on March 21, 2024, the Board of Directors endorsed to the stockholders for election the following nominees for regular and independent directors:

*Regular Directors:*

Mr. Lucio L. Co

Mr. Jose Paulino L. Santamarina

Ms. Camille Clarisse P. Co

Ms. Jannelle O. Uy

Mr. Robin Derrick C. Chua

*Independent Directors:*

Mr. Enrico S. Cruz

Mr. Edgardo G. Lacson

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

R.G. Manabat & Company for The  
Keepers and Subsidiaries

2023  
Up to P1,200,000

2024  
Up to 1,200,000

The Board of Directors approved the foregoing audit scope and fee after it received a favorable recommendation from the Audit Committee.

**Item 19. Voting Procedures**

(a) All actions submitted to the stockholders' vote shall be approved by the affirmative vote of at least the majority of the shares present or represented in the meeting.

(b) The stockholders may cast their votes by sending proxies, *in absentia*, or by any means of remote communication. Please refer to **Annex "A"**- Guidelines for participating in the 2024 Annual Stockholders Meeting" and **Annex "B"** – Voting Form. The stockholders entitled to vote shall have the right to vote on the number of shares of stock standing in their names in the stock books of the corporation as of the record date.

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 several 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 corporation's books multiplied by the whole number of directors to be elected.

All votes of the stockholders must be submitted by email to [corporate.secretary@thekeepers.com.ph](mailto:corporate.secretary@thekeepers.com.ph) on or before May 6, 2024.

(c) The Company will engage the services of its Stock Transfer Agent, BDO Stock Transfer Agent, to count and validate the stockholders' votes.

## **PART II: OPERATIONAL AND FINANCIAL INFORMATION**

The Company is a holding company that wholly owns three major players— Montosco, Meritus, and Premier—in the Philippines' liquor, wine, and specialty beverage distribution businesses. The Company is the largest distributor of imported spirits in the Philippines, with a market share of 74.0% based on volume and 66.9% based on retail sales value in 2020, according to the 2021 IWSR Drinks Market Analysis Limited Report.

Montosco is a domestic corporation registered with the SEC on August 13, 2008, and was incorporated for the primary purpose of trading goods wholesale and retail. It is the lead company among the three (3) liquor companies subject to the Share Swap Transaction with Cosco Capital, having in its portfolio “Alfonso,” the number one imported brandy in the Philippines according to IWSR. “Alfonso” drives the liquor segment's revenue and bottom line. Montosco owns the brand and formulation of the ‘Alfonso’ brandy, which Bodegas produces under an agreement with Montosco based on Montosco's formulation, taste, appearance, and packaging. Completing Montosco's portfolio are brands from Diageo, one of the world's largest distillers, including “Johnnie Walker,” the number one imported blended scotch whisky in the Philippines, according to IWSR.

Meritus is a domestic corporation registered with the SEC on February 17, 2010, and was incorporated for the primary purpose of buying, selling, exporting, manufacturing, bottling, and distributing all kinds of wines, liquors, beers, and other alcoholic and non-alcoholic beverages, etc. Meritus prides itself on carrying the globally renowned bourbon whiskey brand, “Jim Beam,” also the number one imported US whiskey in the Philippines, according to IWSR. Its strong relationship with Beam Suntory – a “world leader” in the global premium spirits segment. It also represents the portfolio of W. Grants, where the globally renowned malt scotch whisky brand, “Glenfiddich”, is among its key brands. Rounding the list for Meritus are “Roku” and “Hendricks”- among the hottest craft gin brands in the market.

Premier is a domestic corporation registered with the SEC on June 19, 1996, and was incorporated to buy, sell, distribute, and market all kinds of goods, commodities, and merchandise at wholesale. Premier's portfolio has a good balance of spirits, wines, and specialty beverages. Its key distribution arrangements are with Treasury Wine Estates, one of the world's largest publicly listed wine companies, Proximo Spirits of the USA, Gruppo Campari of Italy, and Jinro of South Korea. Pernod Ricard, one of the largest publicly listed wine companies globally, Proximo Spirits of USA, Gruppo Campari of Italy, and Jinro of South Korea. Pernod Ricard, a “co-leader” in the global spirits segment, formed a joint venture partnership with Premier, establishing Pernod Ricard Philippines, Inc. as Pernod

brands' marketing and distribution arm in the Philippines. Amongst Premier's key brands are the globally renowned tequila brand, "Jose Cuervo", also the number one imported tequila in the Philippines according to IWSR; globally renowned spirit brand, "Jinro", also the number one imported soju in the Philippines according to IWSR; globally renowned wine brand, "Penfolds"; globally renowned energy drink brand, "RedBull", also popular energy drink in the Philippines; and globally renowned sparkling water brand, "Perrier", also famous sparkling water in the Philippines.

On September 14, 2022, the Company acquired 50% of the total equity of Bodegas Williams Humbert SA. It produces "Alfonso," the number one imported brandy in the Philippines, accounting for 60% of The Keepers' revenue. Bodegas Williams & Humbert is a Spanish company with over 140 years of history producing alcoholic beverages. The acquisition will secure the Company's supply line of its biggest brand and category, "Alfonso". It will also transform the Company's business model from trading to manufacturing/distribution.

Further, on December 6, 2022, the Company incorporated "Fertuna Distributions, Inc." with the SEC. This subsidiary will distribute the Company's products in selected areas.

#### (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 stated below:

Period	2021		2022		2023		2024	
	High	Low	High	Low	High	Low	High	Low
1 <sup>st</sup> Quarter	8.98	2.51	1.51	1.14	1.60	1.28	1.48	1.33
2 <sup>nd</sup> Quarter	3.27	2.50	1.30	1.08	1.65	1.46	-	-
3 <sup>rd</sup> Quarter	3.06	2.94	1.34	1.06	1.74	1.49	-	-
4 <sup>th</sup> Quarter	1.69	1.30	1.29	1.03	1.53	1.36	-	-

As of March 31, 2024, the Company's share is trading at P1.55 per share.

#### (B) Stockholders

As of March 31, 2024, the Company has:

Number of Stockholders on Record	478
Issued and Outstanding Shares	14,508,750,313
Listed Shares	14,508,750,313
Treasury Shares	0

As of March 31, 2024, the Company's top 20 stockholders are as follows:

Stockholder	Number of Shares	Percentage
1 Cosco Capital, Inc.	11,250,000,000	77.54%
2 PCD Nominee Corporation (Filipino)	2,235,184,354	15.40%
3 PCD Nominee Corporation (Non-Filipino)	767,213,528	5.28%
4 Invescap Incorporated	219,926,768	1.51%
5 Carousel Holdings, Inc.	15,122,000	0.10%

6	Beniya Antoinette Chua Catienza	4,094,110	0.02%
7	Emily Chua Catienza	3,890,243	0.02%
8	Yvonne Keh	3,781,750	0.02%
9	Yvonne Ong Chua Keh ITF Mitchell Jonathan Keh Stewart	3,538,250	0.02%
10	Yvonne Ong Chua Keh ITF Abigail Janet Keh Stewart	3,538,250	0.02%
11	TGN Realty Corp.	1,356,489	0.00%
12	Tersero, Inc.	323,964	0.00%
13	Silcor Management	121,289	0.00%
14	Peter Nepomuceno	98,762	0.00%
15	Reliance Commercial Enterprises, Inc.	78,077	0.00%
16	Dennis Granados Catienza	66,000	0.00%
17	Citisecurities, Inc.	53,990	0.00%
18	Rosario Chua Go	42,468	0.00%
19	Emerson Co Seteng	41,128	0.00%
20	Dionisio Chua	36,067	0.00%

### (C) Dividends and Dividend Policy

The Company's dividend policy is to declare 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 the absence of circumstances that 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.

Since the follow-on offering in 2021, the Company declared and paid the following dividends:

Declaration Date	Dividend Per Share	Dividend Payment Ratio	Payment Date
December 21, 2021	P0.024	30%	January 28, 2022
December 20, 2022	P0.054	50%	January 20, 2023
December 20, 2023	P0.077	50%	January 18, 2024

### (D) Recent Sale of Securities

None.

## Item 6. Management's Discussion & Analysis of Financial Position and Results of Operation

Please refer to the attached Management's Discussion & Analysis of Financial Position and Results of Operation (**Annex "E"**).

## Item 7. Financial Statements

Please refer to the attached 2023 Consolidated Audited Financial Statements of the Company (**Annex "F"**).

### PART III: CORPORATE GOVERNANCE

- (a) The Company ensures compliance with its Corporate Governance Manual. It has a Corporate Governance Committee, headed by an Independent Director, that oversees the general obedience to the Manual from the board level down to the managers and officers of the subsidiaries.

The Company will adopt a specific evaluation system that will establish or determine the level of compliance of the Board of Directors and top-level management with the Corporate Governance Manual.

- (b) On July 25, 2014 and May 26, 2017, the Company adopted a Revised Corporate Governance Manual, which incorporates the leading practices on good corporate governance. On September 22, 2020, the Company also adopted a Material Related Party Transaction Policy, which guides the Board and the management in its dealings with related parties. The Corporate Governance Committee ensures adherence with the Revised Corporate Governance Manual while the Audit Committee guarantees the Company's compliance with the Material Related Party Transaction Policy.

The Company annually submits a Corporate Governance Report (I-ACGR) to the Securities and Exchange Commission and the Philippine Stock Exchange and posts it on its website. The I-ACGR details how the board and management operate the Company with integrity, transparency, and accountability.

- (c) There were no deviations from the Revised Corporate Governance Manual.
- (d) The Company will continue to strengthen its compliance with the principles and leading practices of good corporate governance.

### PART IV:

#### Compliance with Section 49 of the Revised Corporation Code

Items	Status of Compliance
Description of the voting and voting tabulation procedures used in the previous meeting	Please refer to the Minutes of the previous stockholders' meeting dated May 30, 2023, which may be viewed/downloaded on the company website, <a href="http://www.thekeepers.com.ph">www.thekeepers.com.ph</a> , copy of which is hereto attached as Annex "H."
Description of the opportunity given to stockholders or members to ask questions and a record of the questions asked and answers given	Please refer to the Minutes of the previous stockholders meeting dated May 30, 2023, which may be viewed/downloaded on the company website, <a href="http://www.thekeepers.com.ph">www.thekeepers.com.ph</a> , copy of which is hereto attached as Annex "H."
The matters discussed and resolutions reached	Please refer to the Minutes of the previous stockholders meeting dated May 30, 2023, which may be viewed/downloaded on the company website, <a href="http://www.thekeepers.com.ph">www.thekeepers.com.ph</a> , copy of which is hereto attached as Annex "H."

A record of the voting results for each agenda item

Please refer to the Minutes of the previous stockholders meeting dated May 30, 2023, which may be viewed/downloaded on the company website, [www.thekeepers.com.ph](http://www.thekeepers.com.ph), copy of which is hereto attached as Annex "H."

List of directors, officers and stockholders who attended the meeting

Please refer to the Minutes of the previous stockholders meeting dated May 30, 2023, which may be viewed/downloaded on the company website, [www.thekeepers.com.ph](http://www.thekeepers.com.ph), copy of which is hereto attached as Annex "H."

Such other items that the Commission may require in the interest of good corporate governance and the protection of minority stockholders

Please refer to page 19 hereof.

List of material information on the current stockholders and their voting rights  
Detailed, descriptive, balanced and comprehensive assessment of the corporation's business, strategy, and other affairs

Please refer to pages 17 to 18 hereof.

Please refer to the 2023 Annual Report (SEC 17-A) of the Company, which may be viewed/downloaded on the company website, [www.thekeepers.com.ph](http://www.thekeepers.com.ph).

Financial report for the preceding year, which shall include financial statements duly signed and certified in accordance with this Code and the rules the Commission may prescribe, a statement on the adequacy of the corporation's internal controls or risk management systems, and a statement of all external audit and non-audit fees

Please refer to the 2023 Annual Report (SEC 17-A) of the Company, which may be viewed/downloaded on the company website, [www.thekeepers.com.ph](http://www.thekeepers.com.ph).

An explanation of the dividend policy and the fact of payment of dividends or the reasons for non-payment thereof

Please refer to page 18 hereof.

Director's qualifications and relevant experience, length of service in the corporation, trainings and continuing education attended, and their board representation in other corporations

Except for the years 2020 and 2021, the directors and officers of the Company attend an annual Corporate Governance training. The last Corporate Governance seminar they attended was on June 13, 2023.

A director attendance report, indicating the attendance of each director at each of the meetings of the board and its committees and in regular or special stockholder meeting

The Board of Directors held seven board meetings in 2023. All directors were present in those meetings.

The Audit Committee held four meetings in 2023. All members of the Committee attended those meetings.

The Corporate Governance Committee held one meeting in 2023. All members of the Committee attended those meetings.

Appraisal and performance reports for the board and the criteria and procedure for assessment

The company aims to improve its good Corporate Governance practices including adopting an evaluation system for individual directors and as a group.

A director compensation report prepared in accordance with this Code and the rules the Commission may prescribed

Director disclosures on self-dealings and related party transactions

The profiles of directors nominated or seeking election or re-election

Please refer to page 11 hereof.

Please refer to the attached 2023 Consolidated Audited Financial Statements (Annex "F").

Please refer to pages 7 to 9 hereof.

## SIGNATURE PAGE

After reasonable inquiry and to the best of our knowledge and belief, I hereby certify that the information set forth in this report is true, complete, and correct. This report was signed in Manila, Philippines, on April 18, 2024.

**THE KEEPERS HOLDINGS, INC.**

By:



**MS. CANDY H. DACANAY – DATUON**

Assistant Corporate Secretary & Compliance Officer



**GUIDELINES FOR PARTICIPATING IN THE 2024 ANNUAL STOCKHOLDERS' MEETING  
OF THE KEEPERS HOLDINGS, INC.  
VIA REMOTE COMMUNICATION AND VOTING *IN ABSENTIA***

The 2024 Annual Stockholders' Meeting ("**ASM**") of The Keepers Holdings, Inc. (the "**Company**") will be held on May 13, 2024, at 1 pm, via live Zoom meeting.

**Registration**

Stockholders must notify the Assistant Corporate Secretary of their intention to participate in the ASM via remote communication and vote in absentia by no later than May 7, 2024, by sending an email to [corporate.secretary@thekeepers.com.ph](mailto:corporate.secretary@thekeepers.com.ph) 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, a 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's 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, a 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 login 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](http://www.thekeepers.com.ph).
2. Look for the "Casting Votes in the 2024 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 [corporate.secretary@thekeepers.com.ph](mailto:corporate.secretary@thekeepers.com.ph)
6. After our verification, you will receive an email confirmation regarding your votes from the Company.

