



Minutes of the Annual Stockholders' Meeting of  
**COSCO CAPITAL, INC.**  
 June 30, 2023 via Zoom Meeting

**ATTENDANCE:**

<u>STOCKHOLDERS PRESENT/REPRESENTED</u>	<u>NO. OF SHARES</u>	<u>PERCENTAGE</u>
Remote Communication	6,239,163,889	87.01%
<b>*TOTAL ATTENDANCE</b>	<b>6,239,163,889</b>	<b>87.01%</b>

On behalf of the Chairman of the Board (Mr. Lucio Co), Mr. Leonardo Dayao (President and Presiding Officer for the meeting) welcomed the stockholders, directors, and officers of Cosco Capital, Inc. He thanked them for attending the annual stockholders' meeting.

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

Mr. Dayao called the meeting to order. He asked the Secretary, Atty. Jose Santos, Jr., if there is a quorum in the annual stockholders' meeting. Atty. Santos 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. He 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 June 2, 2023, and posted them on the Company website starting June 5, 2023.

He 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, and the representatives from the External Auditor, R.G. Manabat & Co., and Stock Transfer Agent – RCBC Trust were in the meeting via videoconference.

Atty. Santos certified that there was a quorum for a valid transaction of business in the meeting because out of 7,170,721,764 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 6,239,163,889 common shares, or equivalent to 87.01% 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. Dayao 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 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.

<sup>1</sup> Lucio Co, Susan Co, Leonardo Dayao, Roberto Juanchito Dispo, Levi Labra and Ramon Jesus Paje.

Mr. Dayao called upon the Secretary to present the votes garnered in the particular item in the agenda. Atty. Santos 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	6,234,313,450 (99.92%)	0	4,850,439

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

Mr. Dayao 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>2</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. Dayao 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. Dayao called upon the Secretary to present the votes garnered in the particular item in the agenda. Atty. Santos 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	6,234,313,450 (99.92%)	0	4,850,439

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

Mr. Dayao 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.

Atty. Santos announced the candidates for the 2023 Board of Directors:

1. Mr. Lucio Co
2. Ms. Susan Co
3. Mr. Leonardo Dayao
4. Mr. Roberto Juanchito Dispo
5. Mr. Levi Labra
6. Ms. Lily Gruba
7. Mr. Ramon Jesus Paje as Independent Director

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<sup>2</sup> Available on the Company website.

## 8. Ms. Cecilia Borromeo as Independent Director

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

Atty. Santos presented the following result:

NOMINEES	FOR	AGAINST	ABSTAIN	TOTAL	%
Mr. Lucio L. Co	6,194,391,223	44,772,666	0	6,239,163,889	99.28%
Mrs. Susan P. Co	6,039,220,874	199,943,015	0	6,239,163,889	96.80%
Mr. Leonardo B. Dayao	6,129,598,723	109,565,166	0	6,239,163,889	98.24%
Mr. Roberto Juanchito T. Dispo	6,064,765,038	174,398,851	0	6,239,163,889	97.20%
Mr. Levi B Labra	6,074,087,389	165,076,500	0	6,239,163,889	97.35%
Ms. Lily K. Gruba	6,064,765,038	174,398,851	0	6,239,163,889	97.20%
Mr. Ramon J.P. Paje	6,239,163,889	0	0	6,239,163,889	100%
Ms. Cecilia Borromeo	6,239,163,889	0	0	6,239,163,889	100%

Mr. Dayao, thereafter, declared Mr. Lucio Co, Ms. Susan Co, Mr. Roberto Juanchito Dispo, Mr. Levi Labra, Ms. Lily Gruba, and himself as regular directors for 2023 - 2024, and Mr. Ramon Jesus Paje and Ms. Cecilia Borromeo as Independent Directors for 2023 – 2024.

### ***E. Amendment of Bylaws***

Mr. Dayao mentioned that on May 9, 2023, the Board of Directors of Cosco Capital approved to amend Article III Section 1 of the Company's Bylaws to change the date of the Annual Stockholders' Meeting from "last Friday of June" to "any day of May of each year" at such time as may be fixed by the Board of Directors. The motion was duly seconded and carried out.

Mr. Dayao called upon the Secretary to present the votes garnered in the particular item in the agenda. Atty. Santos presented the following result of voting *in absentia*:

	<b>Yes</b>	<b>No</b>	<b>Abstain</b>
Amendment of Bylaws	6,219,530,650 (99.69%)	10,782,800	8,850,439

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

The Presiding Officer moved to the next item on the agenda, the re-appointment of R.G. Manabat & Company as External Auditor. Mr. Dayao 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 P10.1 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 P10.1 million was made and duly seconded.

Mr. Dayao requested the Secretary to present the results of the *in absentia* voting for this particular item on the agenda. Atty. Santos gave the following result:

	<b>Yes</b>	<b>No</b>	<b>Abstain</b>
Re-Appointment of External Auditor	6,234,313,450 (99.92%)	0	4,850,439

***F. Other Matters***

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

Prepared by:

**Atty. Jose Santos, Jr.**  
Corporate Secretary

Approved by:

**Mr. Leonardo Dayao**  
Presiding Officer

## **ANNEX “A”**

### **COSCO CAPITAL, INC. JOINT MESSAGE FROM THE CHAIRMAN AND THE PRESIDENT (2022 ANNUAL REPORT)**

The year 2022 saw improved mobility as the Philippine economy geared towards post-pandemic recovery. The Philippines' GDP grew 7.2 percent in the fourth quarter of 2022, resulting in a full-year growth of 7.6 percent in 2022.

The declining COVID-19 infection rate, significant vaccination coverage and the easing of pandemic-related restrictions all led to a rebound in consumer spending.

