ANNEX C

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of Shakey's Pizza Asia Ventures, Inc. and Subsidiaries (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein as at December 31, 2025 and 2024, and each of the three years in the period ended December 31, 2025, 2024 and 2023, in accordance with the Philippine Financial Reporting Standards, 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.

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

Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards of Auditing and its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Christopher T. Po
Chairman of the Board

Vicente L. Gregorio
President & Chief Executive Officer

Myrose April C. Victor
Chief Finance Officer

Signed this APR 14 2026 day of April, 2026.

REPUBLIC OF THE PHILIPPINES)
TAGUIG CITY) s.s.

SUBSCRIBE AND SWORN to before me this APR 14 2026 affiant(s) exhibiting to me the Passport Numbers, as follows:

Name	Passport No.	Date Issue	Place of Issue
Christopher T. Po	P8631182A	Sept. 6, 2018	DFA Manila
Vicente L. Gregorio	P4438672B	Jan. 18, 2020	DFA NCR South
Myrose April C. Victor	P8919292B	Feb. 11, 2022	DFA Manila

Notary Public

Doc. No. 491
Page No. 100
Book No. VI
Series of 2026.

ATTY. BRENDA C. GARCIA
Notary Public City of Taguig
Until 31 December 2026
IBP O.R. No. INV584820/1-3-2026/Makati City
PTR No. A-6736209 on Nov. 27, 2025 at Taguig City
Appointment No. 125(2025-2026)
MCLE Compliance No. VIII-0009332 APRIL 14, 2028
BGC, Taguig City
Roll No. 39443

C O V E R S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

						5	4	6	6	6

C O M P A N Y N A M E

SHAKEY'S PIZZA ASIA VENTURES INC. AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

15Km East Service Road corner Marian Road 2, Barangay San Martin de Porres, Parañaque City 1700

Form Type	Department requiring the report	Secondary License Type, If Applicable
ACFS	CRMD	NA

C O M P A N Y I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
shakeyspizza.ph	(02)8839-0011	NA

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
40	June 20	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Myrose April C. Victor	mcvictor@shakeys.biz	(02)8839-0011	NA

CONTACT PERSON's ADDRESS

15Km East Service Road corner Marian Road 2, Barangay San Martin de Porres, Parañaque City 1700

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies*

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Shakey's Pizza Asia Ventures Inc.
15Km East Service Road corner Marian Road 2
Barangay San Martin de Porres, Parañaque City 1700

Opinion

We have audited the consolidated financial statements of Shakey's Pizza Asia Ventures Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, 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, 2025, and notes to the consolidated financial statements, including material accounting policy 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, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2025 in accordance with Philippine Financial Reporting Standards (PFRSs) Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Impairment assessment of Goodwill and Trademarks with Indefinite Useful Life

Under PFRS Accounting Standards, the Group is required to annually test for impairment the amount of goodwill and trademarks with indefinite useful life. As of December 31, 2025, the Group's goodwill, which are attributable to the Potato Corner, Bakemasters and Peri-Peri businesses, amounting to ₱1.3 billion, and trademarks with indefinite useful life attributable to Shakey's, Potato Corner and Peri-Peri, amounting to ₱8.8 billion, are significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty, specifically revenue growth rate, gross margin, capital expenditures, discount rate and long-term revenue growth rate.

The Group's disclosures about goodwill and trademarks with indefinite useful life are included in Notes 5 and 12 to the consolidated financial statements.

Audit response

We obtained an understanding of the management's assessment process for evaluating the impairment of goodwill and trademarks with indefinite useful life. We involved our internal specialist in evaluating the methodologies and the assumptions used. We compared the key assumptions used, such as revenue growth rate against the historical performance of the cash generating units and other relevant external data. We tested the parameters used in the determination of the discount rate against market data. We assessed the historical accuracy of management's estimates and performed sensitivity analyses of the significant assumptions to evaluate the change in the fair value of the cash generating units.

We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of goodwill and trademarks with indefinite useful life.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 17-A for the year ended December 31, 2025, but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2025, which are expected to be made available to us after that date.

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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs Accounting Standards, 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit 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 auditor's 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 PSAs 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 PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. 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 audit 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

  As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. 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 audit 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 auditor's 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 auditor's 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 audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 audit resulting in this independent auditor's report is Christine G. Vallejo.

SYCIP GORRES VELAYO & CO.

Christine G. Vallejo
Partner
CPA Certificate No. 99857
Tax Identification No. 206-384-906
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 99857-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-105-2025, October 20, 2025, valid until October 19, 2028
PTR No. 10765144, January 2, 2026, Makati City

April 14, 2026

SHAKEY'S PIZZA ASIA VENTURES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash (Notes 7 and 29)	**₱1,167,134,283**	₱1,319,799,492
Trade and other receivables (Notes 8, 18 and 29)	**1,729,416,840**	1,560,255,051
Inventories (Note 9)	**1,490,438,659**	1,759,910,852
Prepaid expenses and other current assets (Note 10)	**534,970,041**	630,309,536
Total Current Assets	**4,921,959,823**	5,270,274,931
Noncurrent Assets		
Property and equipment (Note 11)	**2,635,637,656**	2,317,956,225
Intangible assets (Note 12)	**10,451,917,509**	10,354,987,940
Right-of-use assets (Note 14)	**2,106,371,689**	1,803,635,740
Deferred input value-added tax	**–**	1,336,297
Deferred tax assets - net (Note 28)	**298,714,054**	206,391,374
Rental deposits and other noncurrent assets (Notes 14, 29 and 30)	**539,392,774**	420,939,042
Total Noncurrent Assets	**16,032,033,682**	15,105,246,618
TOTAL ASSETS	**₱20,953,993,505**	₱20,375,521,549
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans payable (Notes 15)	**₱1,220,000,000**	₱1,000,000,000
Income tax payable	**85,955,583**	141,506,728
Accounts payable and other current liabilities (Notes 16, 18 and 29)	**2,347,318,430**	2,212,546,716
Current portion of:		
Long-term loans payable (Notes 17 and 29)	**3,549,060,215**	47,819,494
Lease liabilities (Note 13)	**354,296,695**	293,913,746
Contract liabilities (Note 20)	**107,664,098**	101,014,484
Total Current Liabilities	**7,664,295,021**	3,796,801,168
Noncurrent Liabilities		
Noncurrent current portion of:		
Long-term loans payable (Notes 17 and 29)	**1,280,000,000**	5,144,751,497
Lease liabilities (Note 13)	**2,100,456,682**	1,827,842,338
Contract liabilities (Note 20)	**128,738,260**	121,045,193
Accrued pension costs (Note 25)	**202,811,390**	152,214,080
Deferred tax liabilities - net (Note 28)	**169,852,137**	396,952,983
Dealers' deposits and other noncurrent liabilities (Note 30)	**105,559,382**	82,188,507
Total Noncurrent Liabilities	**3,987,417,851**	7,724,994,598
Total Liabilities	**11,651,712,872**	11,521,795,766
Equity		
Capital stock (Note 19)	**1,683,760,178**	1,683,760,178
Additional paid-in capital (Note 19)	**2,451,116,470**	2,451,116,470
Retained earnings (Note 19)	**5,123,918,370**	4,645,088,555
Other components of equity	**43,485,615**	73,760,580
Total Equity	**9,302,280,633**	8,853,725,783
TOTAL LIABILITIES AND EQUITY	**₱20,953,993,505**	₱20,375,521,549

See accompanying Notes to Consolidated Financial Statements.

SHAKEY'S PIZZA ASIA VENTURES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2025	2024	2023
REVENUE FROM CONTRACTS WITH CUSTOMERS (Notes 20)	**₱16,049,646,251**	₱14,451,839,459	₱12,823,923,008
COST OF SALES (Notes 21)	**12,380,181,221**	10,813,468,207	9,683,398,537
GROSS INCOME	**3,669,465,030**	3,638,371,252	3,140,524,471
GENERAL AND ADMINISTRATIVE EXPENSES (Note 22)	**(2,335,711,925)**	(1,996,077,603)	(1,553,403,975)
INTEREST EXPENSE (Note 26)	**(494,343,320)**	(410,963,852)	(361,489,106)
INTEREST INCOME (Note 7)	**2,907,864**	1,928,966	464,950
OTHER INCOME - Net (Note 27)	**98,751,425**	29,657,229	18,314,382
INCOME BEFORE INCOME TAX	**941,069,074**	1,262,915,992	1,244,410,722
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 28)			
Current	**447,610,977**	411,147,231	291,971,466
Deferred	**(322,123,755)**	(341,638,782)	(127,007,314)
	125,487,222	69,508,449	164,964,152
NET INCOME	**815,581,852**	1,193,407,543	1,079,446,570
OTHER COMPREHENSIVE INCOME			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial gain (loss) on defined benefit obligation – net of tax (Note 25)	**7,908,816**	6,002,303	2,361,757
Unrealized gain (loss) on increase in fair value of financial assets at FVOCI - net of tax (Note 14)	**(2,040,000)**	16,865,327	–
Translation gain (loss) from foreign subsidiaries	**(36,143,781)**	14,993,230	–
	(30,274,965)	37,860,860	2,361,757
TOTAL COMPREHENSIVE INCOME	**₱785,306,887**	₱1,231,268,403	₱1,081,808,327
Basic/Diluted Earnings Per Share (Note 32)	**₱0.48**	₱0.71	₱0.64

See accompanying Notes to Consolidated Financial Statements.

SHAKEY'S PIZZA ASIA VENTURES INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	Capital Stock (Note 19)	Additional Paid-in Capital (Note 19)	Retained Earnings (Note 19)	Other Components of Equity (Note 25)	Total
Balances at January 1, 2025	**₱1,683,760,178**	**₱2,451,116,470**	**₱4,645,088,555**	**₱73,760,580**	**₱8,853,725,783**
Total comprehensive income	**–**	**–**	**815,581,852**	**(30,274,965)**	**785,306,887**
Cash dividends (Note 19)	**–**	**–**	**(336,752,037)**	**–**	**(336,752,037)**
Balances at December 31, 2025	**₱1,683,760,178**	**₱2,451,116,470**	**₱5,123,918,370**	**₱43,485,615**	**₱9,302,280,633**
Balances at January 1, 2024	₱1,683,760,178	₱2,451,116,470	₱3,788,433,048	₱35,899,720	₱7,959,209,416
Total comprehensive income	–	–	1,193,407,543	37,860,860	1,231,268,403
Cash dividends (Note 19)	–	–	(336,752,036)	–	(336,752,036)
Balances at December 31, 2024	₱1,683,760,178	₱2,451,116,470	₱4,645,088,555	₱73,760,580	₱8,853,725,783
Balances at January 1, 2023	₱1,683,760,178	₱2,451,116,470	₱2,877,362,495	₱33,537,963	₱7,045,777,106
Total comprehensive income	–	–	1,079,446,570	2,361,757	1,081,808,327
Cash dividends (Note 19)	–	–	(168,376,017)	–	(168,376,017)
Balances at December 31, 2023	₱1,683,760,178	₱2,451,116,470	₱3,788,433,048	₱35,899,720	₱7,959,209,416

See accompanying Notes to Consolidated Financial Statements.

SHAKEY’S PIZZA ASIA VENTURES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱941,069,074**	₱1,262,915,992	₱1,244,410,722
Adjustments for:			
Depreciation and amortization (Note 24)	**1,188,902,095**	923,747,392	757,777,196
Interest expense (Note 26)	**494,343,320**	410,963,852	361,489,106
Movement in pension costs (Note 25)	**61,102,141**	37,853,599	34,234,887
Provision for (reversal of):			
Legal and other contingencies– net (Note 27)	**(12,361,296)**	12,361,296	–
Loss (gain) on:			
Disposal of property and equipment (Note 27)	**7,051,865**	7,865,551	(1,228,757)
Pre-terminations of leases (Note 27)	**(25,548,805)**	(8,132,638)	1,226,148
Interest income from accretion (Note 27)	**(6,256,971)**	–	(1,692,305)
Interest income from cash in bank (Note 7)	**(2,907,864)**	(1,928,966)	(464,950)
Net unrealized foreign exchange loss (gain)	**(481,695)**	(1,646,993)	261,300
Income before working capital changes	**2,644,911,864**	2,643,999,085	2,396,013,347
Decrease (increase) in:			
Trade and other receivables	**(169,161,789)**	(335,465,479)	(91,723,180)
Inventories	**269,472,193**	(47,692,863)	(711,103,929)
Prepaid expenses and other current assets	**95,339,495**	4,877,757	95,697,060
Deferred input value-added tax	**1,336,297**	2,550,113	5,766,913
Increase (decrease) in:			
Contract liabilities (Note 20)	**(33,026,586)**	70,291,818	67,084,402
Accounts payable and other current liabilities	**134,771,713**	447,049,124	(379,076,999)
Dealers’ deposits and other noncurrent liabilities	**23,370,875**	(24,438,213)	(40,008,683)
Cash generated from operations	**2,967,014,062**	2,761,171,342	1,342,648,931
Income taxes paid	**(503,162,122)**	(411,790,822)	(201,976,951)
Interest received	**2,907,864**	1,928,966	464,950
Net cash provided by operating activities	**2,466,759,804**	2,351,309,486	1,141,136,930
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of:			
Property and equipment (Note 11)	**(883,705,908)**	(977,021,389)	(448,155,633)
Software (Note 12)	**(121,295,697)**	(15,404,868)	(52,909,939)
Franchise right (Note 12)	**(13,743,787)**	(7,726,152)	–
Proceeds from:			
Disposal of property and equipment (Note 27)	**23,122,867**	21,464,264	27,577,982
Payment of rental and other deposits and advances (Note 33)	**(114,596,761)**	(111,825,330)	(37,256,866)
Net cash used in investing activities	**(₱1,110,219,286)**	(₱1,090,513,475)	(₱510,744,456)

(Forward)

	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of:			
Short-term loans (Note 15)	**₱–**	₱300,000,000	₱700,000,000
Payments of:			
Short-term loans (Note 15)	**(100,000,000)**	–	(500,000,000)
Lease liabilities (Note 13)	**(713,427,815)**	(473,742,119)	(461,980,269)
Long-term loans (Note 17)	**(51,054,913)**	(50,000,000)	(50,000,000)
Interest	**(308,452,658)**	(283,296,884)	(238,206,151)
Dividends (Note 19)	**(336,752,036)**	(336,752,036)	(168,376,017)
Net cash used in financing activities	**(1,509,687,422)**	(843,791,039)	(718,562,437)
NET INCREASE (DECREASE) IN CASH	**(153,146,904)**	417,004,972	(88,169,963)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**481,695**	1,646,993	(261,300)
CASH AT BEGINNING OF YEAR (Note 7)	**1,319,799,492**	901,147,527	989,578,790
CASH AT END OF YEAR (Note 7)	**₱1,167,134,283**	₱1,319,799,492	₱901,147,527

See accompanying Notes to Consolidated Financial Statements.

SHAKEY'S PIZZA ASIA VENTURES INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

Corporate Information
Shakey's Pizza Asia Ventures Inc., doing business under the name and style of Shakey's (SPAVI or the Parent Company), was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on February 14, 1974. The Parent Company and its subsidiaries (collectively referred to as "the Group") are involved primarily in the development, operations and franchising of fast casual restaurants under the trade names "Shakey's", "Peri-Peri" and "Potato Corner".

On December 15, 2016, the common shares of the Parent Company were listed and traded in the Philippine Stock Exchange (PSE) under the trading name "PIZZA".

The registered office address of the Parent Company is 15Km East Service Road corner Marian Road 2, Barangay San Martin de Porres, Parañaque City 1700.

Approval and Authorization for the Issuance of the Consolidated Financial Statements
The consolidated financial statements were approved and authorized for issuance by the Board of Directors (BOD) on April 14, 2026.

2. Basis of Preparation and Consolidation, and Statement of Compliance

Basis of Preparation
The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) and which are carried at fair value. The consolidated financial statements are presented in Philippine peso, which is the Group's functional currency.

Statement of Compliance
The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs) Accounting Standards.

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its wholly owned subsidiaries as at December 31. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events with similar circumstances.