**Open Forum**

There will be an Open Forum during the meeting, where representatives of the Company may answer as many questions as time will allow. However, a stockholder may email their questions in advance to [corporate.secretary@thekeepers.com.ph](mailto:corporate.secretary@thekeepers.com.ph) on or before May 7, 2024. 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 [corporate.secretary@thekeepers.com.ph](mailto:corporate.secretary@thekeepers.com.ph).





**THE KEEPERS HOLDINGS, INC.**  
Annual Stockholders Meeting  
May 13, 2024, [www.thekeepers.com.ph](http://www.thekeepers.com.ph)

**Vote by Ballot** – casting votes following the instructions in the table below.

**Vote by Proxy** – appointing the Chairman of the meeting to represent and cast votes following the instructions in the table below.

	Agenda Item	FOR	AGAINST	ABSTAIN
1	Approval of the Minutes of the Previous Meeting and Ratification of Acts and Resolutions of the Board of Directors and Management in 2023			
2	Approval of 2023 Annual Report and Consolidated Audited Financial Statements			
3	Re-appointment of R.G. Manabat & Company as External Auditor of the Company and subsidiaries with up to P1.2 million remuneration			
<b>Election of Regular and Independent Directors</b>				
4	Mr. Lucio L. Co			
4.1	Mr. Jose Paulino L. Santamarina			
4.2	Ms. Camille Clarisse P. Co			
4.3	Ms. Jannelle O. Uy			
4.4	Mr. Robin Derrick C. Chua			
4.5	Mr. Enrico S. Cruz, <i>Independent Director</i>			
4.6	Mr. Edgardo G. Lacson, <i>Independent Director</i>			

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 for the approval of all the corporate matters listed above and for all the nominated directors named therein.

3. This form should be sent by e-mail to [corporate.secretary@thekeepers.com.ph](mailto:corporate.secretary@thekeepers.com.ph) on or before May 6, 2024. The Company's Stock Transfer Agent will validate the votes on May 7, 2024 3:00 pm, at the Office of the Assistant Corporate Secretary, Tabacalera Building, No. 900 Romualdez St., Paco, Manila, 1007.

**CERTIFICATION OF INDEPENDENT DIRECTOR**

I, **ENRICO S. CRUZ**, Filipino, of legal age and a resident of [REDACTED], after having been duly sworn to in accordance with the law, do hereby declare that:

1. I am a nominee as an 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:

<b>COMPANY/ORGANIZATION</b>	<b>POSITION/RELATIONSHIP</b>	<b>PERIOD OF SERVICE</b>
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 Investment Corporation	Vice-Chairman	May 2020 - Present
AREIT, Inc.	Independent Director	February 2020 - Present
Maxicare Corporation	Independent Director	August 2019 - Present
Maxilife Insurance Corporation	Independent Director	July 2022 – 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.

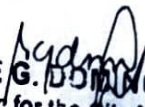
SIGNED this 4<sup>th</sup> day of April 2024, Manila City.

  
**ENRICO S. CRUZ**

Nominee for Independent Director  
The Keepers Holdings, Inc.

SUBSCRIBED AND SWORN to before me this APR 04 2024 in the City of Manila. Affiant exhibited to me competent proof of his identity, ~~XXXXXXXXXX~~

Doc. No. 374  
Page No. 76  
Book No. 11  
Series of 2024.

  
**ROXANNE G. DOMINGO-MAUR**  
Notary Public for the City Manila  
Commission No. 2023-113 until Dec. 31, 2024  
Roll No. 69155  
IBP Lifetime Member No. 018547  
PTR No. MLA 1519931 / 01-04-2024  
MCLE Compliance No. VII-0011920 / 03-02-22  
No. 900 Romualdez st., Paco, Manila

**CERTIFICATION OF INDEPENDENT DIRECTOR**

I, **EDGARDO G. LACSON**, Filipino, of legal age and a resident of [REDACTED], after having been duly sworn to in accordance with the law, do hereby declare that:

1. I am a nominee for Independent Director of **THE KEEPERS HOLDINGS, INC.** (the "Company") for 2024 to 2025 and I have been one of its independent directors since 2023.

2. I am presently affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP
MIS Maritime Corporation	President
Safe Seas Shipping Agency	Chairman
Metrostore Corporation	Chairman
Greenery Holdings Inc	Chairman
MIL Export Philippines, Inc.	Treasurer
Kareila Management Corporation	Independent Director
Global Ferronickel Holdings, Inc. (FNI)	Independent Director
Double Dragon Meridian Plaza REIT, Inc.	Independent Director
Securities Clearing Corporation of the Philippines	Independent Director
Manila House Private Club Inc.	Independent Director
Capital Market Integrity Corporation	Independent Director
The Keepers Holdings, Inc.	Independent Director
Link Edge	Independent Director

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company 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 Company.

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 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 Company's Corporate Secretary of any changes in the abovementioned information within five days of its occurrence.

SIGNED this 05 APR 2024 day of April 2024 at Manila City.

  
**EDGARDO G. LACSON**  
Nominee for Independent Director  
The Keepers Holdings, Inc.

SUBSCRIBED AND SWORN to before me this 05 APR 2024 day of April 2024 in Manila, Philippines, affiant personally appeared before me and exhibited to me competent proof of his identity.

Doc. No. 365  
Page No. 74  
Book No. 39  
Series of 2024.

  
**CHERRIE LYNNE MAY R. PUREZA**  
Notary Public for the City of Manila  
Commission No. 2023-030 until Dec. 31, 2024  
Roll No. 58325  
IBP Lifetime Member No. 09093  
PTR No. 15154601-02-2024/Mla.  
MCLE Compliance No. 511-00028802-11-22  
No. 900 Romualdez St., Cebu, 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, 2023 and 2022 and the accompanying notes thereto.

### Top Key Performance Indicators

The following are the financial soundness indicators used by the Group as at December 31, 2023 and 2022:

	<b>December 2023</b>	December 2022
Current Ratio <sup>(1)</sup>	<b>3.71:1</b>	2.37:1
Asset to Equity Ratio <sup>(2)</sup>	<b>1.24:1</b>	1.46:1
Debt to Equity Ratio <sup>(3)</sup>	<b>0.24:1</b>	0.46:1
Debt to Total Assets Ratio <sup>(4)</sup>	<b>0.20:1</b>	0.31:1
Book Value per Share <sup>(5)</sup>	<b>P1.05</b>	P0.93

	<b>December 31 2023</b>	December 31 2022
Earnings per Share <sup>(6)</sup>	<b>P0.20</b>	P0.15
Return on Assets <sup>(7)</sup>	<b>15.09%</b>	13.23%
Return on Equity <sup>(8)</sup>	<b>20.26%</b>	17.51%

- (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 audited consolidated statements of comprehensive income for the year ended December 31, 2023 and 2022:

<i>(In thousands)</i>	<b>2023</b>	<b>% to Sales</b>	2022	% to Sales	<b>% Change</b>
<b>Net Sales</b>	<b>P16,312,942</b>	<b>100.0%</b>	P13,957,192	100.0%	<b>16.9%</b>
Cost of Sales	<b>11,863,009</b>	<b>72.7%</b>	10,307,540	73.9%	<b>15.1%</b>
<b>Gross Profit</b>	<b>4,449,933</b>	<b>27.3%</b>	3,649,652	26.1%	<b>21.9%</b>
Operating Expenses	<b>1,130,554</b>	<b>6.9%</b>	901,240	6.5%	<b>25.4%</b>
<b>Income from Operations</b>	<b>3,319,379</b>	<b>20.3%</b>	2,748,412	19.7%	<b>20.8%</b>
Other income – net	<b>250,678</b>	<b>1.5%</b>	36,361	0.3%	<b>589%</b>
<b>Net Income before tax</b>	<b>3,570,057</b>	<b>21.9%</b>	2,784,773	20.0%	<b>28.2%</b>
Provision for income tax	<b>653,807</b>	<b>4.0%</b>	549,760	3.9%	<b>18.9%</b>
<b>Net Income after tax</b>	<b>P2,916,250</b>	<b>17.9%</b>	P2,235,013	16.0%	<b>30.5%</b>

**Net Sales**

The Group's consolidated net sales for the year ended December 31, 2023, amounting to P16.3 billion grew by 16.9% from the ₱13.9 billion consolidated net sales of 2022. The growth is attributable to the 9% increase in sales volume and price increases on various brands ranging from 4% to 10%. Brandy category still dominates the group's sales at 72% contribution in value and 78% in volume.

**Cost of Sales**

The Group's cost of sales increased by 15.1% for the year ended December 31, 2023, and is relative to the increase in sales of 16.9%. The effect of sales mix, rebates, and promotional supports extended by suppliers resulted to the increase in gross profit rates from 26.1% to 27.3%.

**Operating Expenses**

Operating expenses amounting to P1.1 billion for the year ended December 31, 2023, increased by 25.4% as compared to the operating expenses in 2022 which amounted to P901.2 million. Increase in the distribution, advertising and promo expense is aligned with the increase in sales. Other operating expenses increased due mainly to additional local taxes, increased employee headcounts, and other inventory handling related charges such as rentals and insurance.

**Other Income-Net**

Other income, net of other charges amounted to P250.7 million for the year ended December 31, 2023. It increased almost 6x as compared to the P36.4 million in 2022. This is mainly attributable to the increase in the share in net income of investees.

**Net Income**

The Group ended 2023 with a net income of P2.9 billion, 30.5% higher than the net income of P2.2 billion for the year ended December 31, 2022.

## II. Consolidated Financial Position

The Group's audited consolidated financial position as at December 31, 2023 and 2022 are shown below:

<i>(in thousands)</i>	December 31, 2023	% to Total Assets	December 31, 2022	% to Total Assets	% Change
Cash and cash equivalents	<b>P2,897,269</b>	<b>15.2%</b>	P4,784,441	24.4%	<b>(39.4%)</b>
Trade and other receivables – net	<b>2,461,436</b>	<b>12.9%</b>	2,227,178	11.3%	<b>10.5%</b>
Inventories	<b>7,658,757</b>	<b>40.3%</b>	6,276,811	32.0%	<b>22.0%</b>
Prepaid expenses and other current assets	<b>616,872</b>	<b>3.3%</b>	1,071,480	5.5%	<b>(42.4%)</b>
<b>Total Current Assets</b>	<b>13,634,334</b>	<b>71.7%</b>	14,359,910	73.2%	<b>(5.1%)</b>
Right-of-use assets – net	<b>65,787</b>	<b>0.3%</b>	118,625	0.6%	<b>(44.5%)</b>
Property and equipment – net	<b>28,961</b>	<b>0.2%</b>	28,788	0.1%	<b>0.6%</b>
Deferred income tax assets – net	<b>5,241</b>	<b>0.0%</b>	6,123	0.0%	<b>(14.4%)</b>
Investments in associate and joint venture	<b>5,214,533</b>	<b>27.5%</b>	5,070,884	25.8%	<b>2.8%</b>
Other noncurrent assets	<b>65,561</b>	<b>0.3%</b>	49,505	0.3%	<b>32.4%</b>
<b>Total Noncurrent Assets</b>	<b>5,380,083</b>	<b>28.3%</b>	5,273,925	26.8%	<b>(2.0%)</b>
<b>Total Assets</b>	<b>P19,014,417</b>	<b>100.0%</b>	P19,633,835	100.0%	<b>(3.2%)</b>
Trade and other payables	<b>P2,196,725</b>	<b>11.6%</b>	P4,020,687	20.5%	<b>(45.4%)</b>
Due to related parties	-	-	846,700	4.3%	<b>(100.0%)</b>
Loan payable	-	-	130,000	0.7%	<b>(100.0%)</b>
Dividends payable	<b>1,117,174</b>	<b>5.9%</b>	783,473	4.0%	<b>42.6%</b>
Income tax payable	<b>309,342</b>	<b>1.6%</b>	208,240	1.1%	<b>48.6%</b>
Lease liabilities – current	<b>55,635</b>	<b>0.3%</b>	63,654	0.3%	<b>(12.6%)</b>
<b>Total Current Liabilities</b>	<b>3,678,876</b>	<b>19.4%</b>	6,052,754	30.8%	<b>(39.2%)</b>
Lease liabilities - net of current portion	<b>19,646</b>	<b>0.1%</b>	67,519	0.3%	<b>(70.9%)</b>
Retirement benefits liability	<b>25,247</b>	<b>0.1%</b>	20,452	0.1%	<b>23.4%</b>
<b>Total Noncurrent Liabilities</b>	<b>44,893</b>	<b>0.2%</b>	87,971	0.4%	<b>(49.0%)</b>
<b>Total Liabilities</b>	<b>3,723,769</b>	<b>19.6%</b>	6,140,725	31.3%	<b>(39.4%)</b>
Capital stock	<b>1,450,875</b>	<b>7.6%</b>	1,450,875	7.4%	<b>0.0%</b>
Additional paid in capital	<b>25,447,900</b>	<b>133.8%</b>	25,447,900	129.6%	<b>0.0%</b>
Retained earnings	<b>9,239,428</b>	<b>48.6%</b>	7,440,353	37.9%	<b>24.2%</b>
Equity adjustments from common control Transactions	<b>(20,848,500)</b>	<b>(109.6%)</b>	(20,848,500)	(106.2%)	<b>0.0%</b>
Accumulated remeasurements on retirement benefits	<b>428</b>	<b>0.0%</b>	3,071	0.0%	<b>(86.1%)</b>
Cumulative translation adjustment	<b>2,323</b>	<b>0.0%</b>	1,683	0.0%	<b>38.0%</b>
Other reserves	<b>(1,806)</b>	<b>0.0%</b>	(2,272)	0.0%	<b>(20.5%)</b>
<b>Total Equity</b>	<b>15,290,648</b>	<b>80.4%</b>	13,493,110	68.7%	<b>13.3%</b>
	<b>P19,014,417</b>	<b>100.0%</b>	P19,633,835	100.0%	<b>(3.2%)</b>

### **Working Capital**

As at December 31, 2023 the Group's working capital amounted to P9.9 billion, higher than the P8.3 billion as at December 31, 2022. Current ratios are at 3x and 2x as of December 31, 2023 and 2022, respectively.

### **Current Assets**

As at December 31, 2023, total current assets amounted to P13.6 billion or 71.7% of total assets.

**Cash and cash equivalents** amounted to about P2.9 billion as of December 31, 2023 or 15.2% of total assets. The balance decreased by 39.4% due mainly to payments to suppliers, settlement of short-term bank loan, full payment of investment, and pay-out of dividends.

**Trade and other receivables** amounted to P2.5 billion as of December 31, 2023 or 12.9% of total assets. It mainly consists of trade receivables from various customers. Average collection period in 2023 further improved to 47 days compared to 50 days in 2022. Average credit terms offered to customers is from 30-60 days.

**Inventories** amounted to P7.6 billion or 40.3% of total assets as of December 31, 2023. It increased by 22.0% as compared to the balance of P6.3 billion as at December 31, 2022. The Group intends to keep a safe and optimal level of inventory considering all factors that affects importation process.