These shifts towards economic recovery and increased consumer demand have helped our company achieve higher revenue growth across all our business segments despite prevailing industry challenges.

Coupled with our strong balance sheet, consolidated revenues from all our business segments grew by 13 percent to P197.14 billion in 2022. Our net income also increased by 16.86 percent to P12.28 billion versus P10.51 billion in the previous year.

We are pleased to report that Cosco Capital has emerged from the pandemic in an even stronger position, which is a testament to the breadth of our portfolio. As the leading retail and investment holding company, we will continue to pursue strategic growth guided by our mission of enriching Filipino lives through our quality products and excellent services.

#### **Business Segment Review**

Throughout the year, all business segments were able to maintain efficient business operations that delivered profitable results. The group's Grocery Retail segment contributed 63% of total core net income, followed by Wine and Liquor Distribution at 25%, Commercial Real Estate segment at 11% and Specialty at 1%.

##### *Grocery Retail*

The grocery retailing business, which includes the flagship Puregold Price Club Inc. and S&R Membership Shopping Club, registered a consolidated revenue contribution of PHP 184.30 billion – an increase of 12.3% compared to the segment's revenues of PHP 164.13 billion in 2021. Net income also grew to PHP 9.29 billion in 2022, up by 13.5% from the previous year's PHP 8.18 billion.

The increase in revenues is attributable to sales contributions from the full operation of new Puregold and S&R stores opened in 2021 and 2022.

As of FY 2022, the Grocery Retailing segment is operating a total of 525 stores.

Puregold opened a total of 24 new stores in 2022 while S&R opened four Quick-Service Restaurants (QSR)s. Five S&R warehouse clubs are currently under development, four of which are expected to open in 2023.

##### *Wine and Liquor Distribution*

The wine and liquor distribution through The Keepers Holdings recorded consolidated revenues of PHP 13.95 billion in 2022, a 26.5% growth compared to the same period last year.

The strong growth in sales is attributable to robust performance across all product categories, particularly due to recovering demand and consumption from on-premise channels as well as the travel retail market. Strategic price adjustments on certain product SKUs also contributed to the revenue uplift.

This brought net income for the liquor segment to PHP 2.23 billion, up 41.1%, as a result of strong sales performance from all. The effect of reduced income tax rates resulting from the passage of CREATE Law also contributed to the growth in net income.

During the year and pursuant to its strategic plans, Keepers had also completed its acquisition of 50 percent equity in Bodegas Williams & Humbert SA -- the producers of company's top brandy, Alfonso. The group also established a Cebu distribution hub last year to further expand its reach.

The Keepers maintains market leadership in all leading categories of the imported spirits segment, being the largest distributor of imported spirits in the Philippines. It has a market share of 74.0% based on volume and 66.9% based on retail sales value in 2020\*,.

\*source : IWSR Drinks Market Analysis Limited ("IWSR").

### Real Estate

The commercial real estate segment posted a 7% percent growth in rental revenue to PHP 1.82 billion in 2022. This was mainly attributable to the continued easing of mobility restrictions and corresponding increase in economic activity, allowing tenants to gradually improve their business operations.

Higher power and utility costs led to a 7.64% decrease in the overall real estate segment's net income however, which amounted to PHP 845 million for the year.

The real estate group continued to expand its real estate assets portfolio through acquisitions of additional land banking assets for future development. This is on top of the ongoing development of at least two commercial assets to be completed in 2023.

### Specialty Retail

Under the specialty retail business segment, Office Warehouse Inc.'s revenues grew by 15% percent to PHP 1.79 billion as it continued to see recovery in its business operations. Likewise, net income improved by 38% percent to PHP 69 million in 2022.

Store sales registered a growth of 13.8% driven by a strong customer traffic count and recovering from a negative growth of 9.70% in 2021.

Office Warehouse has consistently surpassed historical sales with an annual average growth of 16%. It has managed to remain income positive in the midst of the global pandemic, opening two new stores (Market Market Taguig and SM Novaliches), and seven Puregold concession outlets around Metro Manila during the period.

The gradual resumption of onsite work and face-to-face classes of schools, gave Office Warehouse a steady foothold in its niche market. The specialty retail group also benefited from its back-to-school season promos which led to robust sales growth beginning in July.

Aside from these, significant sales were also generated from B2B and government sales biddings, and through its online shopping site which is mirrored on social media.

### **Higher Cash Dividends**

Cosco Capital has paid yearly dividends to its shareholders without interruption since 2014. Following the strong recovery of our core businesses, the company declared even higher cash dividends in 2022.

The company declared cash dividends of P0.19 per share to shareholders as of record date Jan. 18, 2023. The cash dividends were paid on Jan. 28, 2023. The amount represents a 58-percent year-on-year increase in annual cash dividends declared compared to the previous year.

### **Looking Ahead**

Cosco Capital sees the trend to continue exhibiting strong growth and profitability in spite of constant economic and business challenges.

As we look ahead to 2023 and beyond, we are confident in our position and capabilities to capitalize on the many opportunities that abound across industries. We remain committed to maximizing on our strengths and achieving our full potential as we continue to set the pace for the industry and contribute to national economic development.

Signifying this commitment to growth, COSCO plans to double its CAPEX budget to PHP12.2 billion in 2023 from PHP6.1 billion in 2022. A bulk of this CAPEX will be allotted for expansion of the Puregold group's store network, while a portion of the expenditures will be assigned to the Real Estate Group and The Office Warehouse.

In closing, we wish to thank all our stakeholders for your support and look forward to our continued partnership as we strive to reach greater heights and create a sustainable future for all Filipinos.