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries:

	Principal Activities	Place of Incorporation	Percentage of Ownership (%)
Bakemasters, Inc. (BMI)	Manufacturer of pizza dough and pastries	Philippines	100%
PC International Limited (PCIL)	Restaurant business	Singapore	100%
Shakey's International Limited (SIL)	Trademark	Hong Kong	100%
Shakey's Seacrest Incorporated (SSI)	Trademark	Philippines	100%
Shakey's Pizza Regional Foods Limited (SPRFL)	Trademark	Hong Kong	100%

(Forward)

	Principal Activities	Place of Incorporation	Percentage of Ownership (%)
Shakey's Pizza Commerce Inc. (SPCI)	Trading of goods	Philippines	100%
Wow Brand Holdings, Inc. (WBHI)	Restaurant business	Philippines	100%
Shanghai Miaomiao Shu Catering Co. LTD (SMSCCL)	Restaurant business	China	100%
SPAVI International USA Inc. (SIUI)*	Trademark	USA	100%
PC Americas Franchising Inc. (PAFI)**	Franchising	USA	100%
PC USA West Operations LLC (PUWOL)***	Restaurant business	USA	100%
Queensview International Limited (QIL)****	Trademark	British Virgin Islands	100%

**Incorporated on October 4, 2024*
***Incorporated on July 1, 2025*
****Incorporated on October 2, 2025*
*****QIL was already officially liquidated and dissolved*

3. **Changes in Accounting Policies and Disclosures**

The Group's accounting policies are consistent with those of the previous financial year, except for the adoption of new standards effective in 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, adoption of this new standard did not have an impact on the consolidated financial statements of the Group.

- Amendments to PAS 21, *Lack of exchangeability*

<u>Standards Issued but Not Yet Effective</u>
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its parent company financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2026
- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*
- Annual Improvements to PFRS Accounting Standards -Volume 11
  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
  - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities* and *Transaction Price*
  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027
- PFRS 17, *Insurance Contracts*
- PFRS 18, *Presentation and Disclosure in Financial Statements*

  The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:

  - Required totals, subtotals and new categories in the statement of profit or loss
  - Disclosure of management-defined performance measures
  - Guidance on aggregation and disaggregation

The Group is currently assessing the impact of the new standard.

- PFRS 19, *Subsidiaries without Public Accountability*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

4. Material Accounting and Financial Reporting Policies

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and all subsidiaries it controls as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025.

The Parent Company's subsidiaries, including its ownership interest for each entity is disclosed in Note 2.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the noncontrolling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss included under "Remeasurement gain (loss) arising from business combination."

Goodwill is initially measured at cost where cost is the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss and included under "other income (expenses)."

Following initial recognition, goodwill is measured at cost less any accumulated impairment loss. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated should:

- represent the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- not be larger than an operating segment determined in accordance with PFRS 8, *Operating Segments*.

Where goodwill forms part of a CGU (or group of CGUs) and part of the operation within the unit that is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Financial Instruments

Financial Assets

Financial assets at amortized cost. The Group's cash, trade and other receivables and rental and other deposits included in "Rental deposits and other noncurrent assets" in the consolidated statement of financial position (see Notes 7, 8 and 14) are included in this category.

Financial assets at amortized cost are measured using the effective interest rate (EIR) method, net of any allowance for expected credit losses (ECL). The Group recognizes ECLs using a forward-looking approach that reflects the probability-weighted outcome of expected credit losses, considering historical loss patterns, current conditions, and reasonable and supportable forecasts of future economic conditions.

For trade receivables, the Group applies the simplified approach and recognizes lifetime ECLs for all balances. Trade receivables are generally assessed collectively based on shared credit risk characteristics, such as customer type and days past due, using a provision matrix.

Certain receivables, including those that are significant, long-outstanding, subject to disputes, credit-impaired, or relating to specific counterparties with distinct risk profiles, are assessed individually. In these cases, management applies judgment in estimating ECLs based on the counterparty's financial position, expected timing and amount of recoveries, and any available collateral or guarantees.

For other financial assets measured at amortized cost, ECLs are measured based on changes in credit risk since initial recognition. A financial asset is considered in default when contractual payments are more than 120 days past due or when other qualitative indicators suggest that full recovery is unlikely. Financial assets are written off when there is no reasonable expectation of recovery.

Financial assets designated at FVOCI. Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income (OCI). Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group's investment in club shares is classified as equity instruments designated at FVOCI.

Financial liabilities
The Group's financial liabilities are classified as loans and borrowing and payables. This category includes short-term and long-term loans payable, accounts payable and other current liabilities (excluding statutory liabilities), lease liabilities (see Notes 13, 15, 16 and 17), and dealers' deposits and other noncurrent liabilities. These are recognized initially at fair value, net of directly attributable transaction costs, and subsequently measured at amortized cost. A financial liability is derecognized when the obligation under the liability is discharged or canceled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Group's profit or loss.

Prepayment Option
If the Group revises its estimates of payments or receipts, the Group shall adjust the carrying amount of the financial asset or financial liability (or group of financial instruments) to reflect actual and revised estimated cash flows. The entity recalculates the carrying amount by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate or, when applicable, the revised effective interest rate calculated. The adjustment is recognized in the consolidated statement of comprehensive income as income or expense.

Inventories
Inventories are valued at the lower of cost and net realizable value (NRV). Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Finished goods	-	determined using the moving average method, cost includes direct materials and labor, and a proportion of manufacturing overhead costs based on normal operating capacity but excluding borrowing costs.
Raw materials and merchandise	-	determined using the moving average method.

NRV of finished goods is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale. NRV of raw materials and merchandise is the current replacement cost.

Property and Equipment
Property and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation, amortization and any impairment in value.

Depreciation and amortization commence once the assets are available for use. Depreciation and amortization are computed using the straight-line basis over the following estimated useful lives of the property and equipment:

Category	Number of year(s)
Building	15-20
Leasehold improvements	2-10
Furniture, fixtures and equipment	2-10
Machinery and equipment	2-3
Transportation equipment	2-7
Shop and maintenance tools	3-10
Glassware and utensils	2

The useful lives and depreciation and amortization method are reviewed at each reporting date, and adjusted prospectively, if appropriate.

Construction in progress is stated at cost. This includes cost of construction and other direct costs related to the asset being constructed. Construction in progress is transferred to the related property and equipment when the construction or installation and related activities necessary to prepare the property and equipment for their intended use have been completed, and the property and equipment are ready for use. Construction in progress is not depreciated until such time as the relevant assets are completed and put into operational use.

Intangible Assets

The cost of intangible assets acquired in a business combination such as trademarks is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Following initial recognition, intangible assets are carried at cost less any accumulated amortization in the case of intangible assets with finite lives, and any accumulated impairment losses.

Intangible assets with finite lives such as software and franchise right are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

Amortization commences once the assets are available for use. Amortization is computed using the straight-line basis over the following estimated useful lives of the intangible assets with finite life:

Category	Number of year(s)
Software	10-15
Franchise	7

Intangible assets with indefinite useful lives, such as trademarks, are tested for impairment annually or more frequently if an indication of impairment exists either individually or at the CGU level. Such intangibles are not amortized. Trademarks are assessed to have indefinite useful life because it has no expiry as to usage. Intangible assets with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income.

Impairment of Nonfinancial Assets
The Group's property and equipment, right-of-use assets, intangible assets with definite useful lives and other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An asset's recoverable amount is determined for the individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the relevant CGU. An impairment loss is recognized when the carrying amount of an asset or CGU exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value in use ("VIU").

In assessing VIU, 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 or CGU. Fair value less costs of disposal is determined using observable market data where available or other appropriate valuation techniques.

Impairment losses are reversed when there has been a change in the estimates used to determine the recoverable amount. Reversals are limited to the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized.

Goodwill and intangible assets with indefinite useful lives are tested for impairment annually and whenever events or changes in circumstances indicate that they may be impaired. Impairment losses recognized for goodwill are not reversed.

Dealers' Deposits
Dealers' deposits are initially recognized at fair value. The discount is recognized as deferred credits and amortized over the estimated remaining term of the deposits using the effective interest method.

Revenue from Contracts with Customers
Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent. The Group has concluded that it is acting as principal in its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Restaurant Sales. Revenue from restaurant sales is recognized at a point in time which is when the related orders are served.

Sale of goods. Revenue from sales of goods consists of revenue from sale of raw materials and merchandise. Transaction price of merchandise sales, which excludes discounts, returns, rebates and sales taxes, is normally received and recorded at a point in time.

Franchise Revenue. Initial franchise fee is recognized on a straight-line basis over the term of the franchise agreement, which ranges from 5 to 10 years. The transaction price for franchise agreement is discounted, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component. In instances where a significant financing component has been identified from its contracts with customers, this is recognized as interest expense in the consolidated statement of comprehensive income.

Other franchise revenues consisting of royalty fees and various reimbursements from franchisees are recognized when earned. It also consists of reimbursements of system-wide advertising and promoting costs from franchisees which are recognized upon performance of service.

Interest Income. Revenue is recognized at a point in time which is as interest accrues, using the EIR that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Contract Balances

Trade Receivables. A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

Further, the Group has a loyalty points program which allows customers to accumulate points that can be applied to customer purchases depending on the actual usage within the next financial year. The liability is recognized when the customer avails of the Group's services using the loyalty card. Loyalty points are recognized as revenue upon actual usage or expiration whichever comes first.

Cost and Expenses Recognition

Cost 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 decrease in equity, other than those relating to distributions to equity participants. Costs of sales and general and administrative expenses are recognized in net income in the consolidated statement of comprehensive income in the period these are incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term, which is between 2 to 25 years.

Right-of-use assets are subject to impairment. Refer to the accounting policies section on impairment of non-financial assets.

Lease liabilities. At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets. The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Lease Modification. Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term).

A lessee shall account for a lease modification as a separate lease if both:

- The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification a lessee shall:

- Allocate the consideration in the modified contract;
- Determine the lease term of the modified lease; and

- Remeasure the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, of the lessee's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined. The lessee shall account for the remeasurement of the lease liability by:

  - Decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The lessee shall recognize in profit or loss any gain or loss relating to partial or full termination of the lease.
  - Making corresponding adjustment to the right-of-use asset for all other lease modifications.

Pension
The Group has a funded, noncontributory defined benefit retirement plan covering substantially all of its qualified employees. The plan requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Defined benefit plan. The Group classifies its retirement benefit as defined benefit plans. Under the defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

Retirement benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

Service costs which include current service costs, past service costs, and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset.

Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit obligation) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

Actuarial valuations are made with sufficient regularity that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at reporting date.

Foreign Currency-denominated Transactions

Foreign currency-denominated transactions are recorded in Philippine peso using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the closing exchange rate at reporting date. Exchange rate differences arising on the settlement and restatement of monetary items at rates different from those at which they were initially recorded are recognized in net income in the consolidated statement of comprehensive income in the year such differences arise. Nonmonetary items denominated in foreign currencies are measured on a historical cost basis and translated using the exchange rate at the date of transaction.

Income Tax

Current Tax. Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. The Group's current tax expense is calculated using 25% regular corporate income tax (RCIT) rate in 2025 and 2024 or 2% minimum corporate income tax (MCIT) rate in 2025 and 2024, respectively, whichever is higher. BMI, SSI and SPCI use Optional Standard Deduction (OSD), while the Parent Company and the remaining subsidiaries incorporated in the Philippines use itemized deductions in the computation of their respective taxable income.

Deferred income tax

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

Deferred tax liabilities are recognized for all taxable temporary differences except: (1) when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or (2) in respect of taxable temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the reversal will not occur in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of unused excess of minimum corporate income tax ("MCIT") over regular corporate income tax ("RCIT") and unused net operating loss carry-over ("NOLCO") to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carryforward benefits of unused tax credits and unused tax losses can be utilized except: (1) when the deferred income tax asset relating to deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or (2) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax assets and 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 as at financial reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized in correlation to the underlying transaction either in other comprehensive income (OCI) or directly in equity.

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

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

- where the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the consolidated statement of financial position.

Deferred Input VAT
Deferred input VAT pertains to input VAT on accumulated purchases of property, plant and equipment for each month amounting to ₱1.00 million or more. This is amortized over five (5) years or the life of the property and equipment, whichever is shorter, in accordance with the Bureau of Internal Revenue (BIR) regulation.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each representing a strategic business unit that offers different products. Financial information on business segments is presented in Note 6 to the consolidated financial statements.

Provisions
Provisions arising from present obligation are recognized in profit or loss when the timing and amount of settlement can be reliably measured.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments
In the process of applying the Group's accounting policies, management has made judgments which have significant effect on the amounts recognized in the consolidated financial statements and accompanying notes. The judgments are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements.

Right to Access - Performance Obligation Satisfied Over Time. The Group determines whether it provides a dealer/franchisee with either:

- a right to access the Group's intellectual property through a "Trademark Licensing and Franchise Agreement" throughout the term of the franchise agreement for which revenue is recognized over the term of the franchise agreement, or
- a right to use the Group's intellectual property through a "Trademark Licensing and Franchise Agreement" as it exists at the point in time the franchise license is granted for which revenue is recognized at the point in time the franchisee can first use and benefit from the franchise license.

In assessing whether the nature of the Group's promise in granting a "Trademark Licensing and Franchise Agreement" is to provide a right to access the Group's intellectual property (i.e., franchise license), the Group considers whether all the following criteria are met:

- the franchise agreement requires, or the franchisee reasonably expects that the Group will undertake activities that will significantly affect the franchise license to which the franchisee has rights (e.g., advertisements, promotions, campaigns, etc.);
- the rights granted by the franchise license directly expose the franchisee to any positive or negative effects of the Group's activities;
- those activities do not result in the transfer of a good or service to the franchisee as those activities occur.

The Group determined that it has met all of the criteria mentioned above and concluded that it provides its franchisees with a right to access the Group's franchise license throughout the term of the franchise agreement. Accordingly, revenue from granting franchise license is recognized over the term of the franchise agreement.

Principal versus Agent Consideration. The Parent Company's agreement with the franchisee includes the right to charge the franchisee its share in the Parent Company's system-wide advertising and promoting efforts as well as fees for the Parent Company's administration of various advertisements, network and media placements. The Parent Company determined that it is acting as principal for the system-wide advertising because it is the Parent Company who retains the right to direct the service provider of the advertisements, network and media placements, and has the discretion on how to price the advertising and promoting fee charges. The Parent Company considers both the legal form and the substance of its agreement to determine each party's respective roles in the agreement.

Determination of lease term of contracts with renewal and termination options - Group as a Lessee. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The carrying values of the Group's right-of-use assets and lease liabilities are disclosed in Note 13.

<u>Estimates and Assumptions</u>
The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Recoverability of Goodwill and Trademarks with Indefinite Useful Life. The Group performs recoverability testing annually or more frequently when there are indications of impairment for goodwill and trademarks with indefinite lives. Goodwill acquired through business combination has been allocated to one CGU which is also the operating entity acquired through business combination and to which the goodwill relates. Recoverability testing requires an estimation of the value-in-use or fair value less cost of disposal of the CGU to which goodwill and trademarks with indefinite useful life are allocated. Estimating the recoverable amount of the CGU involves significant assumptions about the future results of the business such as revenue growth rate, gross margin, operating margin, capital expenditures, discount rate and long-term revenue growth rate. which were applied to cash flow forecasts. The cash flow forecasts were based on financial budgets approved by senior management covering a five-year period.

The impairment of goodwill and trademark is determined by comparing: (a) the carrying amount of the cash-generating unit; and (b) the fair value less cost of disposal computed through the present value of the annual projected cash flows for five years and the present value of the terminal value computed under the discounted cash flow method.

The key assumptions used in the impairment test of goodwill and trademarks with indefinite useful life are as follows:

a. Gross Revenue

   On the average, gross revenue of the CGU over the next five years was projected to grow in line with the economy or with nominal Gross Domestic Product. This assumes that the market share of the subsidiaries in their respective industries will be flat on the assumption that the industries also grow at par with the economy. Historically, the business growth had a direct correlation with economic growth. A 2.0% perpetuity growth rate was assumed at the end of the five-year forecast period for Shakey’s, Bakemasters, and Potato Corner while a 3% perpetuity growth rate was used for Peri-Peri.

b. Operating Expenses

   On the average, operating expenses were projected to increase in relation to revenue growth.

c. Gross Margins

   Increased efficiencies over the next five years are expected to result in margin improvements.

d. Discount Rate

   The discount rate used to arrive at the present value of future cash flows was the Group’s Weighted Average Cost of Capital (WACC). WACC was based on the appropriate weights of debt and equity, which were multiplied with the assumed costs of debt and equity. The pre-tax discount rates applied to the cash flow projections range from 9.8% to 13.3% in 2025 and 11.4% to 13.7% in 2024.