**Prepaid expenses and other current assets** amounted to P616.9 million as at December 31, 2023. The decrease of 42.4% is due to the application of prepayments to shipments received during the year.

### **Noncurrent Assets**

As at December 31, 2023, total noncurrent assets amounted to P5.4 billion or 28.3% of total assets.

**Right-of-use assets (ROU)** represents the values recognized from long-term lease contracts covering office and warehouse facilities. As of December 31, 2023, net book value amounted to P65.8 million. The decrease of 44.5% was due the net effect of new lease agreement for the new warehouse facility and the amortizations recognized during the year.

**Property and equipment-net** book values amounted to P29.0 million as of December 31, 2023. This account mainly consists of the leasehold improvements on leased office premises and warehouses.

**Investments in associate and joint venture** amounted to P5.2 billion as of December 31, 2023 or 27.5% of the total assets. This includes the group's 30% acquired equity interest in Pernod Ricard Philippines in February 2019, net of accumulated share in net income. Investment in joint venture as of December 31, 2023 pertains to acquisition of 50% equity interest in Bodegas Williams & Humbert SA.

### **Current Liabilities**

As at December 31, 2023 total current liabilities amounted to P3.7 billion equivalent to 30.8% of total assets.

**Trade and other payables** amounted to P2.2 billion or 11.6% of total assets. This amount pertains to amounts due to trade and non-trade suppliers, both local and foreign. This account decreased by 45.4% as compared to the balance of P4.0 billion as at December 31, 2022 due to payments to trade suppliers.

**Due to related parties** amounting to P846.7 million as at December 31, 2022 which includes the amount payable to related parties relative to the equity investment in Bodegas Williams & Humbert SA were fully settled as at December 31, 2023.

**Loans payable** amounting to P130.0 million as at December 31, 2022 was fully settled in January 2023.



**Dividends payable** as at December 31, 2023 amounting to P1.1 billion pertains to the cash dividend declared in December 2023 at P0.077 per share or about 50% of the consolidated net income for the year ended December 31, 2022. Dividends payable as at December 31, 2022 amounting to P783.5 million were paid on January 20, 2023.

**Income tax payable** amounted to P309.3 million as of December 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 P55.6 million representing lease payable for the use of warehouses and offices.

### **Noncurrent Liabilities**

As at December 31, 2023, total non-current liabilities amounted to P44.9 million.

**Lease liabilities net of current portion** payable for the succeeding year until the end of the lease agreements on the use of warehouses and offices amounted to P19.6 million.

**Retirement benefit liability** represents the present value of the defined benefits retirement obligations amounted to P25.2 million as of December 31, 2023 covering total of 209 regular employees.

### **Equity**

As at December 31, 2023 total equity amounted to P15.3 billion or 80.4% of total assets.

**Capital stock** amounted to P1.45 billion as of December 31, 2023 and December 31, 2022.

**Additional paid in capital** amounted to P25.4 billion of which, P21.3 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 P4.1 billion, net of the share issuance cost of P126.3 million.

**Retained earnings** amounted to P9.2 billion representing the aggregated retained earnings of the Company and the subsidiaries as of December 31, 2023 net of cash dividends declarations.

**Equity adjustments from common control transactions** amounting to P20.8 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 international accounting standards and guidance on consolidation of companies under common control.

### 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:

	<b>For the years ended December 31</b>	
<i>(In thousands)</i>	<b>2023</b>	<b>2022</b>
Net cash from (used in) operating activities	<b>(P92,716)</b>	P1,695,967
Net cash used in investing activities	<b>(697,616)</b>	(4,352,966)
Net cash used in financing activities	<b>(1,100,728)</b>	(275,519)
Effect of exchange rate changes	<b>3,888</b>	16,030
Net decrease in cash and cash equivalents	<b>(P1,887,172)</b>	(P2,916,488)

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

Net cash used in investing activities mainly pertains to the funds used for additional office equipment, transportation equipment and computer licenses and full settlement of investment in a joint venture.

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

### 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.



# THE KEEPERS HOLDINGS, INC. AND SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2023, 2022 and 2021**

With Independent Auditors' Report



**The Keepers  
Holdings**

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**

The management of **THE KEEPERS HOLDINGS, INC. and its Subsidiaries (the "Group")**, is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at and for the years ended **December 31, 2023 and 2022**, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company'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 stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

**LUCIO L. CO**  
Chairman of the Board

**JOSE PAULINO SANTAMARINA**  
President

**MA. EDITHA D. ALCANTARA**  
Treasurer

SUBSCRIBED AND SWORN TO  
before me this 15 APR 2024

DOC NO. 116  
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SERIES OF 24

**ATTY. JOHN EDWARD TRINIDAD ANG**  
Notary Public for City of Manila - Until 12-31-2024  
Notarial Commission No. 2024-091  
2nd Floor Midland Plaza Hotel, Adriatico St., Ermita, Mla.  
IBP NO. 393541-01/03/2024 Pasig City  
P.T.R. NO. 1535522-Jan 3, 2024 Manila  
ROLL NO. 68731.MCLE COMPLIANCE NO. VII-0011675

Signed this \_\_\_th day of April 2024



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## REPORT OF INDEPENDENT AUDITORS

The Stockholders and Board of Directors  
**The Keepers Holdings, Inc. and Subsidiaries**  
No. 900 Romualdez Street  
Paco, Manila

### *Opinion*

We have audited the consolidated financial statements of The Keepers Holdings, Inc. and its Subsidiaries (the “Group”), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, 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, 2023, and notes, comprising material 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023, 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.

Firm Regulatory Registration & Accreditation:  
PRC-BOA Registration No. 0003, valid until September 20, 2026  
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024  
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)  
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024  
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



## 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 (P16.31 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 implementation 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.



*Accounting for an Equity Investment (P5.07 billion)*

Refer to Note 11 to the consolidated financial statements.

*The risk*

The Keepers Holdings, Inc. acquired 50% equity interest in Bodegas Williams & Humbert SA, a Spanish company with over 140 years of history producing alcoholic beverages, for a total consideration amounting to EUR88.75 million (P5.06 billion). It is the producer of “Alfonso,” the number one imported brandy in the Philippines, and which accounts for 67% of the Group’s revenue. The rationale and benefits for the transaction includes, securing of the Group’s supply line of its biggest brand and category, “Alfonso”.

The transaction presented involves significant management judgments and accounting and reporting considerations under PAS 28, *Investment in Associates and Joint Ventures* and PFRS 11, *Joint Arrangements*, among others.

*Our response*

We performed the following audit procedures, among others, on the investment:

- We reviewed the final purchase price allocation prepared by management to verify that the difference between the cost of the investment and the Group’s share of the fair value of the investee’s identifiable assets and liabilities is accurately accounted for.
- We reviewed the management’s computation of the share in the investee’s profit or loss.
- We reviewed the adequacy of the Group’s disclosure in respect to the investment.
- We requested submissions of Group Reporting documents from the external auditors of the investee and reviewed the working papers of the said external auditors.
- We assessed if there are any impairment indicators on the investment.

*Other Information*

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 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

Tax Identification No. 152-885-329

BIR Accreditation No. 08-001987-036-2024

Issued March 26, 2024; valid until March 26, 2027

PTR No. MKT 10075199

Issued January 2, 2024 at Makati City

April 15, 2024

Makati City, Metro Manila

**THE KEEPERS HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(In Thousands)

		December 31	
	Note	2023	2022
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6, 25	P2,897,269	P4,784,441
Trade and other receivables - net	7, 25	2,461,436	2,227,178
Inventories	8, 28	7,658,757	6,276,811
Prepaid expenses and other current assets	9	616,872	1,071,480
<b>Total Current Assets</b>		<b>13,634,334</b>	14,359,910
<b>Noncurrent Assets</b>			
Right-of-use assets - net	20	65,787	118,625
Property and equipment - net	10	28,961	28,788
Deferred income tax assets - net	22	5,241	6,122
Investments in a joint venture and an associate	11, 28	5,214,533	5,070,884
Other noncurrent assets	12, 20, 25	65,561	49,505
<b>Total Noncurrent Assets</b>		<b>5,380,083</b>	5,273,924
		<b>P19,014,417</b>	P19,633,834
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Trade and other payables	13, 25	P2,196,725	P4,020,687
Dividends payable	16, 25	1,117,174	783,473
Income tax payable		309,342	208,240
Lease liabilities - current	20, 25	55,635	63,654
Due to related parties	15, 25	-	846,700
Loans payable	14, 25	-	130,000
<b>Total Current Liabilities</b>		<b>3,678,876</b>	6,052,754
<b>Noncurrent Liabilities</b>			
Lease liabilities - net of current portion	20, 25	19,646	67,519
Retirement benefits liability	21	25,247	20,452
<b>Total Noncurrent Liabilities</b>		<b>44,893</b>	87,971
<b>Total Liabilities</b>		<b>3,723,769</b>	6,140,725
<b>Equity</b>			
Capital stock	16	1,450,875	1,450,875
Additional paid-in capital	16	25,447,900	25,447,900
Retained earnings:			
Unappropriated	16	9,239,428	6,490,352
Appropriated	16	-	950,000
Equity adjustments from common control transactions	5	(20,848,500)	(20,848,500)
Accumulated remeasurements on retirement benefits	21	428	3,071
Cumulative translation adjustment		2,323	1,683
Other reserves		(1,806)	(2,272)
<b>Total Equity</b>		<b>15,290,648</b>	13,493,109
		<b>P19,014,417</b>	P19,633,834

See Notes to Consolidated Financial Statements.

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

		<b>Years Ended December 31</b>		
	<i>Note</i>	<b>2023</b>	2022	2021
<b>NET SALES</b>	15	<b>P16,312,942</b>	P13,957,192	P11,034,613
<b>COST OF GOODS SOLD</b>	17, 28	<b>11,863,009</b>	10,307,541	8,095,233
<b>GROSS PROFIT</b>		<b>4,449,933</b>	3,649,651	2,939,380
<b>OPERATING EXPENSES</b>	18	<b>1,130,554</b>	901,240	947,204
<b>INCOME FROM OPERATIONS</b>		<b>3,319,379</b>	2,748,411	1,992,176
<b>SHARE IN NET INCOME (LOSSES) OF AN ASSOCIATE AND A JOINT VENTURE</b>	11, 28	<b>207,151</b>	(69,884)	(14,516)
<b>OTHER INCOME - Net</b>	19	<b>43,527</b>	106,246	17,106
<b>INCOME BEFORE INCOME TAX</b>		<b>3,570,057</b>	2,784,773	1,994,766
<b>PROVISION FOR INCOME TAX</b>	22	<b>653,807</b>	549,760	410,383
<b>NET INCOME</b>		<b>2,916,250</b>	2,235,013	1,584,383
<b>OTHER COMPREHENSIVE LOSS</b>				
<i>Items that will never be reclassified to profit or loss in subsequent periods</i>				
Share in other comprehensive income (loss) of an associate	11	<b>466</b>	(1,815)	(457)
Remeasurement losses on retirement benefits	21	<b>(3,032)</b>	(439)	(904)
Deferred income tax		<b>389</b>	(42)	(235)
		<b>(2,177)</b>	(2,296)	(1,596)
<i>Item that may be reclassified to profit or loss in subsequent periods</i>				
Foreign currency translation adjustment	11	<b>640</b>	1,683	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>P2,914,713</b>	P2,234,400	P1,582,787
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	24	<b>P0.20</b>	P0.15	P0.13

See Notes to Consolidated Financial Statements.

**THE KEEPERS HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(In Thousands)

		<b>Years Ended December 31</b>		
	<b>Note</b>	<b>2023</b>	2022	2021
<b>CAPITAL STOCK</b>				
Balance at beginning of year, as previously reported	16	<b>P1,450,875</b>	P1,450,875	P25,875
Share swap transaction	5, 16	-	-	1,125,000
Balance at beginning of year, as restated		<b>1,450,875</b>	1,450,875	1,150,875
Issuance of common shares	16	-	-	300,000
Balance at end of year	16	<b>1,450,875</b>	1,450,875	1,450,875
<b>ADDITIONAL PAID-IN CAPITAL</b>				
Balance at beginning of year, as previously reported		<b>25,447,900</b>	25,447,900	46,033
Share swap transaction	5, 16	-	-	21,375,000
Balance at beginning of year, as restated		<b>25,447,900</b>	25,447,900	21,421,033
Issuance of common shares	16	-	-	4,200,000
Share issuance costs	16	-	-	(173,133)
Balance at end of year	16	<b>25,447,900</b>	25,447,900	25,447,900
<b>RETAINED EARNINGS</b>				
Unappropriated:				
Balance at beginning of year, as previously reported		<b>6,490,352</b>	5,038,812	(57,863)
Share swap transaction		-	-	3,860,502
Balance at beginning of year, as restated		<b>6,490,352</b>	5,038,812	3,802,639
Net income for the year, as restated		<b>2,916,250</b>	2,235,013	1,584,383
Dividend declaration	16	<b>(1,117,174)</b>	(783,473)	(348,210)
Reversal of appropriation		<b>950,000</b>	-	-
		<b>9,239,428</b>	6,490,352	5,038,812
Appropriated:				
Balance at beginning of year, as previously reported		<b>950,000</b>	950,000	-
Share swap transaction		-	-	950,000
Reversal of appropriation		<b>(950,000)</b>	-	-
	16	-	950,000	950,000
Balance at end of year		<b>9,239,428</b>	7,440,352	5,988,812

Forward

		<b>Years Ended December 31</b>		
	<b>Note</b>	<b>2023</b>	2022	2021
<b>EQUITY ADJUSTMENTS FROM COMMON CONTROL TRANSACTIONS</b>				
Balance at beginning of year, as previously reported		<b>(P20,848,500)</b>	(P20,848,500)	P -
Share swap transaction	5	-	-	(20,848,500)
Balance at end of year, as restated		<b>(20,848,500)</b>	(20,848,500)	(20,848,500)
<b>ACCUMULATED REMEASUREMENTS ON RETIREMENT BENEFITS</b>				
Balance at beginning of year, as previously reported	21	<b>3,071</b>	3,552	-
Share swap transaction		-	-	4,691
Balance at beginning of year, as restated		<b>3,071</b>	3,552	4,691
Remeasurement loss on retirement benefits during the year		<b>(2,643)</b>	(481)	(1,139)
Balance at end of year		<b>428</b>	3,071	3,552
<b>CUMULATIVE TRANSLATION ADJUSTMENT</b>				
Balance at the beginning of year		<b>1,683</b>	-	-
Foreign currency translation adjustment during the year	11	<b>640</b>	1,683	-
Balance at end of year		<b>2,323</b>	1,683	-
<b>OTHER RESERVES</b>				
Balance at beginning of year		<b>(2,272)</b>	(457)	-
Share in other comprehensive income (loss) of an associate	11	<b>466</b>	(1,815)	(457)
Balance at end of year		<b>(1,806)</b>	(2,272)	(457)
		<b>P15,290,648</b>	P13,493,109	P12,042,182

See Notes to Consolidated Financial Statements.

**THE KEEPERS HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In Thousands)

		<b>Years Ended December 31</b>		
	<i>Note</i>	<b>2023</b>	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income before income tax		<b>P3,570,057</b>	P2,784,773	P1,994,766
Adjustments for:				
Share in net losses (income) of an associate and a joint venture	11	<b>(207,151)</b>	69,884	14,516
Depreciation and amortization	10, 18, 20	<b>78,485</b>	75,382	73,557
Interest income	6, 19	<b>(78,216)</b>	(112,794)	(24,272)
Unrealized foreign exchange losses - net		<b>15,743</b>	9,675	5,967
Interest expense	14, 19, 20	<b>5,170</b>	9,173	9,101
Retirement benefit costs	21	<b>3,412</b>	2,573	2,214
Gain on disposal of property and equipment		<b>(566)</b>	(62)	-
Reversal of provision on probable losses	23	-	(11,975)	-
Operating income before working capital changes		<b>3,386,934</b>	2,826,629	2,075,849
Decrease (increase) in:				
Trade and other receivables		<b>(234,352)</b>	(184,902)	(467,638)
Inventories		<b>(1,381,946)</b>	(2,757,513)	140,038
Prepaid expenses and other current assets		<b>454,608</b>	(516,057)	83,587
Increase (decrease) in trade and other payables		<b>(1,843,817)</b>	2,707,723	(42,329)
Cash generated from operations		<b>381,427</b>	2,075,880	1,789,507
Income taxes paid		<b>(551,435)</b>	(492,175)	(446,290)
Interest received	6, 19	<b>78,216</b>	112,794	24,272
Retirement benefits paid	21	<b>(924)</b>	(532)	(990)
Net cash from (used in) operating activities		<b>(92,716)</b>	1,695,967	1,366,499
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of investment in joint venture	11	<b>(730,000)</b>	(4,332,512)	-
Dividends received from joint venture	11	<b>64,608</b>	-	-
Additions to property and equipment	10	<b>(16,734)</b>	(18,031)	(9,710)
Additions to other noncurrent assets	12	<b>(16,056)</b>	(3,431)	(5,577)
Proceeds from disposals of property and equipment		<b>566</b>	1,008	1,806
Net cash used in investing activities		<b>(697,616)</b>	(4,352,966)	(13,481)

Forward

		<b>Years Ended December 31</b>		
	<b>Note</b>	<b>2023</b>	2022	2021
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payments of:				
Dividends	16	<b>(P783,473)</b>	(P348,210)	(P300,000)
Loans payable	14	<b>(130,000)</b>	-	(42,000)
Due to related parties	15	<b>(116,700)</b>	-	(93,853)
Lease liabilities - principal portion	20	<b>(64,978)</b>	(58,543)	(65,541)
Interest	20, 27	<b>(5,577)</b>	(8,766)	(11,665)
Share issuance costs	16	-	-	(173,133)
Proceed from availment of loans payable	14	-	130,000	-
Advances received from related parties	15	-	10,000	-
Proceeds from issuance of stocks	16	-	-	4,500,000
Net cash from (used in) financing activities	27	<b>(1,100,728)</b>	(275,519)	3,813,808
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>				
		<b>3,888</b>	16,030	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
		<b>(1,887,172)</b>	(2,916,488)	5,166,826
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>				
		<b>4,784,441</b>	7,700,929	2,534,103
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>				
	6	<b>P2,897,269</b>	P4,784,441	P7,700,929

See Notes to Consolidated Financial Statements.



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**THE KEEPERS HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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(Amounts in Thousands, Except Par Value,  
Per Share Data and Number of Shares)

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**1. Reporting Entity**

The Keepers 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 June 30, 2021, the SEC approved the amendments to certain sections of the Parent Company’s Articles of Incorporation which include the extension of its corporate life into perpetual existence.

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.

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 Parent 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 Parent 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 Parent 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 Parent 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 Parent 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 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 Parent Company filed an amended Registration Statement which was rendered effective by SEC on October 7, 2021. The Permit to Sell (“PTS”) of the Parent 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, 2023 and 2022, 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
Fertuna Distributions, Inc.	1204 Federal Tower, Dasmariñas Street, San Nicolas, Manila

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## 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 Financial and Sustainability 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 interests in a joint venture and 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	
	2023	2022
<b>Liquor Distribution</b>		
Montosco, Inc.	100%	100%
Meritus Prime Distributions, Inc.	100%	100%
Premier Wine and Spirits, Inc.	100%	100%
Fertuna Distributions, Inc.	100%	100%

### 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.

### Functional and Presentation Currency

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.

### Authorization for Issuance of the Consolidated Financial Statements

The accompanying consolidated financial statements of the Group as at December 31, 2023 and 2022 were approved and authorized for issuance by the Group's BOD on April 11, 2024.

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### **3. Summary of Material Accounting Policies**

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

#### Adoption of New or Revised Standards, Amendments to Standards and Interpretations

The Group has adopted the following new standards, amendments to standards and interpretations starting January 1, 2023 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Group's consolidated financial statements. These are as follows:

- PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates (Amendments)*. 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 remain unchanged. The amendments also provide examples on the application of the new definition.

The amendments 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.

- PAS 1, *Presentation of Financial Statements* and PFRS Practice Statement 2, *Making Materiality Judgements - Disclosure of Accounting Policies (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 includes guidance and additional examples on the application of materiality to accounting policy disclosures, assisting companies to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The Company reviewed the accounting policies and although the amendments did not result in any changes to the accounting policies themselves, updates were made to the accounting policy information disclosed in Note 3 - Material Accounting Policies in certain instances in line with the amendments.

- PAS 12, *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)* clarify that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations.

For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

#### 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 an 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.

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.

#### Financial Instruments

##### *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.

##### *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, 2023 and 2022.

#### Impairment of Financial Assets

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.

#### 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 are 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, 2023 and 2022, 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.

#### 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.

#### 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.

#### Investments in an Associate and Joint Arrangements

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. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. Joint operations arise where the Group has both rights to the assets and obligations for the liabilities relating to the arrangement and, therefore, the Group accounts for its share of assets, liabilities, revenue and expenses. Joint ventures arise where the Group has rights to the net assets of the arrangement.

Investment in associate and joint venture are accounted for using the equity method. The investment in associate and joint venture are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of the associate and joint venture, until the date on which significant influence or joint control ceases.

Unrealized gains arising from transactions with associate and joint venture 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. Distributions and dividends from the investee reduce the carrying amount of the investment.

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 and joint venture 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 associate and joint venture 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.

### 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.

#### 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 income(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.

#### 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.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Philippine peso at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Philippine peso at the exchange rates at the date of transactions.

Foreign currency differences are recognized in OCI and accumulated in the cumulative translation adjustments.

When a foreign operation is disposed of in its entirety or partially such that significant influence or joint control is lost, the cumulative amount in the cumulative translation adjustments related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative translation adjustments is reclassified to profit or loss.

#### 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, 2023. However, the Group has not early adopted the following new or 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.

#### *Deferral of the Local Implementation of Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)* addresses an inconsistency between the requirements in PFRS 10 and in PAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Originally, the amendments apply prospectively for annual periods beginning on or after January 1, 2016 with early adoption permitted. However, on January 13, 2016, the FRSC decided to postpone the effective date of these amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

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#### **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.

#### *Classification of Joint Arrangements*

The Group classifies a joint arrangement as a joint operation or a joint venture depending on the rights and obligations of the parties in the arrangement. A joint operation is a joint arrangement, whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement (joint operators). A joint venture is a joint arrangement, whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement (joint venturers).

The Group classifies its joint arrangement as joint venture and assessed that it has the rights to the net assets of the arrangement.

#### 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 P2,480,030 and P2,243,697 as at December 31, 2023 and 2022, respectively (see Notes 7, 12 and 25). The allowance for ECLs amounted to P2,621 as at December 31, 2023 and 2022.

#### *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 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, 2023 and 2022 amounted to P7,658,757 and P6,276,811, respectively (see Notes 8 and 28). No allowance to reduce inventory to NRV was recognized for the years ended December 31, 2023, 2022 and 2021.

#### *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, 2023 and 2022.

The carrying amounts of property and equipment as at December 31, 2023 and 2022 amounted to P28,961 and P28,788, 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 investments in an associate and a joint venture 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, 2023, 2022 and 2021, no impairment loss was recognized on the Group's right-of-use assets, property and equipment and investments in an associate and a joint venture.

The combined carrying values of right-of-use assets, property and equipment and investments in an associate and a joint venture amounted to P5,309,281 and P5,218,297 as at December 31, 2023 and 2022, respectively (see Notes 10, 11, 20 and 28).

#### *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 P25,247 and P20,452 as at December 31, 2023 and 2022, 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 P5,241 and P6,122 as at December 31, 2023 and 2022, respectively (see Note 22).

For the years ended December 31, 2023 and 2022, 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. MPDI has also availed of the OSD for the year ended December 31, 2023.

As at December 31, 2023 and 2022, the Group has not recognized deferred income tax assets arising from temporary differences amounting to a total of P32,454 and P26,753, 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 no provision for probable losses as at December 31, 2023 and 2022. No provision for probable losses was recognized by the Group for the three years ended December 31, 2023 (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.

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
Less: Par value of the shares issued by TKHI		1,125,000
Additional paid-in capital		P21,375,000

### 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 year ended December 31, 2020.

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**6. Cash and Cash Equivalents**

This account consists of:

	Note	2023	2022
Cash on hand		<b>P2,206</b>	P2,042
Cash in banks	25	<b>1,440,247</b>	1,833,732
Cash equivalents	25	<b>1,454,816</b>	2,948,667
		<b>P2,897,269</b>	P4,784,441

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 P765, P731 and P1,096 for the years ended December 31, 2023, 2022, and 2021, 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 P77,451, P112,063 and P23,176 for the years ended December 31, 2023, 2022, and 2021, respectively (see Note 19).

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**7. Trade and Other Receivables**

This account consists of:

	Note	2023	2022
Trade:			
Third parties		<b>P1,483,859</b>	P1,264,011
Related parties	15	<b>897,394</b>	928,114
Allowance for ECLs		<b>(2,621)</b>	(2,621)
		<b>2,378,632</b>	2,189,504
Nontrade:			
Third parties		<b>81,086</b>	34,689
Related parties	15	<b>1,718</b>	2,985
	25	<b>P2,461,436</b>	P2,227,178

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

Non-trade receivables include 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.

There are no movements for ECLs on third party trade receivables in 2023 and 2022.

## 8. Inventories

This account consists of:

	<i>Note</i>	<b>2023</b>	2022
At landed cost (on hand):			
Spirits		<b>P6,853,463</b>	P3,955,019
Wines		<b>356,617</b>	289,220
Specialty beverages		<b>73,353</b>	113,184
At invoice cost (in-transit):			
Spirits		<b>370,512</b>	1,893,198
Others		<b>4,812</b>	26,190
	<i>17, 28</i>	<b>P7,658,757</b>	P6,276,811

Cost of inventories charged to "Cost of goods sold" amounted to P11,863,009, P10,307,541 and P8,095,233 for the years ended December 31, 2023, 2022, and 2021, respectively (see Notes 17 and 28).

## 9. Prepaid Expenses and Other Current Assets

This account consists of:

	<b>2023</b>	2022
Prepaid duties and taxes	<b>P451,042</b>	P616,731
Advances to suppliers	<b>127,529</b>	442,021
Input VAT	<b>30,013</b>	3,387
Prepaid import charges	<b>2,327</b>	102
Other prepaid expenses	<b>5,961</b>	9,239
	<b>P616,872</b>	P1,071,480

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 payments 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
<b>Cost</b>							
January 1, 2021	P45,144	P39,073	P13,753	P6,896	P2,221	P2,987	P110,074
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
Additions	14,250	88	1,541	27	2,067	58	18,031
Disposals	(1,022)	-	-	-	-	-	(1,022)
December 31, 2022	51,929	30,760	10,268	3,996	4,621	1,299	102,873
Additions	9,574	335	1,846	-	4,961	18	16,734
Disposals	(3,684)	-	(109)	-	-	-	(3,793)
<b>December 31, 2023</b>	<b>57,819</b>	<b>31,095</b>	<b>12,005</b>	<b>3,996</b>	<b>9,582</b>	<b>1,317</b>	<b>115,814</b>
<b>Accumulated Depreciation and Amortization</b>							
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
Disposal	(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	5,225	7,386	1,102	42	1,221	61	15,037
Disposals and retirement	(76)	-	-	-	-	-	(76)
December 31, 2022	35,264	21,837	8,850	3,970	2,923	1,241	74,085
Depreciation and amortization	7,048	5,458	1,525	16	2,476	38	16,561
Disposals	(3,684)	-	(109)	-	-	-	(3,793)
<b>December 31, 2023</b>	<b>P38,628</b>	<b>P27,295</b>	<b>P10,266</b>	<b>P3,986</b>	<b>P5,399</b>	<b>P1,279</b>	<b>P86,853</b>
<b>Net Book Value</b>							
December 31, 2022	P16,665	P8,923	P1,418	P26	P1,698	P58	P28,788
<b>December 31, 2023</b>	<b>P19,191</b>	<b>P3,800</b>	<b>P1,739</b>	<b>P10</b>	<b>P4,183</b>	<b>P38</b>	<b>P28,961</b>

\*As restated (see Note 5)

Depreciation and amortization expense charged as part of “Operating Expenses” in profit or loss amounted to P16,561, P15,037 and P13,377 for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 18).

The cost of fully depreciated property and equipment still in use amounted to P62,919 and P45,530 as at December 31, 2023 and 2022, respectively.

## 11. Investments in a Joint Venture and an Associate

The details of this account are as follows:

	<i>Note</i>	<b>2023</b>	2022
Joint venture		<b>P5,070,846</b>	P4,981,845
Associate		<b>143,687</b>	89,039
	28	<b>P5,214,533</b>	P5,070,884

### *Investment in Joint Venture*

In September 14, 2022, the Parent entered into a Share Purchase Agreement to acquire 50% interest or 646,775 shares of Bodegas Williams & Humbert SA (“Bodegas”) with a par value of €32 at €137.22 per share for €88,750 (equivalent to P5,062,512).

On such date, the Parent entered into a Shareholders' Agreement with Medina Portfolio, S.L.U., the owner of the remaining 50% shares of Bodegas, to regulate the joint ownership of Bodegas and joint participation of its governing bodies.