The significant unobservable inputs used in the computation of fair value less cost to sell for goodwill and trademarks of Peri-Peri, together with a quantitative sensitivity analysis as at December 31, 2025 are shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity to FVLCTS
Fair value less cost to sell (FVLCTS) of the CGU of the Peri-Peri business	Discounted cashflow method	Discount rate	9.3% to10.3% (9.8%)	0.5% increase (decrease) in the discount rate would result in a decrease (increase) in FVLCTS by ₱145.9 million and (₱166.5 million), respectively.
		Long-term growth rate for cash flows for subsequent years	3%	1% increase (decrease) in the long -term growth rate would result in a increase (decrease) in FVLCTS by ₱220.06 million and (₱284.70 million), respectively.
		Gross revenue	+1% 2,451m -1% 2,403m	1% increase (decrease) in gross revenue would result in an (increase) decrease in the FVLCTS of approximately (₱96.42 million) and ₱201.58 million, respectively.
		Operating expenses	+1% 1263m -1% 1238m	1% increase (decrease) in operating expenses would result in a decrease (increase) in the FVLCTS of approximately ₱55.99 million and (₱248.83 million), respectively.
		Gross margins	+1% 1,173m -1% 1,149m	1% increase (decrease) in gross margin would result in a (increase) decrease in the FVLCTS of approximately (₱650.23 million) and ₱174.52 million, respectively.

The carrying amount of goodwill and trademarks with indefinite useful life is disclosed in Note 12.

The recoverable amounts of the CGUs to which the goodwill and trademarks with indefinite useful lives are allocated are greater than their carrying amounts. No impairment loss was recognized on goodwill and trademarks with indefinite useful life for the years ended December 31, 2025, 2024 and 2023.

Leases - Estimating the incremental borrowing rate. The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liability. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

As at December 31, 2025 and 2024, the Group's lease liabilities are disclosed in Note 13.

Impairment of Trade and Other Receivables and Rental deposits and other noncurrent assets. The Group uses a provision matrix to calculate ECLs for its trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forward-looking information, and ECLs is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future. The information about the ECLs on the Group's receivables is disclosed in Note 8.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

The carrying value of trade receivables, allowance for ECL, provision for ECL and reversal of ECL in 2025 and 2024 are disclosed in Note 8.

For other receivables and rental and other deposits, the Group applies the general approach, recognizing either 12-month or lifetime ECLs depending on whether there has been a significant increase in credit risk since initial recognition. Changes in the loss allowance are recognized in profit or loss.

The carrying value of other receivables, rental deposits and other noncurrent assets as at December 31, 2025 and 2024 are disclosed in Notes 8 and 14.

Recoverability of Deferred Tax Assets. The Group performs an annual evaluation of the realizability of deferred tax assets in determining the portion of deferred tax assets which should be recognized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the forecasted taxable income of the following period. This forecast is based on the Group's past results and future expectations on revenue and expenses. The Group computes for deferred tax using the 25% corporate tax rate except for its subsidiaries BMI, SPCI and SSI which compute for deferred tax using the OSD effective tax rate of 15%.

Deferred tax assets recognized as at December 31, 2025 and 2024 are disclosed in Note 28.

Evaluation of Net Realizable Value of Inventories. The Group writes down the cost of inventories whenever net realizable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence. The lower of cost and net realizable value of inventories is reviewed at each reporting date. Inventory items identified to be obsolete and unusable are also written off and charged as expense in net income in the consolidated statement of comprehensive income.

The carrying values of inventories as of December 31, 2025 and 2024 are disclosed in Note 9.

Determination of Impairment of Nonfinancial Assets. Impairment review is performed when certain impairment indicators are present.

Determining the value in use of property and equipment, which requires the determination of 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.

Based on the assessment of management, the Group's nonfinancial assets do not have any indication of impairment as at December 31, 2025 and 2024. No impairment loss was recognized in 2025, 2024 and 2023. The carrying values of the Group's non-financial assets are disclosed in Notes 11, 12 and 13.

Determination of Pension Costs. The cost of defined benefit pension plans and present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Accrued pension cost as at December 31, 2025 and 2024 are disclosed in Note 25.

The discount rate is derived by discounting all expected benefit payments using interest rates of government bonds that correspond to the timing of benefit payments, after which, a single discount rate is computed considering the aggregate amount of all discounted values.

The mortality rate is based on publicly available mortality tables in the Philippines and is modified accordingly with estimates of mortality improvements. Future salary and pension increases are based on expected future inflation rates in the Philippines.

Further details about the assumptions used are provided in Note 25.

Determination of Fair Value of Financial Instruments. Where the fair value of financial assets and liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The fair values of financial assets and financial liabilities are disclosed in Note 30.

6. Segment Information

Segment information is prepared on the following bases:

Business Segments
For management purposes, the Group is organized into three business activities - Restaurant sales, franchise and royalty fees and commissary sales. This segmentation is the basis upon which the Group reports its primary segment information.

- Restaurant sales comprise revenues from restaurant activities and sale of merchandise and equipment to franchisees.
- Franchise and royalty fees represent payment of sub-dealers for use of the Shakey's brand.
- Commissary sales comprise third party sales other than aforementioned activities.

Inter-segment Transactions
Segment revenue, segment expenses and operating results include transfers among business segments. The transfers are accounted for at competitive market prices charged to unrelated customers for similar services. Such transfers are eliminated upon consolidation.

The Group's chief operating decision maker monitors operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit and loss in the consolidated financial statements.

On a consolidated basis, the Group's performance is evaluated based on consolidated net income for the year, EBITDA and EBITDA margin. EBITDA margin pertains to EBITDA divided by gross revenues.

EBITDA and EBITDA margin are non-PFRSs measures.

The following table shows the reconciliation of the consolidated EBITDA to consolidated net income:

	Years Ended December 31		
	2025	2024	2023
Consolidated EBITDA	**₱2,621,406,625**	₱2,595,698,270	₱2,363,212,074
Depreciation and amortization (Note 24)	**(1,188,902,095)**	(923,747,392)	(757,777,196)
Provision for income tax (Note 28)	**(125,487,222)**	(69,508,449)	(164,964,152)
Interest expense (Note 26)	**(494,343,320)**	(410,963,852)	(361,489,106)
Interest income (Note 7)	**2,907,864**	1,928,966	464,950
Consolidated net income	**₱815,581,852**	₱1,193,407,543	₱1,079,446,570

<u>Business Segment Data</u>

The following tables present revenue and income information and certain assets and liabilities information regarding business segments for each of the three years in the period ended December 31:

	Restaurant			Franchise and Royalty Fees			Commissary and Others			Eliminations			Consolidated		
	2025	2024	2023	**2025**	2024	2023	**2025**	2024	2023	**2025**	2024	2023	**2025**	2024	2023
Revenue from contracts with customers	**₱21,805,247,448**	₱19,361,307,849	₱18,560,242,446	**₱ 1,055,508,235**	₱1,057,813,676	₱773,256,366	**₱707,971,070**	₱670,955,537	₱646,991,634	**(₱7,519,080,502)**	(₱6,638,237,603)	(₱7,156,567,438)	**₱16,049,646,251**	₱14,451,839,459	₱12,823,923,008
Net income (loss)	**₱2,209,746,212**	₱2,414,934,682	₱1,942,165,701	**₱577,433,907**	₱756,972,874	₱570,351,859	**₱97,522,965**	₱91,095,450	₱74,658,791	**(₱2,069,121,232)**	(₱2,069,595,463)	(₱1,507,729,781)	**₱815,581,852**	₱1,193,407,543	₱1,079,446,570
Interest expense	**477,649,870**	395,770,229	352,747,060	**8,892,069**	7,141,052	540,161	**7,801,381**	8,052,571	8,201,885	**–**	–	–	**494,343,320**	410,963,852	361,489,106
Interest income	**(2,246,945)**	(1,895,881)	(339,693)	**(87,482)**	(3,666)	(66,378)	**(573,437)**	(29,419)	(58,879)	**–**	–	–	**(2,907,864)**	(1,928,966)	(464,950)
Income tax	**292,135,709**	242,138,520	(28,073,756)	**(181,668,675)**	(192,828,912)	176,293,599	**15,020,188**	20,198,841	16,744,309	**–**	–	–	**125,487,222**	69,508,449	164,964,152
Depreciation and amortization	**1,151,291,334**	888,251,229	725,335,718	**–**	–	–	**37,610,761**	35,491,164	32,441,478	**–**	–	–	**1,188,902,095**	923,747,392	757,777,196
EBITDA	**₱4,128,576,180**	₱3,939,198,779	₱2,991,835,030	**₱404,569,819**	₱571,281,348	₱747,119,241	**₱157,381,858**	₱154,808,607	₱131,987,584	**(₱2,069,121,232)**	(₱2,069,595,463)	(₱1,507,729,781)	**₱2,621,406,625**	₱2,595,698,270	₱2,363,212,074
EBITDA Margin													**16.33%**	17.96%	18.43%
Assets and Liabilities															
Operating assets	**₱35,534,222,172**	₱30,063,736,678	₱23,106,258,726	**₱1,782,830,380**	₱3,528,804,189	₱3,380,311,963	**₱546,876,329**	₱567,754,047	₱668,343,836	**(₱17,208,688,396)**	(₱13,991,164,739)	(₱8,627,361,237)	**₱20,655,240,485**	₱20,169,130,175	₱18,527,553,288
Deferred tax assets - net	**927,172,118**	213,981,277	100,111,915	**–**	–	–	**7,294,232**	3,565,665	3,647,797	**(635,713,330)**	(11,155,568)	(3,364,991)	**298,753,020**	206,391,374	100,394,721
Total assets	**₱36,461,394,290**	₱30,277,717,955	₱23,206,370,641	**₱1,782,830,380**	₱3,528,804,189	₱3,380,311,963	**₱554,170,561**	₱571,319,712	₱671,991,633	**(₱17,844,401,726)**	(₱14,002,320,307)	(₱8,630,726,228)	**₱20,953,993,505**	₱20,375,521,549	₱18,627,948,009
Operating liabilities	**₱20,690,558,478**	₱14,983,575,475	₱9,431,706,869	**₱493,278,681**	₱2,236,971,896	₱2,106,628,434	**211,807,922**	₱224,669,986	₱266,902,774	**(₱15,962,844,562)**	(₱12,512,945,565)	(₱7,706,943,403)	**₱5,432,800,519**	₱4,932,271,792	₱4,098,294,674
Interest-bearing loans and borrowings	**6,049,060,215**	6,192,570,991	5,942,570,991	**–**	–	–	**–**	–	–	**–**	–	–	**6,049,060,215**	6,192,570,991	5,942,570,991
Deferred tax liabilities-net	–	–	–	**–**	–	–	**–**	–	–	**169,852,137**	396,952,983	627,872,928	**169,852,137**	396,952,983	627,872,928
Total liabilities	**₱26,739,618,693**	₱21,176,146,466	₱15,374,277,860	**₱493,278,681**	₱2,236,971,896	₱2,106,628,434	**₱211,807,922**	₱224,669,986	₱266,902,774	**(₱15,792,992,425)**	(₱12,115,992,582)	(₱7,079,070,475)	**₱ 11,651,712,871**	₱11,521,795,766	₱10,668,738,593

Restaurant sales are attributable to revenues from the general public, which are generated through the Group's store outlets while franchise and royalty fees, and commissary and others are derived from various franchisees of the Group's trade names. Consequently, the Group has no concentration of revenues from a single customer or franchisee in 2025 and 2024.

As of December 31, 2025 and 2024, the Group's international operations are considered to be not material in relation to the consolidated financial statements.

The following are the percentage of total assets and revenues in 2025, 2024 and 2023, of the consolidated assets and revenues, respectively, of the Group:

	Years Ended December 31		Years Ended December 31		
	Total Assets		Revenue		
	2025	2024	**2025**	2024	2023
Shakey's International Limited (SIL)	**0.03%**	0.00%	**0.02%**	0.02%	0.00%
Shakey's Pizza Regional Foods Limited (SPRFL)	**0.00%**	0.00%	**0.02%**	0.02%	0.31%
PC International Limited (PCIL)	**1.24%**	0.99%	**2.65%**	1.67%	0.00%
Shanghai Miaomiao Shu Catering Co. LTD (SMSCCL)	**1.75%**	1.91%	**3.86%**	2.01%	0.00%
SPAVI International USA Inc, (SIUI)	**0.17%**	–	**0.01%**	–	–

7. Cash

	2025	2024
Cash on hand	**₱78,797,183**	₱125,488,014
Cash in banks	**1,088,337,100**	1,194,311,478
	₱1,167,134,283	₱1,319,799,492

Cash in banks earn interest at the respective bank deposit rates. Interest income on cash amounted to ₱2.9 million, ₱1.9 million and ₱0.5 million for the years ended December 31, 2025, 2024 and 2023 respectively.

8. Trade and Other Receivables

Below are the terms and conditions of the financial assets:

	2025	2024
Trade:		
Third parties	**₱895,301,533**	₱801,087,651
Franchisees	**594,126,366**	523,765,854
Royalty receivable	**84,532,635**	79,199,179
Related parties (see Note 18)	**15,147,486**	21,214,586
Nontrade:		
Franchisees	**119,539,022**	115,031,725
Employees	**39,763,906**	33,674,196
	1,748,410,948	1,573,973,191
Less allowance for ECL	**(18,994,108)**	(13,718,140)
	₱1,729,416,840	₱1,560,255,051

- Trade receivables are non-interest bearing and are normally collectible within 10 to 30 days.
- Receivables from third parties comprise amounts due from customers arising from store sales, credit card and online payment merchants, and food aggregator partners, as well as receivables from cooperatives and amounts due for freight charges and other trade-related transactions. These receivables are non-interest bearing and are generally collectible within 30 to 45 days from transaction date.
- Receivable from franchisees pertains to receivables for transactions other than sale of goods such as management fees, freight and gas expenses and are non-interest bearing and generally have 30 to 45 days' term.
- Royalty receivable is being collected from dealers on the 20th day of the following month.
- Receivables from employees, which represent mainly salary loans, are interest-free and are being collected through salary deduction for a period ranging from 6 months to 1 year.
- For terms and conditions of related party receivables, refer to Note 18.

The movements of allowance for ECL are as follows:

	2025			2024		
	Trade and Others	**Receivables from Employees**	**Total**	Trade and Others	Receivables from Employees	Total
Balance at beginning of year	**₱11,703,862**	**₱2,014,278**	**₱13,718,140**	₱7,825,160	₱2,014,278	₱9,839,438
Provision (see Note 22)	**6,558,710**	**–**	**6,558,710**	3,878,702	–	3,878,702
Write-offs	**(1,282,742)**	**–**	**(1,282,742)**	–	–	–
Balance at year-end	**₱16,979,830**	**₱2,014,278**	**₱18,994,108**	₱11,703,862	₱2,014,278	₱13,718,140

9. Inventories

	2025	2024
At NRV-		
Merchandise	**₱1,405,140,334**	₱1,678,774,619
At cost:		
Raw materials - food	**37,137,824**	35,443,589
Finished goods	**23,254,358**	18,698,220
Raw materials - packaging	**24,906,143**	26,994,424
	₱1,490,438,659	₱1,759,910,852

The cost of the merchandise inventories carried at NRV amounted to ₱1,409.9 million and ₱1,683.6 million as at December 31, 2025 and 2024, respectively.

The cost of merchandise and materials charged to cost of sales in the consolidated statements of comprehensive income amounted to ₱6,829.8 million, ₱6,074.9 million and ₱5,647.9 million in 2025, 2024 and 2023 respectively (see Note 21).

Allowance for inventory obsolescence amounted to ₱4.8 million as at December 31, 2025 and 2024.

There is no provision for inventory obsolescence in 2025, 2024 and 2023.

No inventories as at December 31, 2025 and 2024 have been pledged as security or collateral for the Group's outstanding liabilities.

10. **Prepaid Expenses and Other Current Assets**

	2025	2024
Prepaid expenses	**₱186,222,874**	₱131,622,574
Advances to suppliers	**175,389,207**	353,073,156
Prepaid taxes	**130,344,347**	99,021,443
Input VAT	**43,013,613**	46,592,363
	₱534,970,041	₱630,309,536

Prepaid expenses pertain to advance payments for insurance, dues, rent and subscription and are amortized monthly over a period of one year.

Advances to suppliers pertain to advance payments for the purchase of raw materials inventories which are generally applied against future billings within the next year.

Prepaid taxes include creditable withholding taxes withheld by the Group's customers.