Bodegas was incorporated on October 11, 1974 under the name Luis Páez, S.A. It adopted its present name at an ordinary and extraordinary General Meeting of Shareholders held on June 22, 2004. Its principal place of business is at Carretera Nacional IV, km. 641.75, Jerez de la Frontera, Cádiz, Spain. Bodegas is engaged in all types of agricultural cultivation and operations, the import, export, acquisition, transformation, storage, packaging, industrialization, representation, sale and exploitation of all types of foodstuff and agricultural product and the manufacture of packaging for such products. It is also engaged in the preparation, production, manipulation, representation and wholesale or retail marketing, in Spain or abroad, of all types of food products, in particular alcoholic or non-alcoholic drinks and the distribution of said products.

The Group had initially prepared a provisional purchase price allocation in 2022. In 2023, the Group had finalized the amounts disclosed for the fair value of the purchased assets of Bodegas as well as the goodwill amount as noted below.

For the years ended December 31, 2023 and 2022, the Parent Company has paid P730,000 and P4,332,512, respectively, for this investment (see Note 15).

The investment is accounted for using the equity method.

The following table summarizes the financial information of Bodegas, adjusted for fair value adjustments at acquisition and shows the reconciliation of the Group's share in net assets of such investee to the carrying amount of its investment as at December 31, 2023 and 2022:

	2023	2022
Balance at beginning of year	<b>P4,981,845</b>	P -
Acquisition of investment	-	5,062,512
Share in net income	<b>288,530</b>	101,092
Depreciation of excess fair value	<b>(46,482)</b>	(7,398)
Unrealized gross profit on unsold inventories	<b>(89,079)</b>	(176,044)
Dividends received	<b>(64,608)</b>	-
Foreign currency translation adjustment	<b>640</b>	1,683
<b>Balance at end of year</b>	<b>P5,070,846</b>	P4,981,845
<b>Percentage Ownership Interest</b>	<b>50%</b>	<b>50%</b>
Current assets (including cash and cash equivalents of P395,619 and P34,613 in 2023 and 2022, respectively)	<b>P5,677,671</b>	P7,147,957
Noncurrent assets	<b>2,101,254</b>	2,120,734
Current liabilities (including current financial liabilities, excluding trade and other payables and provisions of P147,923 and P437,868 in 2023 and 2022, respectively)	<b>2,015,551</b>	3,799,421
Noncurrent liabilities (including non-current financial liabilities, excluding trade and other payables and provisions of P209,398 and P349,865 in 2023 and 2022, respectively)	<b>220,894</b>	359,972
<b>Net Assets</b>	<b>5,542,480</b>	5,109,298
TKHI's share of net assets	<b>2,771,240</b>	2,554,649
Goodwill	<b>1,996,128</b>	1,996,128
Fair value adjustment	<b>559,633</b>	606,115
Unrealized gross profit on unsold inventories	<b>(265,123)</b>	(176,044)
Translation adjustment	<b>2,323</b>	1,683
Foreign exchange differences	<b>6,645</b>	(686)
<b>Carrying Amount of Investment in Joint Venture</b>	<b>P5,070,846</b>	P4,981,845

The following table shows the Group's share in net income of the investee for the year ended December 31, 2023 and for the three-month period ended December 31, 2022:

	2023	2022
Revenue	<b>P8,430,839</b>	P3,524,450
Depreciation	<b>(162,695)</b>	(39,014)
Interest income	<b>1,507</b>	9
Interest expense	<b>(4,642)</b>	(1,053)
Income tax expense	<b>(172,459)</b>	(85,514)
Net income	<b>577,061</b>	202,183
The Group's share in net income at 50%	<b>288,530</b>	101,092
Unrealized gross profit on unsold inventories	<b>(89,079)</b>	(176,044)
Depreciation of excess fair value at 50%	<b>(46,482)</b>	(7,398)
	<b>P152,969</b>	(P82,350)

#### *Investment in 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 31, 2023 and 2022, 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 the Group's share in net assets of such investee to the carrying amounts of its investment as at December 31, 2023 and 2022:

	<b>2023</b>	2022
Balance at beginning of year	<b>P89,039</b>	P78,388
Share in net income	<b>54,182</b>	12,466
Share in other comprehensive income (loss)	<b>466</b>	(1,815)
Balance at end of year	<b>P143,687</b>	P89,039

	<b>2023</b>	2022
<b>Percentage Ownership Interest</b>	<b>30%</b>	30%
Current assets	<b>P1,732,900</b>	P1,200,437
Noncurrent assets	<b>227,489</b>	157,547
Current liabilities	<b>1,492,281</b>	1,096,923
Noncurrent liabilities	<b>34,055</b>	9,167
<b>Net Assets</b>	<b>434,053</b>	251,894
PWSI's share of net assets	<b>130,216</b>	75,568
Goodwill	<b>13,471</b>	13,471
<b>Carrying Amount of Investment in Associate</b>	<b>P143,687</b>	P89,039

The following table shows the Group's share in net income (loss) of investee for the years ended December 31, 2023 and 2022:

	<b>2023</b>	2022
Revenue	<b>P1,903,131</b>	P1,465,477
Net income for the year	<b>180,607</b>	41,554
<b>The Group's share in net income at 30%</b>	<b>P54,182</b>	P12,466
Other comprehensive income (loss) for the year	<b>P1,552</b>	(P6,051)
<b>The Group's share in other comprehensive income (loss) at 30%</b>	<b>P466</b>	(P1,815)

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## 12. Other Noncurrent Assets

This account consists of:

	<i>Note</i>	<b>2023</b>	2022
Excess tax credits		<b>P29,695</b>	P23,234
Refundable deposits	20, 25	<b>18,594</b>	16,519
Input VAT		<b>9,595</b>	8,358
Trademark		<b>7,000</b>	-
Others		<b>677</b>	1,394
		<b>P65,561</b>	P49,505

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

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## 13. Trade and Other Payables

This account consists of:

	<i>Note</i>	<b>2023</b>	2022
Trade payables:			
Related parties	15	<b>P1,177,848</b>	P3,275,472
Third parties		<b>180,129</b>	187,033
Non-trade payables:			
Third parties		<b>245,602</b>	211,675
Related parties	15	<b>9,611</b>	25,222
Advances from customers		<b>278,910</b>	154,345
Statutory obligations		<b>238,011</b>	85,868
Accrued expenses		<b>66,614</b>	81,072
	25	<b>P2,196,725</b>	P4,020,687

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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.

Advances from customers are amounts paid by the customers but has not yet delivered by the Group at the end of year.

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

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## 14. Loans Payable

The movements and balances in loans payable are as follows:

	<i>Note</i>	<b>2023</b>	2022
Balances at beginning of year		<b>P130,000</b>	P -
Availment of loan		-	130,000
Payments made		<b>(130,000)</b>	-
Balances at end of year	25, 27	<b>P -</b>	P130,000

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*MPDI*

In 2022, MPDI entered into unsecured, short-term loans with maturities of less than one year from Asia United Bank amounting to P60,000 and Metropolitan Bank Trust & Co., amounting to P70,000, both loans with annual interest rate of 3.75%. Proceeds of the loans were used to finance working capital requirements. These loans were paid in full in January 2023.

Interest expense recognized in profit or loss amounted to P401, P2,146 and P70 for the years ended December 30, 2023, 2022 and 2021, respectively (see Note 19). Interest payable arising from these loans amounting to nil and P407 as at December 31, 2023 and 2022, 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			Terms	Conditions
				Receivable	Payable	Due to Related Parties		
<b>Ultimate Parent Company</b>								
Dividends	16	2023	P866,345	P -	P866,245	P -	Due and demandable	Unsecured
	16	2022	607,505	-	607,505	-		
Management fee	a	2023	-	-	-	-	Due and demandable;	Unsecured
	a	2022	-	-	-	106,700	non-interest-bearing	
<b>Entities under Common Control</b>								
Sales of good	7, b	2023	4,167,363	897,394	-	-	30 days credit term;	Unsecured;
	7, b	2022	4,005,818	928,114	-	-	non-interest bearing	no impairment
Lease expense	20, c	2023	64,846	-	67,519	-	Payable on a monthly	Unsecured
	20, c	2022	67,372	-	131,173	-	basis	
Rent expense	d	2023	14,202	-	473	-	Payable on a monthly	
		2022	-	-	-	-	basis	
Purchases of goods and services	e	2023	190,532	-	10	-	Due and demandable;	
		2022	105	-	-	-	non-interest bearing	
Investment	11, f	2023	-	-	-	-	Due and demandable	Unsecured
		2022	2,293,416	-	-	730,000		
Reimbursement of expenses	g	2023	3,355	1,718	9,128	-	Payable on demand;	Unsecured;
		2022	28,636	2,985	25,222	-	non-interest-bearing	no impairment
<b>Joint Venture</b>								
Purchases of goods and services	13, e	2023	6,077,369	-	1,177,848	-	30 days credit term;	
		2022	3,195,368	-	3,275,472	-	non-interest bearing	
<b>Stockholders</b>								
Investment	f	2023	-	-	-	-	Due and demandable	Unsecured
		2022	724,261	-	-	-		
Advances	h	2023	-	-	-	-	Due and demandable	Unsecured
		2022	10,000	-	-	10,000		
		<b>2023</b>		<b>P899,112</b>	<b>P2,121,223</b>	<b>P -</b>		
		2022		P931,099	P4,039,372	P846,700		

- 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. The Group entered into agreement with entities under common control for additional warehouses on a short-term period not exceeding 1 year. The agreement is subject to renewal as needed.
- e. The Group purchased inventorable items and goods and availed services from entities under common control amounting to P190,532 and P105 for the years ended December 31, 2023 and 2022, respectively. The Group also purchased inventorable items from its investment in joint venture amounting to P6,077,369 and P3,195,368 for the years ended December 31, 2023 and 2022, respectively.
- f. During 2022, the Parent Company acquired the shares of Bodegas from VFC Land Resources, Inc. and various stockholders. As at December 31, 2023, the outstanding balance from the acquisition amounting to P730,000 has been paid on April 14, 2023.
- g. This represents cash advances to and from related parties as at December 31, 2023 and 2022 in the form of reimbursement of expenses and working capital advances.
- h. Stockholder's advances represent amounts owed to related parties for working capital requirements of the Parent Company which amounted to nil and P10,000 for the years ended December 31, 2023 and 2022, respectively. The outstanding balance of such advances are nil and P10,000 as at December 31, 2023 and 2022, respectively.

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

As at December 31, 2023, 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

In 2023 and 2022, dividends from subsidiaries amounting to P2,082,934 and P811,166, respectively, were declared to the Parent Company. As at December 31, 2023 and 2022, the outstanding balance amounted to P1,132,934 and P811,166, respectively. Also, during 2023, purchase of goods amounting to P36,932 of FDI were purchased from MI, MPDI and PWSI. As at December 31, 2023, the outstanding balance of this amount is P3,643. Also, during 2023, the Parent Company made advances of funds amounting to P22,000 to FDI. As at December 31, 2023, the outstanding balance of this amount is P22,000.

### Key Management Personnel

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

	2023	2022	2021
Short-term employee benefits	<b>P23,157</b>	P24,905	P4,228
Retirement benefit costs	<b>1,108</b>	476	146
	<b>P24,265</b>	P25,381	P4,374

## 16. Equity

### Capital Stock

As at December 31, 2023 and 2022, the Parent Company's capital stock, at P0.10 par value per share consists of the following number of shares:

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

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, 2023			14,508,750,313

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

As at December 31, 2023 and 2022, the Parent Company has a total of 478 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

Additional paid-in capital arising from the share swap transaction and issuance of common shares in 2021 amounted to P21,375,000 and P4,200,000, respectively. Related transaction costs paid and incurred in 2021 amounting to P173,333 was deducted against additional paid-in capital. The Parent Company's additional paid-in capital as at December 31, 2023 and 2022 amounted to P25,447,900.

#### Retained Earnings

##### *Declaration of Dividends*

On December 11, 2023, the Group's BOD approved the declaration of cash dividend equivalent to P0.077 per share or an aggregate amount of P1,117,174. These dividends were paid on January 18, 2024.

On December 20, 2022, the Group's BOD approved the declaration of cash dividend equivalent to P0.054 per share or an aggregate amount of P783,473. These dividends were paid on January 20, 2023.

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.

##### *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 and as at December 31, 2022, it is not yet completed.

On March 6, 2023, the BOD of MI approved the reversal of the appropriation of P950,000 to MI's unappropriated retained earnings and was declared on same date as cash dividends.

## **17. Cost of Goods Sold**

This account consists of:

	<b>Note</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Inventories at beginning of year		<b>P6,276,811</b>	P3,519,298	P3,659,336
Net purchases		<b>13,244,955</b>	13,065,054	7,955,195
Total goods available for sale		<b>19,521,766</b>	16,584,352	11,614,531
Inventories at end of year:				
On-hand		<b>(7,283,433)</b>	(4,472,402)	(3,519,298)
In-transit		<b>(375,324)</b>	(1,804,409)	-
		<b>(7,658,757)</b>	(6,276,811)	(3,519,298)
	<b>8, 28</b>	<b>P11,863,009</b>	P10,307,541	P8,095,233

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## 18. Operating Expenses

This account consists of:

	<i>Note</i>	<b>2023</b>	2022	2021
Distribution costs		<b>P351,355</b>	P301,785	P324,278
Advertisement		<b>365,701</b>	296,670	295,977
Salaries and other employee benefits	21	<b>137,899</b>	110,248	97,664
Depreciation and amortization	10, 20	<b>78,485</b>	75,382	73,557
Taxes and licenses		<b>59,096</b>	22,107	58,238
Outside services		<b>49,509</b>	45,074	34,903
Rent		<b>23,884</b>	-	-
Transportation and travel		<b>19,268</b>	15,044	5,310
Insurance		<b>16,241</b>	11,742	10,062
Legal and professional fees		<b>11,344</b>	5,864	22,108
Utilities and communication		<b>4,271</b>	5,513	4,603
Representation and entertainment		<b>846</b>	1,364	842
Miscellaneous		<b>12,655</b>	10,447	19,662
		<b>P1,130,554</b>	P901,240	P947,204

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## 19. Other Income

This account consists of:

	<i>Note</i>	<b>2023</b>	2022	2021
Interest income	6	<b>P78,216</b>	P112,794	P24,272
Foreign exchange losses - net		<b>(28,943)</b>	(7,970)	(12,756)
Interest expense	14, 20	<b>(5,170)</b>	(9,173)	(9,101)
Bank charges		<b>(1,142)</b>	(1,741)	(358)
Reversal of provision	23	-	11,975	-
Investment income		-	-	13,725
Others		<b>566</b>	361	1,324
		<b>P43,527</b>	P106,246	P17,106

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## 20. Lease Agreements

The Group entered into lease agreements with entities under common control for its office space and warehouses except FDI in which it entered into lease agreements with third parties for its warehouse in Cebu. 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 P18,215 and P16,505 as at December 31, 2023 and 2022, 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

	<b>Note</b>	<b>2023</b>	2022
Balance at beginning of year		<b>P118,625</b>	P176,112
Additions		<b>9,086</b>	2,858
Amortization charge for the year	18	<b>(61,924)</b>	(60,345)
Balance at end of year		<b>P65,787</b>	P118,625

ii. Lease Liabilities

	<b>Note</b>	<b>2023</b>	2022
Balance at beginning of year		<b>P131,173</b>	P186,858
Additions		<b>9,086</b>	2,858
Interest charge for the year	19	<b>4,769</b>	7,027
Payments made		<b>(69,747)</b>	(65,570)
Balance at end of year	27	<b>P75,281</b>	P131,173

As at December 31, 2023 and 2022, the Group's lease liabilities are classified in the consolidated statements of financial position as follows:

	<b>2023</b>	2022
Current	<b>P55,635</b>	P63,654
Noncurrent	<b>19,646</b>	67,519
	<b>P75,281</b>	P131,173

Maturity analyses of the undiscounted lease liabilities as at December 31, 2023 and 2022 are as follows:

	<b>Undiscounted Lease Payments</b>	<b>Interest</b>	<b>Present Value of Lease Liabilities</b>
Not later than one year	<b>P57,789</b>	<b>P2,154</b>	<b>P55,635</b>
Later than one year but not later than five years	<b>20,331</b>	<b>685</b>	<b>19,646</b>
<b>Balances at December 31, 2023</b>	<b>P78,120</b>	<b>P2,839</b>	<b>P75,281</b>

	Undiscounted Lease Payments	Interest	Present Value of Lease Liabilities
Not later than one year	P67,996	P4,342	P63,654
Later than one year but not later than five years	69,484	1,965	67,519
<b>Balances at December 31, 2022</b>	<b>P137,480</b>	<b>P6,307</b>	<b>P131,173</b>

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

	<b>Note</b>	<b>2023</b>	2022	2021
Amortization expense	18	<b>P61,924</b>	P60,345	P60,180
Interest on lease liabilities	19	<b>4,768</b>	7,027	9,031
		<b>P66,692</b>	P67,372	P69,211

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

	<b>2023</b>	2022	2021
Total cash outflow for leases	<b>P69,747</b>	P65,570	P74,572

## 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, 2023.

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:

	<b>2023</b>	2022
<b>Balance at beginning of year</b>	<b>P20,452</b>	P17,972
<b>Recognized in Profit or Loss</b>		
Current service cost	<b>1,936</b>	1,593
Interest cost	<b>1,476</b>	980
	<b>3,412</b>	2,573
<b>Recognized in Other Comprehensive Income (Loss)</b>		
Actuarial loss (gain) arising from:		
Change in demographic assumptions	<b>(298)</b>	1,070
Change in financial assumptions	<b>2,641</b>	(4,543)
Experience adjustments	<b>(36)</b>	3,912
	<b>2,307</b>	439
Benefits paid	<b>(924)</b>	(532)
<b>Balance at end of year</b>	<b>P25,247</b>	P20,452

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, 2023 and 2022, accumulated remeasurements on retirement benefits amounted to P428 and P3,071, respectively, as presented in the consolidated statements of financial position.

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

	<b>2023</b>	2022
Discount rate	<b>6.12%</b>	7.22%
Future salary increases	<b>8.00% to 10.00%</b>	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 BVAL 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 11.60 years and 11.13 years as at December 31, 2023 and 2022, respectively.

As at December 31, 2023 and 2022, 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:

	<b>December 31, 2023</b>		December 31, 2022	
	<b>Defined Benefits Obligation</b>	<b>Defined Benefits Obligation</b>	Defined Benefits Obligation	Defined Benefits Obligation
	<b>1 Percent Increase</b>	<b>1 Percent Decrease</b>	1 Percent Increase	1 Percent Decrease
Discount rate	<b>(P2,387)</b>	<b>P2,804</b>	(P1,644)	P1,255
Salary increase rate	<b>2,699</b>	<b>(2,350)</b>	1,991	(1,582)

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
<b>2023</b>	<b>P25,247</b>	<b>P18,952</b>	<b>P3,916</b>	<b>P5,629</b>	<b>P9,407</b>
2022	P20,452	P20,938	P -	P10,314	P10,624

## 22. Income Taxes

The provision for income tax consists of:

	2023	2022	2021
Current	<b>P654,607</b>	P551,571	P409,450
Deferred	<b>(800)</b>	(1,811)	933
	<b>P653,807</b>	P549,760	P410,383

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, 2023, 2022 and 2021. MPDI also elected to avail of the OSD which is equivalent to 40% of total gross income for the year ended December 31, 2023. 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 years ended December 31 are as follows:

	2023	2022	2021
Income before income tax	<b>P3,570,057</b>	P2,784,773	P1,994,766
Provision for income tax at the statutory income tax rate of 25%	<b>P892,514</b>	P696,193	P498,692
Additions to (reductions from) income taxes resulting to the tax effects of:			
Availment of optional standard deduction	<b>(181,293)</b>	(183,019)	(69,170)
Interest income subjected to final tax	<b>(19,554)</b>	(28,198)	(9,499)
Share in net losses (income) of an associate and a joint venture	<b>(51,788)</b>	17,471	3,629
Change in unrecognized deferred income tax asset	<b>1,021</b>	5,103	13,834
Non-taxable income	-	(2,995)	-
Non-deductible expenses	<b>6,674</b>	45,205	4,514
Applied NOLCO	<b>(10,769)</b>	-	-
Taxable income eliminated at consolidated level	<b>17,002</b>	-	-
Impact of CREATE Act	-	-	(31,617)
Provision for income tax	<b>P653,807</b>	P549,760	P410,383

The components of the Group's net deferred income tax assets as at December 31, 2023 and 2022 are as follows:

	<b>2023</b>	2022
Retirement benefits liability	<b>P3,965</b>	P3,429
PFRS 16, Leases adjustment	<b>988</b>	2,768
Allowance for expected credit losses on trade receivables	<b>655</b>	655
Unrealized foreign exchange gains - net	<b>(367)</b>	(730)
	<b>P5,241</b>	P6,122

#### TKHI

As at December 31, 2023 and 2022, TKHI has carryforward benefits of unused NOLCO amounting to P25,714 and P68,791, 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 2023 are as follows:

Years Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Ending Balance	Expiry Date
2020	P1,089	P -	(P1,089)	P -	P -	2025*
2021	55,336	-	(41,988)	-	13,348	2026*
2022	12,366	-	-	-	12,366	2025
	<b>P68,791</b>	<b>P -</b>	<b>(P43,077)</b>	<b>P -</b>	<b>P25,714</b>	

*\*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.*

#### FDI

As at December 31, 2023, FDI has carryforward benefits of unused NOLCO amounting to P4,184 for which no deferred income tax asset was recognized. This NOLCO shall expire in 2028 if remained unutilized.

#### 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:

	<b>2023</b>	2022
Retirement benefits liability	<b>P7,767</b>	P6,737
PFRS16, Leases adjustment	<b>4,654</b>	7,419
Unrealized foreign exchange losses - net	<b>19,058</b>	12,597
	<b>P31,479</b>	P26,753

### MPDI

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

	<b>2023</b>
Retirement benefits liability	<b>P1,623</b>
PFRS16, <i>Leases</i> adjustment	<b>(681)</b>
Unrealized foreign exchange losses - net	<b>33</b>
	<b>P975</b>

### 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.

No provision for probable losses was recognized by the Group for the years ended December 31, 2023 and 2022. Reversal for provision on probable losses was recognized by the Group amounting to nil and P11,975 for the years ended December 31, 2023 and 2022, respectively.

### 24. Earnings Per Share

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

<i>(In thousands, except per share data)</i>	<b>2023</b>	2022	2021
Net income (a)	<b>P2,916,250</b>	P2,235,013	P1,584,383
Weighted average number of common shares outstanding for the period* (b)	<b>14,508,750</b>	14,508,750	11,883,750
Basic EPS (a/b)	<b>P0.20</b>	P0.15	P0.13

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

Weighted average number of common shares in 2023, 2022 and 2021 used for the purposes of basic earnings per share were computed as follows:

	<b>2023</b>		
	<b>Number of Common Shares</b>	<b>Proportion to Period</b>	<b>Weighted Average</b>
Outstanding shares at the beginning and end	<b>14,508,750,313</b>	<b>12/12</b>	<b>14,508,750,313</b>

2022			
	Number of Common Shares	Proportion to Period	Weighted Average
Outstanding shares at the beginning and end	14,508,750,313	12/12	14,508,750,313
2021			
	Number of Ordinary 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, 2023, 2022 and 2021 hence, diluted EPS is the same as the basic EPS.

## **25. Financial Risk and Capital Management Objectives and Policies**

### Objectives and Policies

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:

	<b>Note</b>	<b>2023</b>	<b>2022</b>
Cash in banks	6	<b>P1,440,247</b>	P1,833,732
Cash equivalents	6	<b>1,454,816</b>	2,948,667
Trade and other receivables	7	<b>2,461,436</b>	2,227,178
Refundable deposits	12	<b>18,594</b>	16,519
		<b>P5,375,093</b>	P7,026,096

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, 2023 and 2022, 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 probability 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, 2023 and 2022:

	December 31, 2023		
	Gross Carrying Amount	Impairment Loss Allowance	Credit-impaired
Current (not past due)	P1,950,289	P -	No
1 - 30 days past due	418,447	-	No
31 - 120 days past due	85,649	-	No
More than 120 days past due	9,672	2,621	Yes
<b>Balance at December 31, 2023</b>	<b>P2,464,057</b>	<b>P2,621</b>	

	December 31, 2022		
	Gross Carrying Amount	Impairment Loss Allowance	Credit-impaired
Current (not past due)	P1,471,732	P -	No
1 - 30 days past due	648,740	-	No
31 - 120 days past due	101,575	-	No
More than 120 days past due	7,752	2,621	Yes
<b>Balance at December 31, 2022</b>	<b>P2,229,799</b>	<b>P2,621</b>	

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 P2,621 as at December 31, 2023 and 2022.

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, 2023 and 2022:

	December 31, 2023			
	Carrying Amount	Contractual Cash Flows	1 Year or Less	More than 1 Year
<b>Financial Liabilities</b>				
Trade and other payables*	P1,958,714	P1,958,714	P1,958,714	P -
Dividends payable	1,117,174	1,117,174	1,117,174	-
Lease liabilities	75,281	78,120	57,789	20,331
<b>Total</b>	<b>P3,151,169</b>	<b>P3,154,008</b>	<b>P3,133,677</b>	<b>P20,331</b>

\*Excluding statutory obligations amounting to P238,011.

	December 31, 2022			
	Carrying Amount	Contractual Cash Flows	1 Year or Less	More than 1 Year
<b>Financial Liabilities</b>				
Trade and other payables*	P3,934,819	P3,934,412	P3,934,412	P -
Due to related parties	846,700	846,700	846,700	-
Loans payable**	130,000	131,075	131,075	-
Dividends payable	783,473	783,473	783,473	-
Lease liabilities	131,173	137,480	67,996	69,484
<b>Total</b>	<b>P5,826,165</b>	<b>P5,833,140</b>	<b>P5,763,656</b>	<b>P69,484</b>

\*Excluding statutory obligations amounting to P85,868 and accrued interest payable amounting to P407.

\*\*Including accrued interest payable amounting to P407 and remaining interest due until maturity amounting to P668.

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) and Australian Dollar (AUD).

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, 2023 and 2022:

	December 31, 2023				PHP Equivalent
	USD	SGD	EUR	AUD	
Foreign currency - denominated monetary assets:					
Cash	1,652	-	1,361	-	175,485
Trade and other receivables	845	-	198	60	61,419
	2,497		1,559	60	236,904
Foreign currency - denominated monetary liabilities:					
Trade payables	(2,545)	(5)	(19,665)	(454)	(1,367,580)
Net foreign currency - denominated monetary liabilities	(48)	(5)	(18,106)	(394)	(1,130,676)
	December 31, 2022				PHP Equivalent
	USD	SGD	EUR	AUD	
Foreign currency - denominated monetary assets:					
Cash	1,244	-	14,491	-	932,844
Trade and other receivables	933	-	214	35	66,432
	2,177	-	14,705	35	999,276
Foreign currency - denominated monetary liabilities:					
Trade payables	(810)	(38)	(55,982)	(314)	(3,392,844)
Net foreign currency - denominated monetary asset (liabilities)	1,367	(38)	(41,277)	(279)	(2,393,568)



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

	<b>2023</b>	2022
USD	<b>55.57</b>	56.12
SGD	<b>42.09</b>	41.58
EUR	<b>61.47</b>	59.55
AUD	<b>37.95</b>	37.80

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

	<b>December 31, 2023</b>	
	<b>Percentage Decrease in Foreign Exchange Rates</b>	<b>Increase (Decrease) in Income before Income Tax</b>
USD	<b>(0.99%)</b>	<b>18</b>
EUR	<b>3.23%</b>	<b>(26,967)</b>
AUD	<b>0.39%</b>	<b>(44)</b>
SGD	<b>1.23%</b>	<b>(2)</b>

	<b>December 31, 2022</b>	
	<b>Percentage Decrease in Foreign Exchange Rates</b>	<b>Increase (Decrease) in Income before Income Tax</b>
USD	11.00%	6,331
EUR	2.56%	(47,132)
AUD	4.48%	(354)
SGD	16.34%	(255)

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:

	<b>2023</b>	2022
Debt	<b>P3,723,769</b>	P6,140,725
Equity	<b>15,290,648</b>	13,493,109
Debt to equity ratio	<b>0.24:1</b>	0.46:1

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, Loans payable 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 value as the impact of discounting is not significant.

### *Lease Liabilities*

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

As at December 31, 2023 and 2022, the Group has no financial instruments carried at fair value. Thus, disclosure on inputs using a three-level fair value hierarchy is not necessary.