11. Property and Equipment

	Building	Leasehold Improvements	Furniture, Fixtures and Equipment	Machinery and Equipment	Transportation Equipment	Cost of Shops and Maintenance Tools	Glassware and Utensils	Construction in-progress	Total
Cost									
Balance at December 31, 2023	₱249,296,583	₱1,957,148,485	₱1,654,160,305	₱337,552,037	₱47,596,913	₱55,670,495	₱45,040,675	₱42,347,592	₱4,388,813,085
Additions	–	492,931,430	326,097,374	61,040,325	18,430,678	67,175,187	9,751,500	1,594,895	977,021,389
Disposals	(2,616,785)	(59,722,600)	(41,296,573)	33,561	–	(4,157,082)	(886,654)	–	(108,646,133)
Reclassification	–	(4,201,358)	4,201,358	–	–	–	–	–	–
Balance at December 31, 2024	**246,679,798**	**2,386,155,957**	**1,943,162,464**	**398,625,923**	**66,027,591**	**118,688,600**	**53,905,521**	**43,942,487**	**5,257,188,341**
Additions	**1,450,303**	**466,302,865**	**332,545,629**	**11,999,075**	**14,710,825**	**36,709,772**	**19,987,439**	**-**	**883,705,908**
Disposals	**(15,901,485)**	**(31,799,514)**	**(25,802,653)**	**(4,160,081)**	**(4,736,733)**	**(1,182,023)**	**(919,099)**	**-**	**(84,501,588)**
Reclassification	**–**	**22,899,978**	**13,648,561**	**–**	**–**	**–**	**60,148**	**(36,608,687)**	**-**
Balance at December 31, 2025	**232,228,616**	**2,843,559,286**	**2,263,554,001**	**406,464,917**	**76,001,683**	**154,216,349**	**73,034,009**	**7,333,800**	**6,056,392,661**
Accumulated Depreciation									
Balance at December 31, 2023	90,553,514	1,065,303,771	1,074,139,883	278,613,829	27,328,402	44,118,620	40,290,189	–	2,620,348,208
Depreciation (see Notes 21, 22 and 24)	22,831,814	209,575,705	173,378,823	19,941,758	5,177,836	25,683,442	8,627,222	–	465,216,600
Disposals	(4,233,050)	(63,538,831)	(42,238,169)	(29,784,197)	–	(3,517,491)	(726,651)	–	(144,038,389)
Reclassification	–	(2,294,303)	–	–	–	–	–	–	(2,294,303)
Balance at December 31, 2024	**109,152,278**	**1,209,046,342**	**1,205,280,537**	**268,771,390**	**32,506,238**	**66,284,571**	**48,190,760**	**–**	**2,939,232,116**
Depreciation (see Notes 21, 22 and 24)	**14,216,793**	**232,208,545**	**211,229,419**	**21,189,514**	**9,534,164**	**34,046,722**	**13,424,588**	**–**	**535,849,745**
Disposals	**(8,955,382)**	**(15,751,312)**	**(22,581,065)**	**(1,176,301)**	**(3,843,760)**	**(1,160,102)**	**(858,934)**	**–**	**(54,326,856)**
Reclassification	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balance at December 31, 2025	**114,413,689**	**1,425,503,575**	**1,393,928,891**	**288,784,603**	**38,196,642**	**99,171,191**	**60,756,414**	–	**3,420,755,005**
Net Book Value									
Balance at December 31, 2024	₱137,527,520	₱1,177,109,615	₱737,881,927	₱129,854,533	₱33,521,353	₱52,404,029	₱5,714,761	₱43,942,487	₱2,317,956,225
Balance at December 31, 2025	**₱117,814,927**	**₱1,418,055,711**	**₱869,625,110**	**₱117,680,314**	**₱37,805,041**	**₱55,045,158**	**₱12,277,595**	**₱7,333,800**	**₱2,635,637,656**

There are no idle assets as at December 31, 2025 and 2024. The Group has no property and equipment that is used as collateral for existing loans payable.

12. **Intangible Assets**

The Group's intangible assets consist of:

	2025	2024
Goodwill	**₱1,324,852,131**	₱1,324,852,131
Trademarks	**8,759,352,242**	8,759,352,242
Software	**331,331,312**	247,026,181
Franchise	**36,381,824**	23,757,386
	₱10,451,917,509	₱10,354,987,940

The breakdown of the Group's goodwill and trademarks consists of the following as at December 31, 2025 and 2024:

	Goodwill
Bakemasters	₱1,078,606,020
Peri-Peri	185,476,929
Potato Corner	60,769,182
	₱1,324,852,131

	Trademarks
Shakey's	₱4,987,109,602
Potato Corner	3,208,801,902
Peri-Peri	563,440,738
	₱8,759,352,242

Goodwill
Goodwill is associated with the excess of the investment cost over the fair value of the net assets of Bakemasters, Peri-Peri and Potato Corner business at the time of acquisitions.

Trademarks
The Group's trademarks include Shakey's, Potato Corner and Peri-Peri, which were acquired through purchases and business combinations in prior years.

Shakey's and Peri-Peri business is a casual full-service restaurant brand in the Philippines. The business offers a variety of food and sauces, including peri-peri chicken, pizza, and pasta.

Potato Corner business is a food franchise known for its flavored French fries.

Bakemasters business manufactures pizza dough and pastries.

The details of the Group's intangible assets with finite life are as follows:

	Software	Franchise
Cost		
Balance at December 31, 2023	₱352,677,918	₱19,698,070
Additions	15,404,868	7,726,152
Balance at December 31, 2024	368,082,786	27,424,222
Additions	121,295,697	13,743,787
Balance at December 31, 2025	**₱489,378,483**	**₱41,168,009**

(Forward)

	Software	Franchise
Accumulated Amortization		
Balance at December 31, 2023	₱95,145,028	₱2,545,520
Amortization (see Note 24)	25,911,577	1,121,316
Balance at December 31, 2024	121,056,605	3,666,836
Amortization (see Note 24)	36,990,566	1,119,349
Balance at December 31, 2025	**158,047,171**	**4,786,185**
Net Book Value		
Balance at December 31, 2025	**₱331,331,312**	**₱36,381,824**
Balance at December 31, 2024	₱247,026,181	₱23,757,386

On August 24, 2020, the Group entered into a master franchise agreement with the exclusive right and license to develop and operate the business, provide the services and sell the products, from the R&B Tea Outlets.

The average remaining useful lives of software and franchise is 8 years and 2 years, respectively, as of December 31, 2025.

13. Right-of-Use Assets and Lease Liabilities

Group as a lessee

The Group has lease contracts for land and building for the use of its office spaces and stores. Lease contracts of office spaces usually have terms of 20 to 25 years while leases of stores usually have terms of 3 to 25 years.

The Group also has certain leases of stores with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The rollforward analysis of right-of-use assets is as follows:

	2025	2024
Cost		
Balance at beginning of year	**₱3,184,689,460**	₱2,767,508,242
Additions	**968,584,103**	735,358,017
Pre-terminations	**(352,682,486)**	(318,176,799)
Balance at end of year	**3,800,591,077**	3,184,689,460
Accumulated Amortization		
Balance at beginning of year	**1,381,053,720**	1,226,877,353
Amortization (see Notes 21 and 24)	**614,942,435**	431,497,900
Pre-terminations	**(301,776,767)**	(277,321,533)
Balance at end of year	**1,694,219,388**	1,381,053,720
Net Book Value	**₱2,106,371,689**	₱1,803,635,740

The rollforward analysis of lease liabilities follows:

	2025	2024
Balance at beginning of year	**₱2,121,756,084**	₱1,830,838,499
Additions	**950,750,062**	689,806,537
Interest expense (see Note 26)	**172,129,570**	123,841,072
Payments	**(713,427,815)**	(473,742,119)
Pre-terminations	**(76,454,524)**	(48,987,905)
Balance at end of year	**2,454,753,377**	2,121,756,084
Current portion of lease liabilities	**354,296,695**	293,913,746
Lease liabilities – non-current portion	**₱2,100,456,682**	₱1,827,842,338

The Group has lease contracts for stores that contain variable payments based on the gross sales. The following provides information on the Group's variable lease payments, including the magnitude in relation to fixed payments:

	As at December 31, 2025		
	Fixed Payments	**Variable Payments**	**Total**
Fixed	**₱466,044,714**	**₱–**	**₱466,044,714**
Variable rent with minimum payment	**267,711,940**	**79,819,952**	**347,531,892**
Variable rent only	**–**	**54,667,494**	**54,667,494**
	₱733,756,654	**₱134,487,446**	**₱868,244,100**

	As at December 31, 2024		
	Fixed Payments	Variable Payments	Total
Fixed	₱204,569,551	₱–	₱204,569,551
Variable rent with minimum payment	175,489,577	87,544,898	263,034,475
Variable rent only	–	7,333,957	7,333,957
	₱380,059,128	₱94,878,855	₱474,937,983

Shown below is the maturity analysis of the undiscounted future lease payments:

	2025	2024
1 year	**₱619,305,220**	₱589,572,083
more than 1 year to 2 years	**503,185,591**	475,490,034
more than 2 years to 3 years	**367,648,249**	371,721,783
more than 3 years to 4 years	**305,475,389**	312,473,685
more than 5 years	**1,669,747,227**	1,335,882,032
	₱3,465,361,676	₱3,085,139,617

Rent expense on variable rents, short-term leases and leases of low-value assets amounted to ₱426.0 million, ₱440.8 million and ₱379.9 million for the years ended December 31, 2025, 2024 and 2023, respectively (see Note 21).

14. **Rental Deposits and Other Noncurrent Assets**

	2025	2024
Rental and other deposits	**₱455,712,000**	₱382,879,505
Advances	**63,378,067**	15,356,830
Financial assets at FVOCI	**23,600,000**	26,000,000
	542,690,067	424,236,335
Less: Allowance for unrecoverable rental deposits and other noncurrent assets	**(3,297,293)**	(3,297,293)
	₱539,392,774	₱420,939,042

The Group's rental and other deposits are refundable at the end of the lease term which range from 3 years to 15 years. The excess of the principal amount of the deposit over its fair value is accounted for as right-of-use asset and amortized over the lease term on a straight-line basis while interest on the deposit is accounted for using the effective interest rate method.

No provision was recognized in 2025, 2024 and 2023.

The accretion income from rental deposits amounted to ₱6.3 million, nil and ₱1.7 million in 2025, 2024 and 2023, respectively (see Note 27).

Advances represent costs incurred by the Group that will form part of the acquisition cost for purchase of a noncurrent asset.

As at December 31, 2025, the Group's financial assets at FVOCI pertain to investments in golf club shares. The movement of financial assets at FVOCI in 2025 and 2024 follows:

	2025	2024
Balance at beginning of year	**₱26,000,000**	₱6,158,439
Increase (decrease) in fair value	**(2,400,000)**	19,841,561
Balance at end of year	**₱23,600,000**	₱26,000,000

The changes in the fair value of these investments are recognized under "Unrealized gain on fair value changes of financial assets at FVOCI" in the consolidated statements of comprehensive income and shown as part of "Other components of equity" in the consolidated statements of financial position.

15. **Short-term Loans Payable**

	2025	2024
Balance at beginning of year	**₱1,000,000,000**	₱700,000,000
Additions	–	300,000,000
Reclassifications	**320,000,000**	–
Payments	**(100,000,000)**	–
Balance at end of year	**₱1,220,000,000**	₱1,000,000,000

In 2024, the outstanding loan of ₱700 million was rolled over with Bank of the Philippine Islands (BPI), extending its maturity date in two tranches - ₱500.0 million in February 2025 and ₱200.0 million in June 2025. Additionally, the Group availed another short-term loan of ₱300 million from BPI with an annual interest rate of 5.7% maturing in May 2025. Subsequent to these rollovers, ₱900 million was further rolled over extending at various maturity dates - ₱300.0 million in May 2026 ₱200.0 million in June 2026 and ₱400.0 million in December 2026 with interest ranging from 4.50% to 5.25%.

In 2025, the Group made principal payments totaling ₱100 million on its short-term loan payable.

On March 2, 2025, the BPI long term loans payable was repriced at a new effective interest rate of 5.3% per annum, payable monthly. Concurrent with the repricing, BPI converted the principal installment of ₱320.0 million originally due on February 24, 2025 or at the end of the third year from borrowing date into a separate short-term facility maturing on February 26, 2026. Accordingly, such amount has been reclassified from long term loans payable to short term loans payable as of December 31, 2025.

Interest expense pertaining to short-term loans amounting to ₱68.3 million, ₱44.3 million and ₱25.5 million were recognized for the years ended December 31, 2025, 2024 and 2023, respectively (see Note 26).

16. Accounts Payable and Other Current Liabilities

	2025	2024
Trade:		
Suppliers	**₱1,160,253,616**	₱1,113,279,905
Related parties (see Note 18)	**121,760,035**	150,535,928
Nontrade-		
Suppliers	**387,217,267**	248,303,761
Accrued expenses:		
Suppliers	**368,362,984**	378,641,401
Salaries and wages	**86,788,639**	76,928,151
Customer loyalty	**61,899,707**	43,636,958
Utilities	**38,918,078**	39,460,850
Others	**122,118,104**	161,759,762
	₱2,347,318,430	₱2,212,546,716

Below are the terms and conditions of the financial liabilities:

- Trade payables are non-interest bearing and are normally settled in 30 to 90 days’ term.
- Nontrade payables consist mainly of payable to contractors, lessors and employment agencies which are normally settled in 30 to 90 days’ term.
- Accrued expenses, which consist mainly of accrual of rent expense of stores, utilities, employee benefits and incentives, freight, commissions and storage costs are normally settled in 30 to 90 days’ term.
- Customers loyalty pertains to accumulated points which are generally applied to customer purchases within the next financial year. Revenue is recognized upon actual usage expiration whichever comes first.
- Other payables are normally settled in 15 to 45 days’ term.
- For terms and conditions related party payables, refer to Note 18.

Other payables consist of the following:

	2025	2024
Withholding tax payable	**₱32,195,569**	₱35,159,660
Retention payable	**30,719,810**	18,491,714
Customers' deposits	**22,922,765**	23,412,766
Output VAT	**22,507,745**	71,306,989
Fun certificates payable	**6,556,765**	6,333,130
SSS, PhilHealth and Pag-IBIG payables	**2,892,511**	2,275,363
Others	**4,322,939**	4,780,140
	₱122,118,104	₱161,759,762

17. **Long-term Loans Payable**

The breakdown of the loans follows:

	2025	2024
BDO loan - principal	**₱3,550,115,128**	₱3,597,934,622
Less unamortized debt issue costs	**1,054,913**	5,363,631
BDO loan - net of unamortized debt issue costs	**3,549,060,215**	3,592,570,991
BPI loan	**1,280,000,000**	1,600,000,000
	4,829,060,215	5,192,570,991
Less current portion of loan payable	**3,549,060,215**	47,819,494
Noncurrent portion	**₱1,280,000,000**	₱5,144,751,497

BDO Unibank, Inc. (BDO) Loan
On June 8, 2016, the Group entered into an Omnibus Loan and Security Agreement (OLSA) with BDO (the Lender) and SAFHI. The lender provided a term loan facility in the principal amount of ₱5,000.0 million. The loan is payable within 10 years to commence on the 12th month following the availment date. Payments shall be made in 18 consecutive semi-annual installments of ₱25.0 million and a final payment of ₱4,550.0 million.

The loan's interest is to be fixed at the higher of 5-year PDST-R2 plus a spread of 0.75% or 4.5% floor rate for the first 5 years, to be repriced at the last 5 years. Management has assessed that the interest rate floor on the loan is an embedded derivative which is not for bifurcation since the market rate approximates the floor rate at the transaction date.

The loan facility also contains a prepayment provision which allows the Group to make optional prepayment in the amount calculated by the lender comprising (i) the outstanding principal amount of the Loan to be prepaid, and (ii) any accrued interest on the principal amount of the Loan being prepaid computed as of the date of prepayment. The prepayment option was assessed as closely related to the loan and thus, was not bifurcated.

On December 22, 2016, the Group notified BDO of its intention to prepay the loan amounting to ₱1,000.0 million. The exercise of the prepayment option resulted in the revision of estimated future payments and change in the carrying amount of the financial liability. On January 3, 2017, the Group prepaid portion of the loan amounting to ₱1,000.0 million and the corresponding break funding fee and prepayment penalty amounting to ₱21.4 million.

As of December 31, 2025 and 2024, the outstanding balance of the loan amounts to ₱3,549.1 million and ₱3,592.6 million, respectively.

As of December 31, 2025, the outstanding balance of the loan has been reclassified and presented as "Current portion of long-term loans payable" as the remaining installment falls due on June 16, 2026, which is within twelve (12) months from the end of the reporting period.

Following the reclassification, the Group's working capital position as of December 31, 2025 resulted to a negative position. The Group is actively negotiating with BDO for the refinancing of the outstanding loan. Management anticipates the favorable resolution of these negotiations in 2026, upon which the reclassification of the outstanding balance to noncurrent liabilities is expected to correspondingly address the negative working capital position of the Group. As of the report date, the Group received a term loan proposal from the bank to refinance the loan and extend the term to another 5 years after its initial maturity in June 2026.