	<b>December 31, 2023</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>
<b>Financial Assets at Amortized Cost</b>		
Cash in banks	<b>P1,440,247</b>	<b>P1,440,247</b>
Cash equivalents	<b>1,454,816</b>	<b>1,454,816</b>
Trade and other receivables - net	<b>2,461,436</b>	<b>2,461,436</b>
Refundable deposits	<b>18,594</b>	<b>18,594</b>
	<b>P5,375,093</b>	<b>P5,375,093</b>
<b>Other Financial Liabilities</b>		
Trade and other payables	<b>P1,958,714</b>	<b>P1,958,714</b>
Dividends payable	<b>1,117,174</b>	<b>1,117,174</b>
Lease liabilities	<b>75,281</b>	<b>75,281</b>
	<b>P3,151,169</b>	<b>P3,151,169</b>

	December 31, 2022	
	Carrying Amount	Fair Value
<b>Financial Assets at Amortized Cost</b>		
Cash in banks	P1,833,732	P1,833,732
Cash equivalents	2,948,667	2,948,667
Trade and other receivables - net	2,227,178	2,227,178
Refundable deposits	16,519	16,519
	<b>P7,026,096</b>	<b>P7,026,096</b>
<b>Other Financial Liabilities</b>		
Trade and other payables	P3,934,819	P3,934,819
Due to related parties	846,700	846,700
Loans payable	130,000	130,000
Dividends payable	783,473	783,473
Lease liabilities	131,173	131,173
	<b>P5,826,165</b>	<b>P5,826,165</b>

## 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, 2023					
	Loan Payable	Accrued Interests	Dividends Payable	Lease Liabilities	Due to Related Parties	Total
Balances at beginning of year	P130,000	P407	P783,473	P131,173	P846,700	P1,891,753
<b>Changes from Financing Cash Flows</b>						
Payments of:						
Dividends payable	-	-	(783,473)	-	-	(783,473)
Loans payable	(130,000)	-	-	-	-	(130,000)
Lease liabilities - principal portion	-	-	-	(64,978)	-	(64,978)
Due to related parties	-	-	-	-	(116,700)	(116,700)
Interest	-	(808)	-	(4,769)	-	(5,577)
<b>Total Changes from Financing Cash Flows</b>	<b>(130,000)</b>	<b>(808)</b>	<b>(783,473)</b>	<b>(69,747)</b>	<b>(116,700)</b>	<b>(1,100,728)</b>
<b>Liability-related Other Changes</b>						
Payment of investment in a joint venture	-	-	-	-	(730,000)	(730,000)
Additions from new lease agreements entered during the year	-	-	-	9,086	-	9,086
Interest expense	-	401	-	4,769	-	5,170
Dividends declared	-	-	1,117,174	-	-	1,117,174
Total liability-related other changes	-	401	1,117,174	13,855	(730,000)	401,430
Balances at end of year	P -	P -	P1,117,174	P75,281	P -	P1,192,455

	December 31, 2022					
	Loan Payable	Accrued Interests	Dividends Payable	Lease Liabilities	Due to Related Parties	Total
Balances at beginning of year	P -	P -	P348,210	P186,858	P106,700	P641,768
Changes from Financing Cash Flows						
Proceed from (payments of):						
Dividends payable	-	-	(348,210)	-	-	(348,210)
Loans payable	130,000	-	-	-	-	130,000
Lease liabilities - principal portion	-	-	-	(58,543)	-	(58,543)
Due to related parties	-	-	-	-	10,000	10,000
Interest	-	(1,739)	-	(7,027)	-	(8,766)
Total Changes from Financing Cash Flows	130,000	(1,739)	(348,210)	(65,570)	10,000	(275,519)
Liability-related Other Changes						
Additions in investment in a joint venture	-	-	-	-	730,000	730,000
Additions from new lease agreements entered during the year	-	-	-	2,858	-	2,858
Interest expense	-	2,146	-	7,027	-	9,173
Dividends declared	-	-	783,473	-	-	783,473
Total liability-related other changes	-	2,146	783,473	9,885	730,000	1,525,504
Balances at end of year	P130,000	P407	P783,473	P131,173	P846,700	P1,891,753

	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
<b>Changes from Financing Cash Flows</b>						
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)
<b>Liability-related Other Changes</b>						
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

---

## 28. Reclassification of Accounts

To conform with the presentation of the financial statements as at and for the year ended December 31, 2022, the Group reclassified unrealized gross profit on unsold inventories from its equity-accounted investees to “Share in net income (losses) of an associate and a joint venture”, previously classified under “Cost of goods sold” in profit or loss for the year ended December 31, 2022. Moreover, the Group has changed its accounting policy during the year on the treatment of these unrealized gross profits i.e., unrealized gross profits on unsold inventories are eliminated against the investment of the Group’s interest in the investee. Previously, the unrealized gross profits were recognized as a deduction from the underlying asset in the statement of financial position as at December 31, 2022.

The effect of the reclassification follows:

	2022		
	As previously Presented	Reclassification	As Reclassified
Statement of Financial Position			
Inventories	P6,100,767	P176,044	P6,276,811
Investments in a joint venture and an associate	5,246,928	(176,044)	5,070,884
Statement of Comprehensive Income			
Cost of goods sold	10,483,585	(176,044)	10,307,541
Share in net income (losses) of an associate and a joint venture	106,160	(176,044)	(69,884)

The reclassification did not have any impact to profit or loss and total comprehensive income of the Group.



R.G. Manabat & Co.  
The KPMG Center, 6/F  
6787 Ayala Avenue, Makati City  
Philippines 1209  
Telephone +63 (2) 8885 7000  
Fax +63 (2) 8894 1985  
Internet [www.home.kpmg/ph](http://www.home.kpmg/ph)  
Email [ph-inquiry@kpmg.com](mailto:ph-inquiry@kpmg.com)

## **INDEPENDENT AUDITORS' REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Stockholders and Board of Directors  
**The Keepers 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. and Subsidiaries (the "Group") as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 15, 2024.

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.

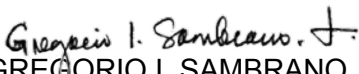
Firm Regulatory Registration & Accreditation:  
PRC-BOA Registration No. 0003, valid until September 20, 2026  
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024  
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)  
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024  
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)





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, 2023 and 2022 and for each of three years in the period ended December 31, 2023 and no material exceptions were noted (see Annex A).

**R.G. MANABAT & CO.**

  
GREGORIO I. SAMBRANO, JR.  
Partner  
CPA License No. 088825  
Tax Identification No. 152-885-329  
BIR Accreditation No. 08-001987-036-2024  
Issued March 26, 2024; valid until March 26, 2027  
PTR No. MKT 10075199  
Issued January 2, 2024 at Makati City

April 15, 2024  
Makati City, Metro Manila



R.G. Manabat & Co.  
The KPMG Center, 6/F  
6787 Ayala Avenue, Makati City  
Philippines 1209  
Telephone +63 (2) 8885 7000  
Fax +63 (2) 8894 1985  
Internet [www.home.kpmg/ph](http://www.home.kpmg/ph)  
Email [ph-inquiry@kpmg.com](mailto:ph-inquiry@kpmg.com)

**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.**  
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. and Subsidiaries (the "Group") as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and have issued our report thereon dated April 15, 2024.

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

Firm Regulatory Registration & Accreditation:  
PRC-BOA Registration No. 0003, valid until September 20, 2026  
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024  
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)  
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024  
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



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 audits 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.

Partner

CPA License No. 088825

Tax Identification No. 152-885-329

BIR Accreditation No. 08-001987-036-2024

Issued March 26, 2024; valid until March 26, 2027

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April 15, 2024

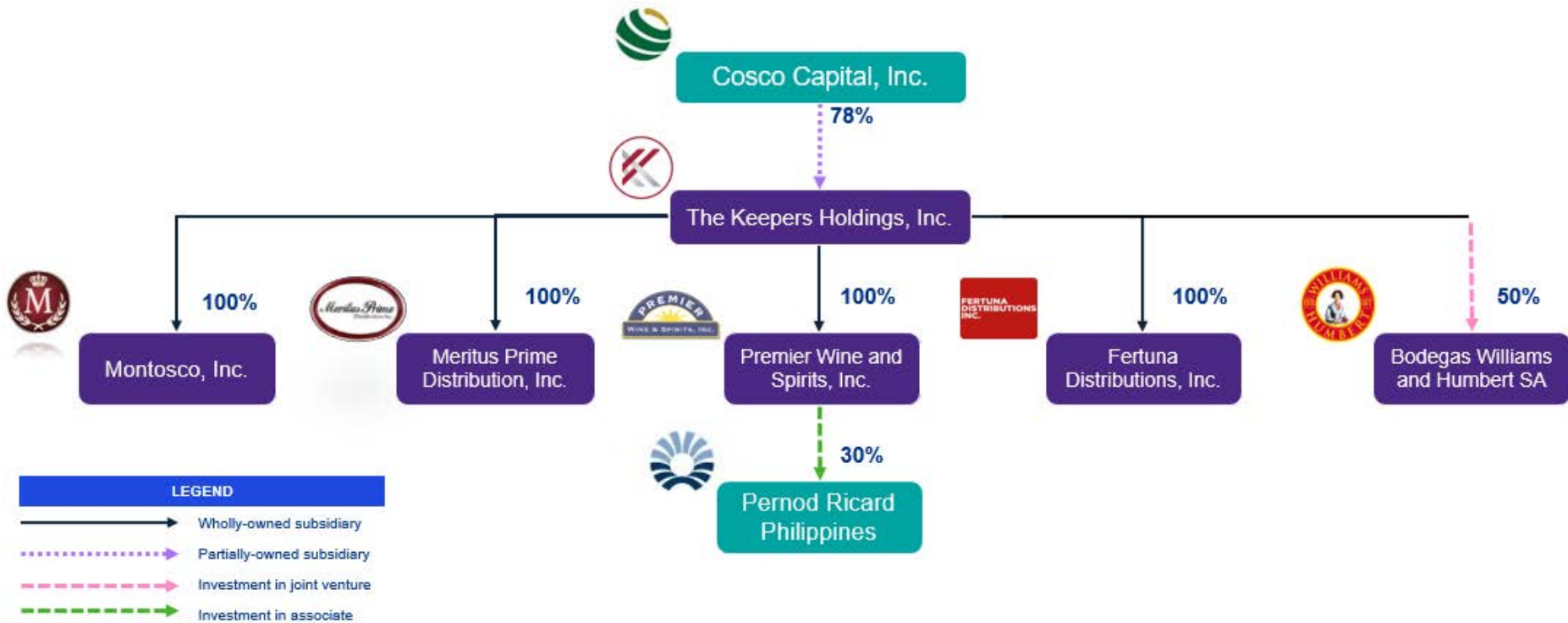
Makati City, Metro Manila

**THE KEEPERS HOLDINGS, INC. AND SUBSIDIARIES**  
**(Amounts in Thousands)**  
**AS AT DECEMBER 31, 2023**

Ratio	Formula	2023	2022
Current ratio	Total Current Assets divided by Total Current Liabilities  Total current assets P13,634,334 Divide by: Total current liabilities 3,678,876 <hr/> 3.71	<b>3.71</b>	2.37
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 P13,634,334 Less: Inventories 7,658,757 Prepaid expenses other current assets 616,872 <hr/> Quick assets 5,358,705 Divide by: Total current liabilities 3,678,876 <hr/> Acid-test ratio 1.46	<b>1.46</b>	1.16
Debt-to-equity ratio	Debt-to-equity ratio (Total liabilities over total equity)  Total liabilities P3,723,769 Divide by: Total equity 15,290,648 <hr/> 0.24	<b>0.24</b>	0.46
Asset-to-equity ratio	Asset-to-equity ratio (Total assets over total equity)  Total assets P19,014,417 Divide by: Total equity 15,290,648 <hr/> 1.24	<b>1.24</b>	1.46

<b>Ratio</b>	<b>Formula</b>	<b>2023</b>	<b>2022</b>																
Solvency ratio	<p>Solvency ratio (Profit plus depreciation and amortization over total liabilities)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Net income</td> <td style="text-align: right;">P2,916,250</td> </tr> <tr> <td>Add: Depreciation and amortization</td> <td style="text-align: right;">78,485</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">2,994,735</td> </tr> <tr> <td>Divide by: Total liabilities</td> <td style="text-align: right;">3,723,769</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>Solvency ratio</td> <td style="text-align: right;">0.80</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> </table>	Net income	P2,916,250	Add: Depreciation and amortization	78,485	<hr/>		Total	2,994,735	Divide by: Total liabilities	3,723,769	<hr/>		Solvency ratio	0.80	<hr/>		<b>0.80</b>	0.38
Net income	P2,916,250																		
Add: Depreciation and amortization	78,485																		
<hr/>																			
Total	2,994,735																		
Divide by: Total liabilities	3,723,769																		
<hr/>																			
Solvency ratio	0.80																		
<hr/>																			
Interest rate coverage ratio	<p>Interest rate coverage ratio (Income from operations before depreciation and amortization over interest expense on loans)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Operating profit before depreciation and amortization</td> <td style="text-align: right;">P2,994,735</td> </tr> <tr> <td>Divide by: Interest expense on loans</td> <td style="text-align: right;">401</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td></td> <td style="text-align: right;">7,468</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> </table>	Operating profit before depreciation and amortization	P2,994,735	Divide by: Interest expense on loans	401	<hr/>			7,468	<hr/>		<b>7,468</b>	1,077						
Operating profit before depreciation and amortization	P2,994,735																		
Divide by: Interest expense on loans	401																		
<hr/>																			
	7,468																		
<hr/>																			
Return on equity	<p>Return on Equity (Net Income by Average Total Equity)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Net income</td> <td style="text-align: right;">P2,916,250</td> </tr> <tr> <td>Divide by: Average total equity</td> <td style="text-align: right;">14,391,879</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td></td> <td style="text-align: right;">0.20</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> </table>	Net income	P2,916,250	Divide by: Average total equity	14,391,879	<hr/>			0.20	<hr/>		<b>0.20</b>	0.18						
Net income	P2,916,250																		
Divide by: Average total equity	14,391,879																		
<hr/>																			
	0.20																		
<hr/>																			
Return on assets	<p>Return on Assets (Net Income by Average Total Assets)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Net income</td> <td style="text-align: right;">P2,916,250</td> </tr> <tr> <td>Divide by: Average total assets</td> <td style="text-align: right;">19,324,126</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td></td> <td style="text-align: right;">0.15</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> </table>	Net income	P2,916,250	Divide by: Average total assets	19,324,126	<hr/>			0.15	<hr/>		<b>0.15</b>	0.13						
Net income	P2,916,250																		
Divide by: Average total assets	19,324,126																		
<hr/>																			
	0.15																		
<hr/>																			
Net profit margin	<p>Net profit margin (Profit over net sales)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Net income</td> <td style="text-align: right;">P2,916,250</td> </tr> <tr> <td>Divide by: Net sales</td> <td style="text-align: right;">16,312,942</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td></td> <td style="text-align: right;">0.18</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> </table>	Net income	P2,916,250	Divide by: Net sales	16,312,942	<hr/>			0.18	<hr/>		<b>0.18</b>	0.16						
Net income	P2,916,250																		
Divide by: Net sales	16,312,942																		
<hr/>																			
	0.18																		
<hr/>																			

**THE KEEPERS HOLDINGS, INC. AND SUBSIDIARIES**  
**Map of Group of Companies Within which the Company Belongs**  
**As at December 31, 2023**



**THE KEEPERS 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	P2,897,269	P2,897,269	P78,216
Various customers - Trade and other receivables - net	N/A	2,461,436	2,461,436	-
Various lessors - Refundable deposits	N/A	P18,594	P18,594	-

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

**THE KEEPERS 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
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**NOTHING TO REPORT**



**THE KEEPERS 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
Montosco, Inc.	P711,347	P1,911,626	(P1,661,347)	P -	P961,626	P -	P961,626
Meritus Prime Distributions, Inc.	54,136	87,016	(54,136)	-	87,016	-	87,016
Premier Wine and Spirits, Inc.	45,683	84,292	(45,683)	-	84,292	-	84,292
Fertuna Distributions, Inc.	-	58,932	(33,289)	-	25,643	-	25,643
	P811,166	P2,141,866	(P1,794,455)	P -	P1,158,577	P -	P1,158,577

**THE KEEPERS 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
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**NOTHING TO REPORT**

**THE KEEPERS HOLDINGS, INC. AND SUBSIDIARIES**

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

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Name of Related Parties (i)	Balance at beginning of period	Balance at end of period (ii)
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**NOTHING TO REPORT**

**THE KEEPERS 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)
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**NOTHING TO REPORT**

**THE KEEPERS HOLDINGS, INC. AND SUBSIDIARIES**  
**SCHEDULE G. CAPITAL STOCK**

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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

**RECONCILIATION OF RETAINED EARNINGS  
AVAILABLE FOR DIVIDEND DECLARATION  
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2023**  
(Amounts in Thousands)

**THE KEEPERS HOLDINGS, INC.**  
No. 900 Romualdez Street, Paco, Manila

<b>Deficit, beginning of reporting period</b>	<b>(P10,629)</b>
<b>Less: Category B: Items that are directly debited to Unappropriated Retained Earnings</b>	
Dividend declaration during the reporting period	<b>(1,117,174)</b>
<b>Deficit, as adjusted</b>	<b>(1,127,803)</b>
<b>Add: Net Income for the current year</b>	<b>2,135,569</b>
<b>Total Retained Earnings, end of reporting period available for dividend</b>	<b>P1,007,766</b>

CERTIFICATION

I, **CANDY H. DACANAY-DATUON**, Filipino of legal age, am the Assistant Corporate Secretary of **THE KEEPERS HOLDINGS, INC.** (the "Company"), hereby certify that none of the Company's directors and officers work for the Philippine Government as of the date hereof.