So long as any portion of the loan is outstanding and until payment in full of all amounts payable by the Group under the loan documents, the Group agrees that, unless the Lender shall otherwise consent in writing, it shall among others comply with the following affirmative covenants:

a. Ensure that at all times its obligations will constitute its secured, direct, unconditional and unsubordinated obligations, and any of its residual obligation not satisfied out of the proceeds of the collateral shall rank and will rank at all times at least pari passu in priority of payment and in all other respects with all its unsecured obligations, save for such obligations in respect of which a statutory preference is established solely by operation of law.

b. The net proceeds from the loan shall be used for the purpose of refinancing the bridge loan.

c. Financial covenant during the term of the Term Loan:
   i. its Debt date of determination, the ratio of EBITDA less regular dividends and advances to Service Coverage Ratio is at least 1.2x. Debt Service Coverage Ratio is as of the shareholders over Debt Service. For purposes hereof, "EBITDA" means operating profit before interest, taxes, depreciation and amortization, each item determined in accordance with PFRS, and the term "Debt Service" means the aggregate amount of the succeeding year's principal amortization for the Loan, interest, fees and other financial charges made or due in respect thereof payable by the Borrower, provided that one (1) year prior to the maturity of the Loan, "Debt Service Coverage Ratio" shall mean the ratio of sum of the beginning cash balance and EBITDA less regular dividends and advances to shareholders over Debt Service;

   ii. its Debt-to-Equity Ratio does not exceed 5.0x within the first two years from the Borrowing under the Term Loan and 4.0x thereafter.

   The foregoing financial covenant shall be tested every six months based on annual audited or unaudited semi-annual parent company financial statements. On January 27, 2017, the OLSA was amended to include June 30, 2017 as the commencement date for the testing for the financial covenant ratios.

d. Within the period required, open and establish the Debt Service Reserve Account; and ensure that the funds deposited in the Debt Service Reserve Account are at all times maintained in accordance with the agreement. As at December 31, 2025 and 2024, the balances of DSRA have been applied to the loan balance.

e. Prior to the assignment or transfer of any trade names, copyrights, trademarks, patents and other intellectual property rights or licenses currently held by the Parent Company or any wholly-owned subsidiary of the Parent Company, the Parent Company shall pledge in favor of the Lender, under the terms and conditions of the Pledge under the Omnibus loan and security Agreement, all the outstanding shares of the Parent Company in such wholly-owned subsidiary.

As at December 31, 2025 and 2024 the Parent Company is in compliance with the aforementioned covenants.

Bank of the Philippines Islands (BPI) Loan
On February 24, 2022, the Group entered into a loan agreement with Bank of the Philippines Islands (the Lender). The Lender provided a principal amount of ₱1,600.0 million, payable in ten (10) years from March 2, 2022 (the value date). The loan has an effective interest rate of 4.3% payable monthly until paid in full.

On March 2, 2025, the loan was repriced at a new effective interest rate of 6.3% per annum, payable monthly. Concurrent with the repricing, BPI converted the principal installment of ₱320.0 million originally due on February 24, 2025 or at the end of the third year from borrowing date into a separate short-term facility maturing on February 26, 2026. Accordingly, such amount has been reclassified from long term loans payable to short term loans payable as of December 31, 2025.

The Group is not subject to any loan covenants from BPI loan.

Interest expense for long-term loans amounted to ₱230.0 million, ₱231.6 million and ₱212.9 million in 2025, 2024 and 2023, respectively (see Note 26).

18. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Group; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual.

Approval requirements and limits on the amount and extent of related party transactions

Material related party transactions (MRPT) refer to any related party transactions, either individually, or in aggregate over a twelve (12)-month period with the same related party, amounting to ten percent (10%) or higher of the Group's total consolidated assets based on its latest audited consolidated financial statements.

All individual MRPT shall be approved by at least two-thirds (2/3) vote of the BOD, with at least a majority of the Independent Directors voting to approve the MRPT. In case that a majority of the Independent Directors' vote is not secured, the MRPT may be ratified by the vote of the stockholders representing at least two thirds (2/3) of the outstanding capital stock.

Aggregate RPT transactions within a 12-month period that meet or breaches the materiality threshold shall require the same BOD approval mentioned above.

Outstanding balances at year-end are unsecured and settlement occurs in cash throughout the financial year. There have been no guarantees provided or received for any related party receivables or payables. For the years ended December 31, 2025 and 2024, the Group has not recorded any impairment of receivables on amounts owed by the related parties. The assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

In the normal course of business, the Group has significant transactions with the following companies which have common members of BOD and stockholders as the Group:

Category	Nature	Year	Amount/ Volume of transaction	Outstanding Balance Receivable (see Note 8)	Outstanding Balance Payable (see Note 17)	Terms	Conditions
Century Pacific Group Inc. (CPGI, Ultimate Parent Company)							
Sales	Sale of goods at prices (normally on cost plus basis) mutually agreed upon by both parties	**2025**	**₱7,766,842**	**₱3,082,080**	**₱692,543**	30-day; non-interest bearing	Unsecured; not impaired
		2024	₱7,766,842	₱3,082,080	₱1,385,087		
		2023	₱7,766,842	₱3,082,080	₱–		
Companies with common members of BOD and stockholders as the Group							
The Pacific Meat Company Inc. (PMCI)							
Sales	Sale of goods at prices (normally on cost-plus basis) mutually agreed upon by both parties	**2025**	**9,528,691**	**1,903,763**	**–**	30-day; non-interest bearing	Unsecured; not impaired
		2024	14,772,502	12,394,892	–		
		2023	8,587,176	5,400,644	–		
Purchases	Purchase of raw materials and goods at agreed prices usually on a cost-plus basis	**2025**	**119,245,157**	**–**	**106,963,778**	30-day; non-interest bearing	Unsecured
		2024	177,074,571	–	122,114,155		
		2023	241,786,131	–	142,402,642		
DBE Project Inc. (DBE)							
Trade sales and service income	Sale of goods at prices (normally on cost-plus basis) mutually agreed upon by both parties	**2025**		**1,962,435**	**298,043**	30-day; non-interest bearing	Unsecured; not impaired
		2024	–	1,962,435	298,043		
		2023	–	–	–		

(Forward)

Category	Nature	Year	Amount/ Volume of transaction	Outstanding Balance		Terms	Conditions
				Receivable (see Note 8)	Payable (see Note 17)		
Century Pacific Food, Inc. (CPFI)							
Sales	Sale of goods at prices (normally on cost-plus basis) mutually agreed upon by both parties	**2025**	**₱32,997,550**	**₱8,199,208**	₱–	30-day; non-interest bearing	Unsecured; not impaired
		2024	25,436,328	3,775,179	—		
		2023	26,857,813	9,975,859			
Purchases	Purchase of raw materials and goods at agreed prices usually on a cost-plus basis	**2025**	**40,967,254**	**–**	**13,805,671**	30-day; non-interest bearing	Unsecured
		2024	44,105,908	–	26,738,643		
		2023	15,232,070	–	9,297,624		
		2025		**₱15,147,486**	**₱121,760,035**		
		2024		₱21,214,586	₱150,535,928		

Compensation of Key Management Personnel
The salaries and pension costs of key management personnel in 2025, 2024 and 2023 are as follows:

	2025	2024	2023
Salaries	**₱50,179,868**	₱47,924,103	₱47,814,228
Pension costs	**40,525,690**	37,664,788	33,624,605
	₱90,705,558	₱85,588,891	₱81,438,833

There are no other short-term and long-term benefits given to the key management personnel.

19. Equity

Capital Stock

Authorized capital stock
The authorized capital stock of the Parent Company is 2,000,000,000 shares at ₱1 par value in 2025 and 2024.

Issued and outstanding
As at December 31, 2025 and 2024:

	No. of shares	Amount
Balance at beginning and end of year	1,683,760,178	₱1,683,760,178

Below is the Parent Company's track record of the registration of securities:

Date of SEC Order Rendered Effective or Permit to Sell	Event	Authorized Capital Stock	Issued Shares	Issue Price
December 1, 2016	Registered and Listed Shares (Original Shares)	2,000,000,000	1,179,321,053	₱1.00
	Initial Public Offering (IPO)			
	Primary	2,000,000,000	104,000,000	11.26
	Secondary	2,000,000,000	202,000,000	11.26
	Over-allotment Option	2,000,000,000	46,000,000	11.26
August 6, 2021	Issuance	2,000,000,000	152,439,025	7.93
August 9, 2021	Issuance	2,000,000,000	100	8.20

The issued and outstanding shares as at December 31, 2025 and 2024 are held by 40 and 43 equity holders, respectively.

Retained Earnings
Details of cash dividends declared in 2025 and 2024 are as follows:

	Dividend		
Date of Declaration	Rate (per share)	Amount	Record Date
June 20, 2023	₱0.10	₱168,376,017	July 31, 2023
April 15, 2024	0.20	336,752,036	May 15, 2024
July 3, 2025	**0.20**	**336,752,036**	**August 4, 2025**

There are no outstanding dividends payable as at December 31, 2025 and 2024. Cash dividend declared and paid amounted to ₱336.7 million in 2025 and 2024.

Undistributed earnings of the subsidiaries included in the Group's retained earnings amounting to ₱183.2 million and ₱186.1 million as at December 31, 2025 and 2024, respectively, are not available for dividend declaration by the Parent Company until these are declared by the investee companies.

APIC
Amount received in excess of the par values of the shares issued amounting to ₱2,451.1 million were recognized as "APIC" as at December 31, 2025 and 2024, respectively.

20. Revenue from Contracts with Customers

Set out below is the disaggregation of the Group's revenue from contracts with customers for the years ended December 31, 2025, 2024 and 2023:

	2025	2024	2023
Revenue source:			
Restaurant sales	**₱10,290,414,735**	₱9,290,515,561	₱8,362,853,329
Sale of goods	**4,884,680,269**	4,356,640,655	3,973,643,491
Royalty and franchise fees (see Note 31)	**874,551,247**	804,683,243	487,426,188
	₱16,049,646,251	₱14,451,839,459	₱12,823,923,008
Timing of recognition:			
Goods transferred at a point in time and usage-based royalty fees	**₱15,996,487,843**	₱14,374,934,029	₱12,787,539,880
Services rendered over time	**53,158,408**	76,905,430	36,383,128
	₱16,049,646,251	₱14,451,839,459	₱12,823,923,008

Contract liabilities
Below are the details of contract liabilities arising from initial franchise as at December 31, 2025 and 2024:

	2025	2024
Initial franchise fee	**₱215,343,638**	₱197,506,244
Less current portion	**86,605,378**	76,461,051
Noncurrent portion	**₱128,738,260**	₱121,045,193

In 2025 and 2024, the Group received advances from customers amounting ₱21.1 million and ₱24.6 million, respectively. This was included as part of the current portion of contract liabilities in the consolidated statements of financial position as at December 31, 2025 and 2024.

Movements of contract liabilities arising from initial franchise fees as at and for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Balance as at January 1	**₱197,506,244**	₱147,941,962
Amortization of initial franchise fees	**(53,158,408)**	(76,905,430)
Initial franchise fees received	**64,778,847**	122,643,815
Accretion of interest expense (see Note 26)	**6,216,955**	3,825,897
Balance as at December 31	**₱215,343,638**	₱197,506,244

As at December 31, 2025, the amounts of initial franchise fees allocated to remaining performance obligations, its accretion of interest expense in the succeeding years, and contract liabilities arising from initial franchise fees are as follows:

	Unamortized initial franchise fees	Accretion of interest expense	Contract liabilities from initial franchise fees
Within one year	₱78,479,712	₱9,723,885	₱86,605,378
More than one year	99,733,302	27,406,738	128,738,260
	₱178,213,014	₱37,130,623	₱215,343,638

21. **Cost of Sales**

	2025	2024	2023
Inventory costs (see Note 9)	**₱6,829,802,688**	₱6,074,877,536	₱5,647,952,421
Salaries, wages and benefits	**1,470,826,557**	1,199,356,019	1,091,063,729
Depreciation and amortization (see Note 24)	**1,095,201,537**	833,025,086	704,774,502
Utilities	**705,629,107**	605,327,830	551,291,472
Outside services	**479,165,404**	436,853,060	364,587,498
Rent (see Note 13)	**425,985,721**	440,770,260	379,926,612
Delivery call fees	**273,067,356**	194,754,839	165,473,535
Supplies	**248,842,773**	225,430,539	214,355,299
Gas expenses	**169,326,539**	161,966,247	157,882,861
Repairs and maintenance	**132,653,011**	120,423,034	97,201,129
Card charges	**66,669,395**	53,779,708	45,121,742
Pension costs (see Note 25)	**22,434,482**	14,546,479	16,310,101
Dues and subscription	**13,749,885**	13,094,939	10,341,176
Commissary costs	**6,386,576**	5,146,686	7,752,978
Others	**440,440,190**	434,115,945	229,363,482
	₱12,380,181,221	₱10,813,468,207	₱9,683,398,537

22. General and Administrative Expenses

	2025	2024	2023
Salaries, wages and benefits	**₱698,897,393**	₱631,810,038	₱488,318,840
Advertising and promotions	**546,554,991**	381,872,376	359,299,037
Outside services	**318,149,282**	329,619,254	222,699,014
Taxes and licenses	**242,700,413**	222,740,758	135,915,603
Transportation and travel	**102,352,240**	95,892,365	72,280,741
Dues and subscriptions	**95,012,977**	71,257,853	71,645,058
Depreciation and amortization (see Note 24)	**93,700,558**	90,722,306	53,002,694
Supplies	**53,923,167**	45,943,177	40,215,246
Pension costs (see Note 25)	**40,721,392**	29,879,029	21,041,870
Utilities	**23,073,552**	21,372,483	21,453,133
Repairs and maintenance	**22,598,785**	21,095,924	14,073,143
Insurance	**15,288,382**	11,281,449	10,708,590
Provision for ECL - net (see Note 8)	**6,558,710**	3,878,702	–
Gas expenses	**6,281,420**	15,401,372	13,587,718
Directors' fees	**1,649,252**	1,088,109	1,652,632
Royalty	**651,957**	2,311,114	7,829,969
Others	**67,597,454**	19,911,294	19,680,687
	₱2,335,711,925	₱1,996,077,603	₱1,553,403,975

23. Personnel Expenses

	2025	2024	2023
Salaries, wages, bonuses, and allowances:			
Cost of sales (see Note 21)	**₱1,432,741,418**	₱1,169,195,810	₱1,058,983,492
General and administrative expenses (see Note 22)	**646,731,921**	611,702,841	449,192,968
SSS, Pag-ibig, Medicare and other contributions:			
Cost of sales (see Note 21)	**38,085,139**	30,160,209	32,080,237
General and administrative expenses (see Note 22)	**52,165,472**	20,107,197	39,125,872
Pension costs:			
Cost of sales (see Notes 21 and 25)	**22,434,482**	14,546,479	16,310,101
General and administrative expenses (see Notes 22 and 25)	**40,721,392**	29,879,029	21,041,870
	₱2,232,879,824	₱1,875,591,565	₱1,616,734,540

24. **Depreciation and Amortization**

	2025	2024	2023
Property and equipment:			
Cost of sales (see Note 21)	**₱478,740,364**	₱401,527,186	₱323,010,907
General and administrative expenses (see Note 22)	**57,109,381**	63,689,414	29,738,323
Right-of-use assets:			
Cost of sales (see Note 21)	**614,942,435**	431,497,900	369,293,924
Software -			
Cost of sales (see Note 21)	**1,518,738**	–	12,469,671
General and administrative expenses (see Note 22)	**35,471,828**	25,911,577	22,314,736
Franchise -			
General and administrative expenses (see Note 22)	**1,119,349**	1,121,315	949,635
	₱1,188,902,095	₱923,747,392	₱757,777,196

25. **Pension Costs**

The Group has a funded, noncontributory defined benefit pension plan covering substantially all of its qualified employees. The benefits are based on years of service and percentage of compensation during the last year of employment. Based on the Group's retirement plan, employees who completed at least five (5) years of service qualify in the early retirement plan of the Group. Current service cost and interest cost were computed using the financial assumptions at the beginning of the year reflecting the benefits offered under the plan amendment. Any changes in that effect, excluding amount in net interest, are recognized in OCI.

The following tables summarize the components of net pension costs in the consolidated statements of comprehensive income in 2025 and 2024 and accrued pension costs in the consolidated statements of financial position as at December 31, 2025 and 2024. The latest actuarial valuation is as at December 31, 2025.