I am issuing this Certification as a requirement of the Securities and Exchange Commission for the issuance of the Company's Information Statement.

SIGNED this 18<sup>th</sup> day of April 2024, in the City of Manila, Philippines.

  
**CANDY H. DACANAY-DATUON**  
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this 18 APR 2024 of April 2024 in the City of Manila. Affiant exhibited her Integrated Bar of the Philippines Lifetime ID No. 09872.

Doc. No. 190  
Page No. 38  
Book No. XI  
Series of 2024.

  
**EMMA RHEA B. SADURAL-CAPISTRANO**  
Notary Public for the City of Manila  
Commission No. 2023-102 until Dec. 31, 2024  
Roll No. 55724  
IBP Lifetime Member No. 07476  
PTR No. 1515455/01-02-2024/Manila  
MCLE No. VII-0067124/11-22-2021  
No. 909 Romulo St., Paco, Manila



Minutes of the Annual Stockholders' Meeting of  
**THE KEEPERS HOLDINGS, INC.**  
 May 30, 2023 via Zoom Meeting

**ATTENDANCE:**

<b><u>STOCKHOLDERS PRESENT/REPRESENTED</u></b>	<b><u>NO. OF SHARES</u></b>	<b><u>PERCENTAGE</u></b>
Remote Communication	12,947,592,394	89.24%
<b>*TOTAL ATTENDANCE</b>	<b>12,947,592,394</b>	<b>89.24%</b>

The Chairman of the Board and the Annual Stockholders' Meeting, Mr. Lucio L. Co, welcomed the stockholders, directors, and officers of The Keepers Holdings, Inc. He thanked them for attending the annual stockholders' meeting.

***A. Call to Order and Proof of Notice and Quorum***

Mr. Co called the meeting to order. He asked the Assistant Secretary, Atty. Candy H. Dacanay – Datuon, who was appointed to be the Secretary of the meeting, if there is a quorum in the annual stockholders' meeting. Atty. Candy H. Dacanay - Datuon replied that notices of the Annual Stockholders' Meeting were disseminated to all Stockholders of record of the Company following the pertinent issuances of the Securities and Exchange Commission and provisions of the Company's By-Laws. She added that she submitted the notice of the meeting, together with the Information Statements, to the Securities and Exchange Commission and the Philippine Stock Exchange, through the EDGE submission system, where the PSE approved it as a Company Announcement on April 17, 2023, and posted them on the Company website starting April 18, 2023.

She also mentioned that the members of the board<sup>1</sup>, who are at the same time nominees for re-election, the executive officers of the Company<sup>2</sup>, and the representatives from the External Auditor, R.G. Manabat & Co., were in the meeting via videoconference.

Atty. Candy H. Dacanay - Datuon certified that there was a quorum for a valid transaction of business in the meeting because out of 14,508,750,313 common shares issued and outstanding of the Company as of record date, there were present in the meeting by remote communication and proxy, stockholders representing a total of 12,947,592,394 common shares, or equivalent to 89.24% of the Company's outstanding capital stock.

***B. Approval of the Minutes and Ratification of all acts of the Board of Directors and Management***

Mr. Lucio Co proceeded with the next item on the agenda, the approval of the minutes of the previous stockholders' meeting and ratification of all acts of the Board of

<sup>1</sup> Lucio Co, Jose Paulino Santamarina, Camille Clarisse Co, Jannelle Uy, Robin Derrick Chua, Enrico Cruz and Edgardo Lacson.

<sup>2</sup> Leonardo Dayao and Roberto Juanchito Dispo (Advisers to the Board), Teodoro Polinga (Cosco Capital Comptroller), Imelda Lacap (The Keepers Comptroller), Abigail Lintag (Internal Auditor) and John Marson Hao (Investor Relations Officer).



Directors and officers of the Company since the last Annual Stockholders' Meeting.

A motion was made to approve the minutes of the previous stockholders' meeting, together with all acts, proceedings, contracts, or deeds performed, entered into, or executed by the Company's Board of Directors and officers, be approved, confirmed, and ratified as if such acts, proceedings, contracts, or deeds had been performed, entered into, or executed with specific and special authorization of the stockholders in a meeting duly convened and held. The motion was duly seconded and carried out.

Mr. Lucio Co called upon the Secretary to present the votes garnered in the particular item in the agenda. Atty. Candy H. Dacanay - Datuon presented the following result of voting *in absentia*:

	<b>Yes</b>	<b>No</b>	<b>Abstain</b>
Approval of the Minutes and Ratification of all acts of the Board of Directors and Management	12,947,592,394 (100%)	0	0

### **C. Approval of 2022 Annual Report and Audited Financial Statements**

Mr. Lucio Co moved to the next item on the agenda, the presentation of the Annual Report and approval of the Consolidated Audited Financial Statements of the Company as of December 31, 2022.

To present this item, the Company played a video presentation<sup>3</sup> about the Company's Annual Report and Sustainability Report, showing the Company's performance for the year 2022, the highlights of its financial results, and sustainability initiatives in 2022. The Chairman and President's Reports to stockholders are attached as **Annex "A"**.

Mr. Lucio Co asked the stockholders for any questions regarding the Company's Annual Report, and there were none. After that, a motion to approve the Annual Report and the Consolidated Audited Financial Statements of the Company was duly seconded. There being no objection, the motion was approved.

Mr. Lucio Co called upon the Secretary to present the votes garnered in the particular item in the agenda. Atty. Candy H. Dacanay - Datuon gave the following result of voting *in absentia*:

	<b>Yes</b>	<b>No</b>	<b>Abstain</b>
Approval of 2022 Annual Report and Audited Financial Statements	12,947,592,394 (100.00%)	0	0

### **D. Election of Directors**

Mr. Lucio Co moved to the next item on the agenda, the election of the members of the Board of Directors for the year 2023-2024.

He mentioned that the Corporate Governance Committee pre-screened the qualifications of all nominees and prepared a final list of all candidates for directors, and that such list of candidates was made available to all stockholders through the information statements released to the public.

---

<sup>3</sup> Available on the Company website.

Atty. Candy H. Dacanay - Datuon announced the candidates for the 2023 Board of Directors:

1. Mr. Lucio Co
2. Mr. Jose Paulino Santamarina
3. Ms. Camille Clarisse Co
4. Ms. Jannelle Uy
5. Mr. Robin Derrick Chua
6. Mr. Enrico Cruz
7. Mr. Edgardo Lacson

Mr. Lucio Co requested the Secretary to present the results of the *in absentia* voting for this particular item on the agenda.

Atty. Candy H. Dacanay - Datuon presented the following result:

Nominees	For	Against	Abstain	Total Votes	%
Mr. Lucio L. Co	12,943,014,394	4,578,000	0	12,947,592,394	99.96%
Mr. Jose Paulino L. Santamarina	12,943,512,394	4,080,000	0	12,947,592,394	99.97%
Ms. Camille Clarisse P. Co	12,940,226,840	7,365,554	0	12,947,592,394	99.94%
Ms. Jannelle O. Uy	12,940,226,840	7,365,554	0	12,947,592,394	99.94%
Ms. Robin Derrick C. Chua	12,940,226,840	7,365,554	0	12,947,592,394	99.94%
Mr. Enrico S. Cruz	12,947,592,394	0	0	12,947,592,394	100.00%
Mr. Edgardo G. Lacson	12,947,592,394	0	0	12,947,592,394	100.00%

Mr. Lucio Co, thereafter, declared himself, Mr. Jose Paulino Santamarina, Ms. Camille Clarisse Co, Ms. Jannelle Uy, Mr. Robin Derrick Chua as regular directors for 2023-2024 and Mr. Enrico Cruz and Mr. Edgardo Lacson as independent directors for 2023 – 2024.

***E. Re-appointment of R.G. Manabat & Company as External Auditor***

The Chairman moved to the next item on the agenda, the re-appointment of R.G. Manabat & Company as External Auditor. Mr. Lucio Co mentioned that the Audit Committee recommended that R.G. Manabat & Co., (KPMG) be re-appointed as the External Auditor of the Company and its subsidiaries for 2023 with an auditors fee of up to P1.2 million.

A motion to re-appoint R.G. Manabat & Co. (KPMG) as the external auditor of the Company and its subsidiaries for the year ending December 31, 2023, with an audit fee of up to P1.2 million was made and duly seconded.

Mr. Lucio Co requested the Secretary to present the results of the *in absentia* voting for this particular item on the agenda. Atty. Candy H. Dacanay - Datuon gave the following result:

	Yes	No	Abstain
Re-Appointment of External Auditor	12,947,592,394 (100.00%)	0	0

***F. Other Matters***

Mr. Lucio Co asked the Secretary if there were matters left to be discussed. The Secretary mentioned that there are none. There were also no questions or concerns raised by the stockholders to be discussed in the meeting.

***G. Adjournment***

There was no other business to transact, so the Chairman requested a motion to adjourn the meeting. A motion was made and duly seconded. There being no objection, the meeting was adjourned.

Mr. Lucio Co thanked the stockholders and participants in the Annual Stockholders' Meeting.

Prepared by:

Sgd.

**Atty. Candy H. Dacanay – Datuon**

Assistant Corporate Secretary

Approved by:

Sgd.

**Mr. Lucio L. Co**

Chairman of the Board

## **ANNEX “A”**

### **THE KEEPERS JOINT MESSAGE FROM THE CHAIRMAN AND THE PRESIDENT (2022 ANNUAL REPORT)**

#### **THE BUSINESS WE ARE IN**

Relationships form the bedrock on which this business was built on.

It all started in 1996 when we were entrusted with bringing in and distributing a portfolio of global brands. Though the brands changed hands, the new owners carried on and eventually turned the relationship into a joint venture partnership with the world-renowned Pernod Ricard, where we currently hold 30% ownership of its local distribution company.

Before the turn of the millennium, we met and shook hands with representatives of the brandy-producing Spanish company Bodegas Williams & Humbert.

This began the journey of what is now known as Alfonso - the leading imported brandy and the leading imported alcoholic beverage brand in the market.

Through almost three decades, the company has gone through and withstood numerous challenges be it industry shifts and competition, regulatory issues, or global brand realignments.

Nurturing these relationships has led the biggest and leading multinationals in the industry to do business with us exclusively.

Included in The Keepers' portfolio are the world's leading brands in almost all key categories of the spirits spectrum, as well as some of the best-selling wines and related specialty beverages.

This has resulted in our strengthened industry leadership over the imported spirits sector.

Reflecting on what we have learned, we continue to focus on four essential pillars that are anchored on relationships -- our keys to success:

1. Keeping a solid relationship with Our Principals - by supporting them as they build their brands and achieve their goals.
2. Our Customers - by giving them value and treating them fairly.
3. Our People - by taking care of and looking after their welfare, and investing in them.
4. And last but not least, focusing on you -- our Shareholders, by consistently delivering value and yields for your investments.

These are the values we live by.

## **OPERATING HIGHLIGHTS**

On just our second financial year as a listed company, we have grown faster than planned and ahead of the industry as our Compounded Annual Growth Rate (CAGR) in terms of net revenues is at 31% while our net profit is at 38%.

Our company once again delivered strong numbers as net revenue increased by 26.5% from P11.0B in 2021 to P13.9 B in 2022, while net profit grew by 41% from P1.5B in 2021 to P2.2B in 2022.

We have also rewarded our shareholders with two growing and remarkable cash dividend payouts at an escalated rate of 30% of prior year's net profits in 2021 then increasing to 50% of the prior year's net profits in 2022.

Our mission of growth and profitability has once again been achieved.

True to our commitment to utilizing the proceeds from the Follow-On Offering, we have acquired 50% of Bodegas Williams & Humbert, thereby securing the supply lifeline of our biggest brand – Alfonso.

In addition to this, we have also established our Cebu distribution hub.

We are proud to report that all major categories of spirits, wines, and specialty beverages are growing. Distribution trade channels, off-premise and on-premise, have not only recovered but have grown way past pre-pandemic levels.

The strong synergies and seamless relationships with Puregold and S&R chains, with their vast nationwide network of retail outlets, have consistently given The Keepers a competitive advantage.

In summary, your company is in a position of strength, operating in a growing and premiumizing industry. It is run by efficient and effective teams, carrying a portfolio of the world's leading brands, and working with very supportive customers and long-standing principals.

## **WE ARE MOVING UP AND FORWARD**

As we bring this company to the next phase and take on the challenges of the future, we are confident about the growth and the premiumization of the industry as well as the fundamentals of the company.

We are committed to continuously deliver strong and excellent results, and to deliver healthy and respectable yields for your investments.

We will continue to grow, expand, and fill in the gaps in our portfolio.

We shall solidify our relationships with our suppliers and customers.

We shall be mindful of our more significant role in society and will continue to advocate responsible consumption.

The Keepers would like to thank you for your continued trust and confidence.