	2025	2024	2023
Pension costs:			
Current service cost	**₱54,320,375**	₱37,263,665	₱31,186,128
Past service cost	**(460,200)**	–	–
Net interest cost	**9,295,699**	7,161,843	6,165,843
	₱63,155,874	₱44,425,508	₱37,351,971

	2025	2024
Accrued pension costs:		
Present value of benefit obligation (PVBO)	**₱326,193,223**	₱316,595,772
Fair value of plan assets (FVPA)	**(123,381,833)**	(164,381,692)
	₱202,811,390	₱152,214,080

Movements in the PVBO are as follows:

	2025	2024
Balance at beginning of year	**₱316,595,772**	₱276,109,297
Current service cost	**54,320,375**	37,263,665
Past service cost	**(460,200)**	–
Interest cost	**19,339,421**	16,807,952
Net actuarial gain	**(11,091,236)**	(9,494,318)
Benefits paid from plan assets	**(52,510,909)**	(4,090,824)
Balance at end of year	**₱326,193,223**	₱316,595,772

Movements in the FVPA are as follows:

	2025	2024
Balance at beginning of year	**₱164,381,692**	₱158,508,419
Interest income	**10,043,722**	9,646,109
Contributions	**2,053,732**	1,882,243
Net actuarial loss	**(586,404)**	(272,661)
Remeasurement - plan asset	**–**	(1,291,594)
Benefits paid from plan assets	**(52,510,909)**	(4,090,824)
Balance at end of year	**₱123,381,833**	₱164,381,692

Movements in the accrued pension costs are as follows:

	2025	2024
Balance at beginning of year	**₱152,214,080**	₱117,600,878
Pension costs	**63,155,874**	44,425,508
Contributions	**(2,053,732)**	(1,882,243)
Actuarial gain	**(10,504,832)**	(7,930,063)
Balance at end of year	**₱202,811,390**	₱152,214,080

Amounts recognized in OCI are as follows:

	2025	2024	2023
Actuarial gain (loss) - PVBO	**₱11,091,236**	₱9,494,318	₱7,189,103
Actuarial gain (loss) - FVPA	**(586,404)**	(1,564,255)	(3,955,299)
Deferred income tax	**(2,596,016)**	(1,927,760)	(872,047)
	₱7,908,816	₱6,002,303	₱2,361,757

The details of the market value of the Group's plan assets are shown below:

	2025	2024
Investments:		
Government securities	**₱69,369,889**	₱107,207,951
Stocks	**26,294,090**	33,654,076
Deposit in banks	**5,636**	151,935
Other securities	**26,765,080**	22,128,621
Total investments	**122,434,695**	163,142,583

(Forward)

	2025	2024
Other assets:		
Interest receivable	**₱1,026,390**	₱1,316,075
Total assets	**123,461,085**	164,458,658
Fees payable	**(79,252)**	(76,966)
Net asset value	**₱123,381,833**	₱164,381,692

The plan assets were invested in fixed income securities and equity investments. All equity and debt instruments held have quoted prices in active market. Investment activities entered by the plan asset/ liability matching strategy during the year consist of, but is not limited to, buying and selling of securities. All investments are considered as high grade based on its performance in the market.

The management performs an Asset-Liability Matching Study (ALM) annually. The overall investment policy and strategy of the Group's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risks of the plans.

The principal assumptions used in determining retirement benefit costs as at January 1 were as follows:

	2025	2024	2023
Discount rates at beginning of year	**6.31%**	6.11%	7.12%
Rate of compensation increase	**4.00%**	4.00%	5.00%

The discount rates and salary increase rates used in determining the retirement benefit obligation as of December 31, 2025 are 6.31% and 4.00%, respectively.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation assuming all other assumptions were held constant:

	2025		**2024**	
	Increase (decrease)	**Amount**	Increase (decrease)	Amount
Discount rates	**0.50%**	**(₱10,089,176)**	0.50%	(₱7,832,216)
	(0.50%)	**11,957,567**	(0.50%)	9,586,039
Salary increase rate	**1.00%**	**26,033,942**	1.00%	21,256,137
	(1.00%)	**(18,750,025)**	(1.00%)	(14,511,315)

Shown below is the maturity profile of the undiscounted benefit payments as of December 31, 2025 and 2024:

	2025	2024
1 year and less	**₱96,879**	₱27,283,187
more than 1 year to 5 years	**22,795,250**	18,583,829
more than 5 years to 10 years	**162,425,238**	119,689,076
more than 10 years to 15 years	**165,831,724**	162,462,112
more than 15 years to 20 years	**602,747,700**	480,912,513
more than 20 years	**9,348,724,917**	7,003,770,596

The Group expects to contribute ₱64.1 million to the fund in 2026.

The plan contributions are based on the actuarial present value of accumulated plan benefits and fair value of plan assets are determined using an independent actuarial valuation. The net defined benefit cost and the contributions to the plan are specifically identifiable, such that, the Group's PVBO pertains only to the benefit of the Group's employees and the FVPA, pertains only to the contributions made by the Group. The Group shall contribute to the Fund such amounts as shall be required, under actuarial principles, to provide the benefits and the expenses incident to the operation and administration of the Fund.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation was carried out by an independent actuary for the year ended December 31, 2025.

26. **Interest Expense**

	2025	2024	2023
Long-term loans payables (see Note 17)	**₱230,047,586**	₱231,603,423	₱212,864,549
Lease liabilities (see Note 13)	**172,129,570**	123,841,072	111,567,612
Short-term loans payable (see Note 15)	**68,348,472**	44,250,278	25,510,044
Contract liabilities (see Note 20)	**6,216,955**	3,825,897	6,185,379
Debt issue cost	**7,544,137**	7,443,182	5,361,522
Others	**10,056,600**	–	–
	₱494,343,320	₱410,963,852	₱361,489,106

27. **Other Income (Charges)**

	2025	2024	2023
Service fee and expired loyalty fund points - net	**₱62,229,761**	₱1,798,511	₱23,871,145
Other income from franchisees	**10,928,041**	4,655,385	5,432,399
Accretion income from rental deposits (see Note 14)	**6,256,971**	–	1,692,305
Unrealized foreign exchange gain (loss)	**4,686,589**	(1,336,680)	(3,021,396)
Gain (loss) on:			
Disposal of inventories	**–**	(1,340)	(8,471,354)
Disposal of property and equipment	**(7,051,865)**	(7,865,551)	1,228,757
Pre-termination of leases (see Note 13)	**25,548,805**	8,132,638	(1,226,148)
Provision for (reversal of) Legal and other contingencies– net	**(12,361,296)**	12,361,296	–
Others - net	**8,514,419**	11,912,970	(1,191,326)
	₱98,751,425	₱29,657,229	₱18,314,382

Other income from franchisees pertains mostly to cash overages, fees charged by the Group to its franchisees for the new module of the point-of-sale machines, rental income and incentives given by a supplier for high volume purchases.

28. **Income Taxes**

The details of the Parent Company's subsidiaries with net deferred tax assets are as follows:

	2025	2024
Deferred tax assets:		
Lease liabilities	**₱183,070,582**	₱135,438,855
NOLCO	**262,542,850**	183,865,329
MCIT	**10,419,421**	6,245,300
Accrued pension costs	**4,911,293**	1,864,761
Loyalty points	**2,912,106**	1,734,389
Allowance for expected credit losses	**652,646**	652,646
Unamortized past service cost	**492,749**	518,130
Accrued bonus and other expense	–	273,826
	₱465,001,646	₱330,593,236
Deferred tax liabilities -		
Right-of-use-asset	**(166,287,592)**	(124,201,862)
	₱298,714,054	₱206,391,374

The details of the Parent Company's net deferred tax liabilities are as follows:

	2025	2024
Deferred tax assets:		
Lease liabilities	**₱376,472,349**	₱330,227,942
NOLCO	**389,978,322**	198,783,083
MCIT	**61,621,061**	42,406,225
Accrued pension costs	**45,921,431**	36,797,514
Contract liabilities	**40,841,276**	34,593,940
Difference in depreciation due to adoption of lease standard	**13,339,987**	20,315,454
Accrued bonus and other expenses	**9,480,587**	8,439,261
Loyalty points	**6,623,651**	2,613,860
Unamortized past service cost	**336,111**	575,726
Provision for tax assessment	–	928,315
Allowance for:		
Inventory obsolescence	**1,190,628**	1,190,628
Expected credit losses	**3,142,685**	2,341,792
Unrecoverable deposits	**824,323**	824,323
Unrealized foreign exchange loss	**102,674**	364,227
	949,875,085	680,402,290

(Forward)

	2025	2024
Deferred tax liabilities:		
Trademarks acquired in a business combination	**₱805,565,467**	₱805,565,467
Right-of-use assets	**311,437,718**	267,473,191
Financial Assets at FVOCI	**2,223,799**	2,976,234
Debt issuance cost	**263,728**	1,340,381
Unrealized foreign exchange gain	**236,510**	
	1,119,727,222	1,077,355,273
	(₱169,852,137)	(₱396,952,983)

Deferred taxes were not provided for undistributed earnings of subsidiaries in retained earnings position that are not taxable upon distribution or when the Parent Company has control over the distribution of such earnings in the foreseeable future, as these may be earmarked for reinvestment in foreign projects or for other reasons.

The deferred tax assets were measured using the appropriate corporate income tax rate on the year these are expected to be reversed. The Group computes for deferred tax using the 25% tax rate except for its subsidiaries, namely BMI, SPCI and SSI, which compute for deferred tax using the OSD effective tax rate of 15% and foreign subsidiaries using the applicable foreign tax rates in the respective jurisdictions where the subsidiaries operate.

NOLCO that can be applied against future taxable income is as follows:

Year Incurred	Availment Period	Amount	Applied in Previous Year/s	Expired	Applied in Current Year	Unapplied
2023	2024-2026	313,526,691	–	–	–	313,526,691
2024	2025-2027	1,132,776,469	–	–	–	1,132,776,469
2025	2026-2028	1,112,244,358	–	–	–	1,112,244,358
		₱2,656,909,367	₱–	₱–	₱–	₱2,558,547,518

The MCIT that can be applied against future RCIT is as follows:

		MCIT				
Year Incurred	Availment Period	Amount	Applied in Previous Year/s	Expired	Applied in Current Year	Unapplied
2023	2024-2026	₱24,488,771	₱–	₱–	₱–	₱24,488,771
2024	2025-2027	24,162,754	–	–	–	24,162,754
2025	2026-2028	27,817,513	–	–	–	27,817,513
		₱76,469,038	₱–	₱–	₱–	₱76,469,038

Included in the deferred tax assets recognized by the Group are deferred tax assets on net operating loss carryover (NOLCO) of foreign subsidiaries amounting to ₱200.6 million as of December 31, 2025. These were computed using the applicable foreign tax rates in the respective jurisdictions where the subsidiaries operate.

The Group's deferred tax on NOLCO amounting to ₱159.4 million and MCIT ₱4.4 million were not recognized since management believes that it is not probable that taxable profit will be available against which the deferred tax asset on NOLCO can be utilized.

The details of provision for (benefit from) income tax are as follows:

	2025	2024	2023
Current:			
RCIT	**₱385,887,307**	₱385,846,477	₱266,526,100
Deficiency income tax settlement	**33,906,157**	–	–
MCIT	**27,817,513**	24,162,754	22,142,778
Final withholding taxes	–	1,138,000	3,302,588
Deferred	**(322,123,755)**	(341,638,782)	(127,007,314)
	₱125,487,222	₱69,508,449	₱164,964,152

The reconciliation between the provision for income tax computed at statutory income tax rate and the provision for (benefit from) income tax as shown in the consolidated statements of comprehensive income is as follows:

	2025	2024	2023
Tax on pretax income at statutory tax rate	**₱235,267,269**	₱315,728,998	₱311,102,681
Tax effects of:			
Application of OSD	**(257,449,071)**	(257,978,502)	(178,348,879)
Nondeductible expenses	**56,399210**	33,848,615	50,482,452
Nontaxable income	**(4,589,984)**	(21,070,525)	(15,997,589)
Interest income subject to final tax	**(802,210)**	(1,020,137)	(2,274,513)
Unrecognized DTA	**41,683,229**	–	–
Expired NOLCO	**21,072,622**	–	–
Deficiency income tax settlement	**33,906,157**	–	–
Provision for income tax	**₱125,487,222**	₱69,508,449	₱164,964,152

The Organization for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) addresses the tax challenges arising from the digitalization of the global economy. The Global Anti-Base Erosion Model Rules (Pillar Two model rules) apply to multinational enterprises (MNEs) with annual revenue in excess of EUR 750 million per their consolidated financial statements.

The Pillar Two model rules introduce four new taxing mechanisms under which MNEs would pay a minimum level of tax (the Minimum Tax):
- The Qualified Domestic Minimum Top-up Tax (QDMTT)
- The Income Inclusion Rule (IIR)
- The Under Taxed Payments/Profits Rule (UTPR)

The Subject to Tax Rule is a tax treaty-based rule that generally proposes a Minimum Tax on certain cross-border intercompany transactions that otherwise are not subject to a minimum level of tax. The new taxing mechanisms can impose a minimum tax on the income arising in each jurisdiction in which an MNE operates. The IIR, UTPR and QDMTT do so by imposing a top-up tax in a jurisdiction whenever the effective tax rate (ETR), determined on a jurisdictional basis under the Pillar Two rules, is below a 15% minimum rate.

On 23 May 2023, the International Accounting Standards Board issued International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12 (the Amendments). The Amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements a QDMTT. The Group has adopted these amendments, which introduce:

- A mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; And,
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation

The Pillar Two model rules were adopted by the Group at the end of 2024 and are applicable starting from 1 January 2025. According to these rules, the Group is considered a multinational enterprise to which the Pillar Two rules shall be applied. At the same time, Pillar Two legislation has been enacted or substantively enacted in several other jurisdictions in which the Group operates effective for the financial year beginning 1 January 2025.

The Group has performed an assessment of its potential exposure to Pillar Two income taxes based on the 2025 financial information for the constituent entities in the Group. Based on the assessment, transitional safe harbour relief applies to the material jurisdictions in which the Group operates. The Group does not expect a material exposure to Pillar Two income taxes.

The Group continues to follow Pillar Two legislative developments, as further countries enact the Pillar Two model rules, to evaluate the potential future impact on its consolidated results of operations, financial position and cash flows beginning.

29. Financial Risks Management Objectives and Policies

The Group's principal financial instruments comprise cash, trade and other receivables and short-term and long-term loans payable. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as rental deposit, accounts payable and other current liabilities, and dealers' deposits arising directly from operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The BOD reviews and approves policies for managing each of these risks and they are summarized below:

Market risk

Market risk happens when the changes in market prices, such as foreign exchange rates and interest rates will affect the Group's profit or the value of its holdings of financial instruments. The objective and management of this risk are discussed below.

Foreign currency exchange risk
Foreign currency exchange risk arises when an investment's value changes due to movements in currency exchange rate. Foreign exchange risk also arises from future commercial transactions and recognized assets and liabilities that are denominated in a currency that is not the Group's functional currency.

The Group undertakes certain transactions denominated in Chinese Yuan (CNY), Singapore Dollars (SGD) and US Dollars (USD), hence, exposures to exchange rate fluctuations arise with respect to transactions denominated in such currency. Significant fluctuation in the exchange rates could significantly affect the Group's financial position.

The following table presents the financial assets and financial liabilities of the Group denominated in Chinese Yuan, Singapore Dollars, US Dollars, and Hongkong dollars:

	2025					2024				
	Original Currency Chinese Yuan	**Original Currency Singapore Dollars**	**Original Currency US Dollars**	**Original Currency HKD Dollars**	**Philippine Peso Equivalent**	Original Currency Chinese Yuan	Original Currency Singapore Dollars	Original Currency US Dollars	Original Currency HKD Dollars	Philippine Peso Equivalent
Financial Assets										
Cash	**CNY2,455,817**	**SGD600,146**	**USD967,395**	**HKD98,324**	**PHP105,721,096**	CNY6,951,220	SGD495,343	USD527,904	HKD71,102	PHP107,565,061
Trade and other receivables	**2,794,436**	**162,259**	**1,829,116**	**17,523,737**	**271,609,234**	2,857,131	142,958	912,302	16,027,358	201,937,219
Rental and other deposits	**6,816,355**	**359,261**	**31,575**	**–**	**75,499,960**	5,290,001	486,055	–	–	62,810,054
	12,066,608	**1,121,666**	**2,828,086**	**17,622,061**	**452,830,290**	15,098,352	1,124,356	1,440,206	16,098,460	372,312,334
Financial Liabilities										
Accounts payable and other current liabilities:	**13,181,078**	**1,069,805**	**2,860,338**	**23,083,337**	**503,207,508**	5,696,915	777,879	3,387,700	19,831,856	423,731,449
Lease liabilities	**4,771,685**	**1,723,339**	**–**	**–**	**118,963,370**	9,031,909	1,121,726	–	–	119,701,381
	17,952,763	**2,793,144**	**2,860,338**	**23,083,337**	**622,170,878**	14,728,824	1,899,605	3,387,700	19,831,856	543,432,830
Net Foreign Currency-Denominated Financial Assets (Liabilities)	**(CNY5,886,155)**	**(SGD1,671,478)**	**(USD32,252)**	**(HKD5,461,276)**	**(PHP169,340,588)**	CNY369,528	(SGD775,249)	(USD1,947,494)	(HKD3,733,396)	(PHP171,120,496)

In translating the foreign currency-denominated monetary assets and liabilities into Philippine Peso amounts, the Group used the following exchange rates as of December 31 2025 and 2024:

Currency	2025	2024
CNY	**8.39**	7.95
SGD	**45.8**	42.7
USD	**58.8**	58.0
HKD	**7.6**	7.5

The following table demonstrates the sensitivity to a reasonably possible change in the Philippine Peso exchange rate, with all variables held constant, of the Group's income or loss before income tax at December 31, 2025 and 2024.

	2025		2024	
	Increase (Decrease)	Income before income tax	Increase (Decrease)	Income before income tax
Chinese Yuan	**+4.4%**	**(₱1,975,394)**	+4.4%	₱117,510
	-4.4%	**1,975,394**	-4.4%	(117,510)
Singapore Dollars	**+4.4%**	**(3,062,147)**	+4.4%	(1,324,125)
	-4.4%	**3,062,147**	-4.4%	1,324,125
US Dollars	**+4.4%**	**(75,854)**	+4.4%	(4,518,185)
	-4.4%	**75,854**	-4.4%	4,518,185
HKD Dollars	**+4.4%**	**(1,660,228)**	+4.4%	(1,120,019)
	-4.4%	**1,660,228**	-4.4%	1,120,019

Further, management assessed that the sensitivity analysis is not a representative of the currency exchange risk

Interest Rate Risk. Interest
rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to market risk for changes in interest rates relates primarily to its short-term and long-term loans with floating interest rates.

The following table demonstrates the sensitivity of the Group's income before income tax through the impact on floating rate borrowings in 2025 and 2024 to a reasonably possible change in interest rates, with all other variables held constant.

There is no impact on the Group's equity other than those already affecting the net income.

	2025	2024
Increased by 1%	**₱11,381,688**	₱51,267,871
Decreased by 1 %	**(11,381,688)**	(51,267,871)

Credit Risk. Credit risk is the risk that the Group will incur a loss because its customers or counterparties failed to discharge their contractual obligations. The Group manages and controls credit risk by trading only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The table below shows the maximum exposure to credit risk for the Group's financial assets, without taking account of any collateral and other credit enhancements:

	2025	2024
Cash*	**₱1,088,337,100**	₱1,194,311,478
Trade and other receivables	**1,729,416,840**	1,560,255,051
Rental and other deposits**	**452,414,707**	379,582,212
Financial assets at FVOCI**	**23,600,000**	26,000,000
Total credit risk exposure	**₱3,293,768,647**	₱3,160,148,741

**Excluding cash on hand.*
***Included under Rental deposits and other noncurrent assets in the consolidated statements of financial position*

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

2025				**Days past due**			
	Current	**<30 days**	**30-60 days**	**61-90 days**	**90-120 days**	**>121 days**	**Total**
ECL rate	**0.41%**	**0.73%**	**1.31%**	**2.35%**	**4.21%**	**7.54%**	
Estimated total gross carrying at default	**₱1,262,167,010**	**₱207,207,260**	**₱46,049,895**	**₱27,247,777**	**₱43,370,319**	**₱122,604,781**	**₱1,708,647,042**
ECL	**₱5,163,268**	**₱1,518,128**	**₱604,265**	**₱640,362**	**₱1,825,504**	**₱9,242,581**	**₱18,994,108**

2024				Days past due			
	Current	<30 days	30-60 days	61-90 days	90-120 days	>121 days	Total
ECL rate	0.30%	0.59%	1.19%	2.38%	4.76%	9.52%	
Estimated total gross carrying at default	₱1,177,200,460	₱204,185,514	₱46,339,788	₱16,639,682	₱22,614,656	₱73,318,895	₱1,540,298,995
ECL	₱3,501,452	₱1,214,654	₱551,330	₱395,943	₱1,076,236	₱6,978,525	₱13,718,140

The tables below detail the credit quality of the Group's financial assets and other items, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

	Internal credit rating	**12m or lifetime ECL**	**Gross carrying amount (i)**	**Loss allowance**	**Net carrying amount**
2025					
Cash*	(i)	12m ECL	**₱1,088,337,100**	**₱–**	**₱1,088,337,100**
Trade receivables	(i)	Lifetime ECL	**1,708,647,042**	**18,994,108**	**1,689,652,934**
Other receivables	Performing	12m ECL	**39,763,906**	**–**	**39,763,906**
Rental and other deposits**	Performing	12m ECL	**455,712,000**	**3,297,293**	**452,414,707**
			₱3,292,460,048	**₱22,291,401**	**₱3,270,168,647**
2024					
Cash*	(i)	12m ECL	₱1,194,311,478	₱–	₱1,194,311,478
Trade receivables	(i)	Lifetime ECL	1,540,298,995	13,718,140	1,526,580,855
Other receivables	Performing	12m ECL	33,674,196	–	33,674,196
Rental and other deposits**	Performing	12m ECL	382,879,505	3,297,293	379,582,212
			₱3,151,164,174	₱17,015,433	₱3,134,148,741

**Excluding cash on hand.*
***Included under Rental deposits and other noncurrent assets in the consolidated statements of financial position*

(i) For trade receivables, the Group has applied the simplified approach in PFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix.

Liquidity Risk. Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet or settle its obligations at a reasonable price.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of advances to related parties. The Group maintains sufficient cash to finance its operations.

The Group manages its liquidity risk by maintaining strength and quality on financial position where debt-to-equity ratio is at a manageable level. The Group also maintains a financial strategy that the scheduled debts are within the Group's ability to generate cash from its business operations.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments. The table also analyses the maturity profile of the Group's financial assets in order to provide a complete view of the Group's contractual commitments and liquidity.

	2025					
	Due and Demandable	< 90 Days	91–180 Days	181–365 Days	Over 365 Days	Total
Cash	**₱1,167,134,283**	**₱–**	**₱–**	**₱–**	**₱–**	**₱1,167,134,283**
Trade and other receivables	**1,277,509,531**	**283,914,666**	**81,939,901**	**34,173,909**	**51,878,833**	**1,729,416,840**
Rental and other deposits	**347,311,507**	–	–	–	**105,103,201**	**452,414,708**
Financial assets at FVOCI	**23,600,000**	–	–	–	–	**23,600,000**
	2,815,555,321	**283,914,666**	**81,939,901**	**34,173,909**	**156,982,034**	**3,371,565,831**
Short-term loans**	–	–	–	**1,252,612,500**	–	**1,252,612,500**
Accounts payable and other current liabilities:						
Trade payables	–	**1,282,013,651**	–	–	–	**1,282,013,651**
Nontrade payables	–	**387,217,267**	–	–	–	**387,217,267**
Accrued expenses	–	**494,069,701**	–	–	–	**494,069,701**
Other payables*	–	**64,729,303**	–	–	–	**64,729,303**
Dealers' deposit and other noncurrent payables	–	–	–	–	**105,559,382**	**105,559,382**
Long-term loans payable**	–	–	–	–	**4,989,443,349**	**4,989,443,349**
Lease liabilities	–	–	–	**619,305,220**	**2,846,056,456**	**3,465,361,676**
	–	**2,228,029,922**	–	**1,871,917,720**	**7,941,059,187**	**12,041,006,829**
Liquidity gap	**₱2,815,555,321**	**(₱1,944,115,256)**	**₱81,939,901**	**(₱1,837,743,811)**	**(₱7,784,077,153)**	**(₱8,669,4400,998)**

**Excluding statutory payables.*
***Including future interest payments.*

	2024					
	Due and Demandable	< 90 Days	91–180 Days	181–365 Days	Over 365 Days	Total
Cash	₱1,319,799,492	₱–	₱–	₱–	₱–	₱1,319,799,492
Trade and other receivables	1,192,452,225	270,626,363	66,946,969	5,601,706	24,627,788	1,560,255,051
Rental deposits and other noncurrent assets	314,139,484	–	–	–	80,799,558	394,939,042
Financial assets at FVOCI	26,000,000	–	–	–	–	26,000,000
	2,852,391,201	270,626,363	66,946,969	5,601,706	105,427,346	3,300,993,585
Short-term loans**	–	–	–	1,015,328,142	–	1,015,328,142
Accounts payable and other current liabilities:						
Trade payables	–	1,263,815,833	–	–	–	1,263,815,833
Nontrade payables	–	248,303,761	–	–	–	248,303,761
Accrued expenses	–	495,030,402	–	–	–	495,030,402
Other payables*	–	53,017,751	–	–	–	53,017,751
Dealers' deposit and other noncurrent payables	–	–	–	–	82,188,507	82,188,507
Long-term loans payable**	–	–	–	–	5,897,225,843	5,897,225,843
Lease liabilities	–	–	–	589,572,083	2,495,567,534	3,085,139,617
	–	2,060,167,747	–	1,604,900,225	8,474,981,884	12,140,049,856
Liquidity gap	₱2,852,391,201	(₱1,789,541,384)	₱66,946,969	(₱1,599,298,519)	(₱8,369,554,538)	(₱8,839,056,271)

**Excluding statutory payables.*
***Including future interest payments.*

Capital Management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern, so that it can to provide returns to stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group adjusts the dividend payment to stockholders, return capital to stockholders or issue new shares.

The Group's debt-to-equity ratio is as follows:

	2025	2024
Total liabilities	**₱11,651,712,872**	₱11,521,795,766
Total equity	**9,302,280,633**	8,853,725,783
	1.25:1	1.30:1

30. **Fair Value Information**

Fair value is defined as the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale.

Financial Instruments Whose Carrying Amounts Approximate Fair Value. Management has determined that the carrying amounts of cash, financial assets at FVPL, trade and other receivables and accounts payable and other current liabilities, based on their notional amounts, reasonably approximates their fair values because these are mostly short-term in nature or are repriced frequently.

Other Financial Instruments. Set out below is a comparison by category of carrying amounts and estimated fair values of the Group's financial instruments other than those described above:

	As at December 31, 2025			
			Fair Value	
	Date of Valuation	**Carrying Value**	**Level 1 Quoted**	**Level 2 Significant Observable Input**
Assets for which fair values are disclosed -				
Rental deposits and other noncurrent assets	**December 31, 2025**	**₱539,392,774**	**₱–**	**₱476,432,837**
		₱539,392,774	**₱–**	**₱476,432,837**
Liabilities for which fair values are disclosed:				
Long-term loans payable	**December 31, 2025**	**₱4,829,060,215**	**₱–**	**₱3,358,178,175**
Dealers' deposits and other noncurrent liabilities	**December 31, 2025**	**105,559,382**	**–**	**105,495,692**
		₱4,934,619,597	**₱–**	**₱3,463,673,867**

	As at December 31, 2024			
			Fair Value	
	Date of Valuation	Carrying Value	Level 1 Quoted	Level 2 Significant Observable Input
Assets for which fair values are disclosed -				
Rental deposits and other noncurrent assets	December 31, 2024	₱420,939,042	₱–	₱313,094,209
		₱420,939,042	₱–	₱313,094,209
Liabilities for which fair values are disclosed:				
Long-term loans payable	December 31, 2024	₱5,192,570,991	₱–	₱4,437,875,060
Dealers' deposits and other noncurrent liabilities	December 31, 2024	82,188,507	–	61,131,763
		₱5,274,759,498	₱–	₱4,499,006,823

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Rental Deposits. The fair values were obtained by discounting the instruments' expected cash flows using interest rates of 4.69% to 6.41% as at December 31, 2025 and of 5.71% to 6.18% as at December 31, 2024.

Long-term loans Payable. The fair value of loan payable which was discounted using prevailing market rate of 5.56% and 5.99% as at December 31, 2025 and 2024, respectively, approximates the carrying value since these bear interest at current market rates. Fair value category is Level 2, significant observable inputs.

Dealers' Deposits. The fair values were obtained by discounting the instruments' expected cash flows using interest rates of 5.93% and 6.10% as at December 31, 2025 and 2024, respectively.

As at December 31, 2025 and 2024, there were no transfers between Level 1 and 2 fair value measurements.

31. **Commitments**

Trademark Licensing and Franchise Agreements

The Group has existing Trademark Licensing and Franchise Agreements with independent franchisees to operate restaurant outlets under the "Shakey's", "Peri-Peri" and "Potato Corner" brand name, method, concept and trade name. In consideration thereof, the franchisees agree to pay continuing franchise fees equivalent to a certain percentage of the franchisees' net sales.

The franchisees also pay management fees for various services, including maintenance services, rendered by the Group.

The Group recognized royalty and franchise fees amounting to ₱874.5 million in 2025, ₱804.7 million in 2024 and ₱487.4 million in 2023 (see Note 20). Royalty receivables as at December 31, 2025 and 2024 amounted ₱84.5 million and ₱79.2 million, respectively (see Note 8).

32. **Earnings per Share (EPS)**

Basic earnings (loss) per share (EPS) is computed based on the weighted average number of issued and outstanding common shares during each year. Diluted EPS is computed as if the potential common share or instrument that may entitle the holder to common share were exercised as of the beginning of the year. When there are no potential common shares or other instruments that may entitle the holder to common shares, diluted EPS, is the same as the basic EPS.

There are no dilutive financial instruments as of December 31, 2025 and 2024, hence, diluted EPS is the same as the basic EPS.

The Group’s EPS were computed as follows:

	2025	2024	2023
(a) Net income	**₱815,581,852**	₱1,193,407,543	₱1,079,446,570
(b) Weighted average number of shares outstanding	**1,683,760,178**	1,683,760,178	1,683,760,178
Basic/diluted EPS (a/b)	**₱0.48**	₱0.71	₱0.64

33. **Notes to Consolidated Statements of Cash Flows**

The following are the noncash activities for the years ended December 31, 2025 and 2024.

	2025			
	January 1	**Net cash flows**	**Noncash changes**	**December 31**
Rental and other deposits and advances (a)	**₱394,939,042**	**₱114,596,761**	**₱6,256,971**	**₱515,792,774**
Loans payable (b)	**6,192,570,991**	**(151,054,913)**	**7,544,137**	**6,049,060,215**
Contract liabilities (c)	**222,059,576**	**8,125,827**	**6,216,955**	**236,402,358**

	2024			
	January 1	Net cash flows	Noncash changes	December 31
Rental and other deposits and advances (a)	₱283,113,712	₱111,825,330	₱–	₱394,939,042
Loans payable (b)	5,942,570,991	242,556,818	7,443,182	6,192,570,991
Contract liabilities (c)	147,941,962	70,291,818	3,825,897	222,059,677

Details of the noncash changes are as follows:

(a) Pertains to accretion of interest expense and interest income on long-term rental deposits included in “Rental deposits and other noncurrent assets” and long-term dealer’s deposits included in “Dealer’s deposits and other noncurrent liabilities”, respectively.
(b) Pertains to amortization of debt issuance cost during the year amounting to ₱7.5 million and ₱7.4 million in 2025 and 2024, respectively. Additional noncash changes refer to the reclassification of ₱320.0 million loan from long-term to short-term loan payable.
(c) Pertains to the accretion of the significant financing component of contract liabilities during the year amounting to ₱6.2 million and ₱3.8 million in 2025 and 2024, respectively.

The changes in the Group’s liabilities arising from financing activities are as follows:

	2025						
	January 1	**Additions**	**Proceeds**	**Payments**	**Interest expense**	**Other movements**	**December 31**
Lease liabilities*	**₱2,121,756,084**	**₱950,750,062**	**₱–**	**(₱713,427,815)**	**₱172,129,570**	**(₱76,454,524)**	**₱2,454,753,377**
Loans payable**	**6,192,570,991**	**–**	–	**(151,054,913)**	–	**7,544,137**	**6,049,060,215**
Dividends	**–**	**336,752,036**	–	**(336,752,036)**	–	**–**	**–**
Accrued interest***	**–**	–	–	**(308,452,657)**	**494,343,320**	**(185,890,663)**	–
Total liabilities from financing activities	**₱8,314,327,075**	**₱1,287,502,098**	**₱–**	**(₱1,509,687,421)**	**₱666,472,890**	**(₱254,801,050)**	**₱8,503,813,592**

**Other movements pertain to the gain on lease concession and derecognition of lease liability*
***Other movements pertain to amortization of debt service costs*
****Other movements pertain to interest accretion for PFRS 15*

	2024						
	January 1	Additions	Proceeds	Payments	Interest expense	Other movements	December 31
Lease liabilities*	₱1,830,838,499	₱689,806,537	₱–	(₱473,742,119)	₱123,841,072	(₱48,987,905)	₱2,121,756,084
Loans payable**	5,942,570,991	–	300,000,000	(50,000,000)	–	–	6,192,570,991
Dividends	–	336,752,036	–	(336,752,036)	–	–	–
Accrued interest***	–	–	–	(283,296,884)	410,963,852	(127,666,968)	–
Total liabilities from financing activities	₱7,773,409,490	₱1,026,558,573	₱300,000,000	(₱1,143,791,039)	₱534,804,924	(₱176,654,873)	₱8,314,327,075

**Other movements pertain to the gain on lease concession and derecognition of lease liability*
***Other movements pertain to amortization of debt service costs*
****Other movements pertain to interest accretion for PFRS 15*

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**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
Shakey's Pizza Asia Ventures Inc.
15Km East Service Road corner Marian Road 2
Barangay San Martin de Porres, Parañaque City 1700

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Shakey's Pizza Asia Ventures Inc. and its subsidiaries (the Group) as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, included in this Form 17-A, and have issued our report thereon dated April 14, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Christine G. Vallejo
Partner
CPA Certificate No. 99857
Tax Identification No. 206-384-906
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 99857-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-105-2025, October 20, 2025, valid until October 19, 2028
PTR No. 10765144, January 2, 2026, Makati City

April 14, 2026

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**INDEPENDENT AUDITOR'S REPORT ON
SUPPLEMENTARY SCHEDULE ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Stockholders and the Board of Directors
Shakey's Pizza Asia Ventures Inc.
15Km East Service Road corner Marian Road 2
Barangay San Martin de Porres, Parañaque City 1700

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Shakey's Pizza Asia Ventures Inc. and its subsidiaries (the Group) as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated April 14, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, 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 (PFRSs) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Christine G. Vallejo
Partner
CPA Certificate No. 99857
Tax Identification No. 206-384-906
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 99857-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-105-2025, October 20, 2025, valid until October 19, 2028
PTR No. 10765144, January 2, 2026, Makati City

April 14, 2026

SHAKEY'S PIZZA ASIA VENTURES, INC.
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
FORM 17-A, Item 7
AS OF DECEMBER 31, 2025

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SHAKEY'S PIZZA ASIA VENTURES, INC. AND SUBSIDIARIES
Schedule A. Financial Assets
As of December 31, 2025

Name of Issuing Entity and Association of each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
Alabang Country Club	1	₱ 23,600,000	₱ 23,600,000	₱ -

SHAKEY'S PIZZA ASIA VENTURES, INC. AND SUBSIDIARIES
Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
As of December 31, 2025

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions: Amount Collected	Deductions: Amount Reclassified	Deductions: Amount Written-Off	Current	Non Current	Balance at End of Period
Employees	₱ 33,674,196	₱ 29,857,629	₱ 23,767,919	₱ -	₱ -	₱ 39,763,906	₱ -	₱ 39,763,906

SHAKEY'S PIZZA ASIA VENTURES, INC. AND SUBSIDIARIES
Schedule C. Accounts Receivable from Related Parties which are eliminated during the consolidation of financial statements
As of December 31, 2025

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Non Current	Balance at End of Period
			Amount Collected	Amount Written-Off			
Shakey's Seacrest Inc. (SSI)	₱ 184,569,468	₱ 205,250,705	₱ 72,334,861	₱ -	₱ 317,485,312	₱ -	₱ 317,485,312
Shakey's International Ltd. (SIL)	64,326,486	15,729,090	513,832	-	79,541,744	-	79,541,744
Shakeys Pizza Commerce Inc (SPCI)	4,822,962,882	3,296,010,744	676,729,212	-	7,442,244,415	-	7,442,244,415
Bakemasters, Inc. (BMI)	991,501	1,333,227	-	-	2,324,728	-	2,324,728
Wow Brand Holdings, Inc. (WBHI)	1,580,299,750	1,118,468,867	149,964,056	-	2,548,804,560	-	2,548,804,560
	₱ 6,653,150,086	₱ 4,636,792,632	₱ 899,541,960	₱ -	₱ 10,390,400,759	₱ -	₱ 10,390,400,759

SHAKEY'S PIZZA ASIA VENTURES, INC. AND SUBSIDIARIES
Schedule D. Intangible Assets
As of December 31, 2025

Description	Beginning Balance	Additions At Cost	Deductions: Charged to Costs and Expenses	Deductions: Charged to Other Accounts	Other Changes- Additions (Deductions)	Ending Balance
Goodwill	₱ 1,324,852,131	₱ -	₱ -	₱ -	₱ -	₱ 1,324,852,131
Trademarks	8,759,352,242	-	-	-	-	8,759,352,242
Softwares- net	247,026,181	121,295,697	36,990,566	-	-	331,331,312
Franchise Rights- net	23,757,385	13,743,787	1,119,349	-	-	36,381,824
	₱ 10,354,987,939	₱ 135,039,484	₱ 38,109,914	₱ -	₱ -	₱ 10,451,917,509

SHAKEY'S PIZZA ASIA VENTURES, INC. AND SUBSIDIARIES
Schedule E. Long-Term Debt
As of December 31, 2025

Bank	Beginning Balance	Availment	Payment	Ending Balance	Current	Noncurrent
BDO	₱ 3,597,932,514	₱ -	₱ (47,817,386)	₱ 3,550,115,128	₱ 3,550,115,128	₱ -
BPI	1,600,000,000	-	(320,000,000)	1,280,000,000	-	1,280,000,000
Unamortized debt issue costs	(5,361,523)	-	-	(1,054,913)	(1,054,913)	-
	₱ 5,192,570,991	₱ -	₱ (367,817,386)	₱ 4,829,060,215	₱ 3,549,060,215	₱ 1,280,000,000

SHAKEY'S PIZZA ASIA VENTURES, INC. AND SUBSIDIARIES

Schedule F. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

As of December 31, 2025

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
Not applicable: The Company has no indebtedness to related parties as at December 31, 2025.		
	₱ -	₱ -

SHAKEY'S PIZZA ASIA VENTURES, INC. AND SUBSIDIARIES
Schedule G. Guarantees of Securities of Other Issuers
As of December 31, 2025

Name of Issuing Entity of Securities Guaranteed by the Company for which Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by the Company for which Statement is Filed	Nature of Guarantee
Not applicable: The Company has no guarantees of securities of other issuers as at December 31, 2025.				
		₱ -	₱ -	

SHAKEY'S PIZZA ASIA VENTURES, INC. AND SUBSIDIARIES
Schedule H. Capital Stock
As of December 31, 2025

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversions, and Other Rights	Number of Shares Held By		
				Affiliates	Directors, Officers and Employees	Others
Common Shares	**2,000,000,000**	**1,683,760,178**	**-**	**1,323,583,725**	**3,917,783**	**356,258,670**

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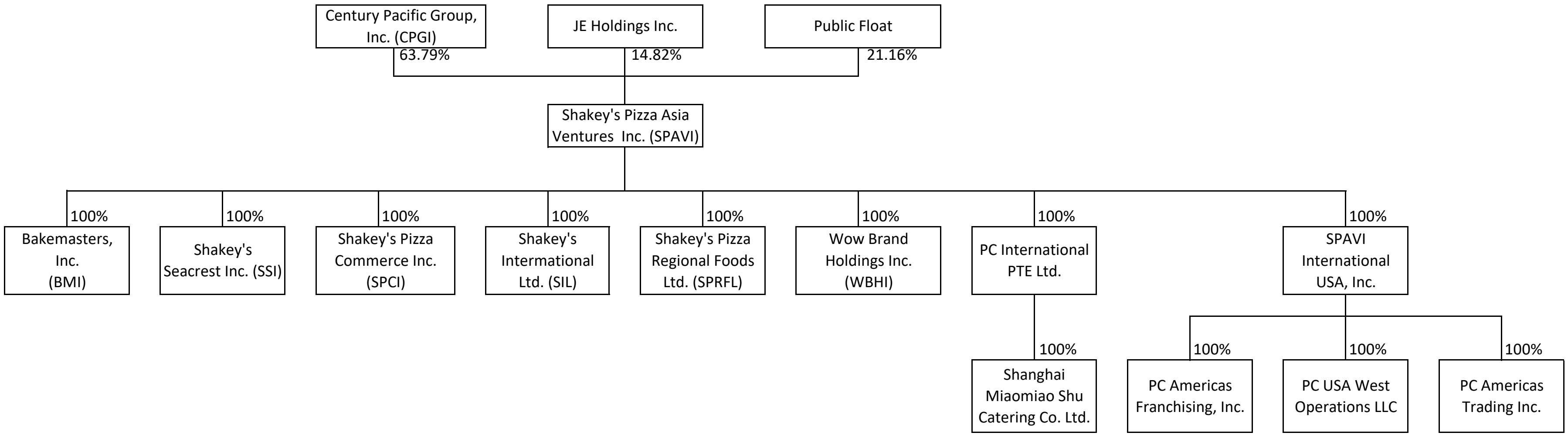
SHAKEY'S PIZZA ASIA VENTURES, INC. AND SUBSIDIARIES
CONGLOMERATE MAP
AS OF DECEMBER 31, 2025



Reconciliation of Retained Earnings
Available for Declaration
As at December 31, 2025

Unappropriated Retained earnings, beginning		**4,326,867,116**
Add:	**Catergory A: Items that are directly credited to Unapproriated Retained Earnings**	
	Reversal of Retained Earnings Appropriation/s	-
	Effect of restatements or prior-period adjustments	-
	Others (describe nature)	-
Less:	**Catergory A: Items that are directly credited to Unapproriated Retained Earnings**	
	Dividend declaraion during the reporting period	**336,752,037**
	Retained Earnings appropriated	-
	Effect of restatements or prior-period adjustments	-
	Others (describe nature)	-
Unappropriated Retained Earnings, as adjusted		**3,990,115,079**
Add/Less: Net income (loss) for the current year		**1,336,568,798**
Less:	**Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)**	
	Equity in net income of associate/joint venture, net of dividends declared	-
	Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	**535,344**
	Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair valie through profit or loss (FVTPL)	-
	Unrealized fair value gains on Investment Property	-
	Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-
	Sub-total	**535,344**
Less:	**Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)**	
	Realized foreign exchange gain, except those attributable to Cash and cash equivalents	**5,404,703**
	Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
	Realized fair value gain of Investment Property	-
	Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-
	Sub-total	**5,404,703**
Add:	**Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)**	
	Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-
	Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
	Reversal of previously recorded fair value gain of Investment Property	-
	Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-
	Sub-total	-
	Adjusted Net Income/Loss	**5,320,743,829**

Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)	
Depreciation on revaluation increment (after tax)	-
Sub-total	-
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP	
Amortization of the effect of reporting relief	-
Total amount of reporting relief granted during the year	-
Others (describe nature)	-
Sub-total	-
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution	
Net movement of treasury shares (except for reacquisition of redeemable shares)	-
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	**(360,000)**
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set- up of service concession asset and concession payable	**(228,537,387)**
Adjustment due to deviation from PFRS/GAAP - gain (loss)	
Others – Remeasurement of retirement benefit obligation, net of tax	**5,389,625**
Sub-total	**(223,507,762)**
Total Retained Earnings, end of the reporting period available for dividend	**5,097,236,068**

SHAKEY'S PIZZA ASIA VENTURES INC.
FINANCIAL SOUNDNESS INDICATORS-FINANCIAL INDICATOR
As of December 31, 2025

Ratio	Formula		Current Year	Prior Year
Current ratio			**0.64x***	**1.39x**
	Total Current Assets	**4,921,959,823**		
	Divide by: Total Current Liabilities	**7,664,295,021**		
	Current Ratio	**0.64**		
Quick/Acid test ratio			**0.38x***	**0.76x**
	Total Current Assets	**4,921,959,823**		
	Less: Inventories	**(1,490,438,659)**		
	Prepayments and other Current Assets	**(534,970,041)**		
	Quick assets	**2,896,551,123**		
	Divide by: Total Current Liabilities	**7,664,295,021**		
	Quick/Acid test ratio	**0.38**		
Debt-to-equity ratio			**1.25x**	**1.35x**
	Total Liabilties	**11,651,712,872**		
	Divide by: Total Equity	**9,302,280,633**		
	Debt-to-equity ratio	**1.25**		
Gearing ratio			**0.65x**	**0.7x**
	Interest bearing liabilities	**6,049,060,215**		
	Divided by: Total Equity	**9,302,280,633**		
	Gearing ratio	**0.65**		
Net Gearing ratio			**0.52x**	**0.55x**
	Interest bearing liabilities	**6,049,060,215**		
	Minus: Cash	**1,167,134,283**		
	Net	**4,881,925,932**		
	Divide by: Total Equity	**9,302,280,633**		
	Net Gearing Ratio	**0.52**		
Asset-to-equity ratio			**2.25x**	**2.35x**
	Total Assets	**20,953,993,505**		
	Divide by: Total Equity	**9,302,280,633**		
	Asset-to-equity ratio	**2.25**		
Interest rate coverage ratio			**1.9x**	**4.07x**
	EBIT	**941,069,074**		
	Divide by: Interest Expenses	**494,343,320**		
	Interest rate coverage ratio	**1.90**		
Working capital turnover			**-5.85x***	**9.81x**
	Net Sales	**16,049,646,251**		
	Divide by: Working capital			
	Current Assets	**4,921,959,823**		
	Less: Current l	**(7,664,295,021)**		
	Working Capit	**(2,742,335,198)**		
	Working Capital Turnover	**-5.85**		
Solvency ratio	**Profit for the Year adjusted for Noncash Expenses divided by Average**		**39.18%**	**39.18%**
	Profit for the Year	**4,999,168,825**		
	Adjustments:			
	Tax Benefit from DTA			
	Depreciation	**1,504,542,830**		
	Provision for inventory obsole	**234,508,833**		
	Amortization of intangible ass	**21,515,840**		
	Impairment loss on investment in subsidiaries	**-**		
	Unrealized foreign exchange loss (gain) - net	**(21,902,922)**		
	Doubtful accounts expense	**7,691,090**		
	Reversal of accruals	**121,704,066**		
	Reversal of allowance for inventory obsolescence	**-**		
	Adjusted Profit for the Year	**6,867,228,562**		
	Divide by: Average Total Liabilities			
	Current Year Total Liabilities	**19,554,798,369**		
	Prior Year Total Liabilities	**15,991,714,955**		
	Total	**35,546,513,324**		
	Divide by: 2 Years	**2**		
	Average Total Liabilities	**17,773,256,662**		
	Solvency ratio	**38.64%**		
Return on equity			**8.77%** **Core ROE: 10.23%****	**13.48%**
	Net Income	**815,581,852**		
	Divide by: Total Equity	**9,302,280,633**		
	Return on equity	**8.77%**		
Return on assets			**3.89%** **Core ROA: 4.54%****	**5.74%**
	Net Income	**815,581,852**		
	Divide by: Total Assets	**20,953,993,505**		
	Return on assets	**3.89%**		
Earnings per share			**0.48** **Core EPS: 0.57****	**0.71**
	Net Income	**815,581,852**		
	Average No. of shares	**1,683,760,178**		
	Earnings per share	**0.48**		

*Driven by the reclassification on a long-term loan as "current portion of long-term loans payable"; the Group is actively negotiating with the bank for the extension of the loan's repayment term beyond its current maturity date. Management anticipates the favorable resolution of these negotiations in 2026, which should result to the reclassification of the outstanding balance back to noncurrent liabilities.

**Based on core net income as computed by Management

SHAKEY'S PIZZA ASIA VENTURES INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION
December 31, 2025 and 2024

	Years Ended December 31	
	2025	2024
Total Audit Fees ***(Section 2.1a)***	**₱4,850,000**	₱4,350,000
Non-audit services fees:		
Tax services	−	300,000
All other services	−	−
Total Non-audit fees ***(Section 2.1b)***	−	300,000
Total Audit and Non-audit fees	**₱4,850,000**	₱4,650,000

Audit and Non-audit fees of other related entities ***(Section 2.1c)***

	Years Ended December 31	
	2025	2024
Audit fees	**₱5,236,000**	₱2,560,000
Non-audit services fees	−	−
Total Audit and Non-audit fees	**₱5,236,000**	₱2,560,000

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