

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **June 30, 2026**
2. Commission identification number **54666**
3. BIR Tax Identification No. **000-163-396**
4. **SHAKEY'S PIZZA ASIA VENTURES INC.**
Exact name of issuer as specified in its charter
5. **MANILA, PHILIPPINES**
Province, country or other jurisdiction of incorporation or organization , pl
6. Industry Classification Code: (SEC Use Only)
7. **15KM EAST SERVICE ROAD CORNER MARIAN ROAD 2,**
BARANGAY SAN MARTIN DE PORRES, PARANAQUE CITY **1700**
Address of issuer's principal office Postal Code
8. **(632) 867-7602**
Issuer's telephone number, including area code
9. **N/A**
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	<u>COMMON SHARES</u>
Number of shares of common stock outstanding	<u>1,683,760,178</u>
11. Are any or all of the securities listed on a Stock Exchange?

Yes [] No []

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
PHILIPPINE STOCK EXCHANGE: COMMON SHARES
12. Indicate by check mark whether the registrant:
 - (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)
Yes [] No []
 - (b) has been subject to such filing requirements for the past ninety (90) days.
Yes [] No []

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited interim consolidated financial statements of Shakey's Pizza Asia Ventures Inc., and its wholly owned subsidiaries Bakemasters, Inc., Shakey's International Limited, Shakey's Seacrest Incorporated, Shakey's Pizza Regional Foods Limited, PC International Pte. Ltd, SPAVI International USA Inc, Shakey's Pizza Commerce, Inc., and Wow Brand Holdings Inc. (collectively, the 'Company' or 'PIZZA') as of and for the period ended June 30, 2026 and the comparative period in 2025 is attached to this 17-Q report, comprising of the following:

- 1.1 Consolidated Balance Sheets as of June 30, 2026 and December 31, 2025
- 1.2 Consolidated Statement of Income for the period ended June 30, 2026 and June 30, 2025
- 1.3 Consolidated Statement of Cash Flows for the period ended June 30, 2026 and June 30, 2025
- 1.4 Consolidated Statement of Changes in Shareholder's Equity for the period ended June 30, 2026 and June 30, 2025
- 1.5 Notes to Consolidated Financial Statements for the period ended June 30, 2026

Item 2. Management Discussion and Analysis of Financial Condition and Results of Operations (Based on the unaudited consolidated financial statements for the period ended June 30, 2026)

Business Overview

Shakey's Pizza Asia Ventures Inc. (PSE: PIZZA or the Company) is one of the leading food service groups in the Philippines. Its portfolio is comprised of casual dining concepts and kiosks. As of June 30, 2026, it operated a total of 3,039 stores and kiosks – a mix of company-owned and franchise outlets in the Philippines and abroad.

In 2016, Century Pacific Group Inc. (CPGI) and the sovereign wealth fund of Singapore acquired majority ownership of PIZZA. CPGI is the parent company of Century Pacific Food Inc. (CNPF), the largest manufacturer of canned food in the Philippines.

Subsequently, on December 15, 2016, PIZZA successfully listed on the Main Board of the Philippine Stock Exchange (PSE) with a total of 1,531,321,053 common shares at ₱11.26 per share.

The first among PIZZA's brands is Shakey's, the market leader in chained pizza full service restaurant and chained full service restaurant with 68.6% and 22.3% market shares, respectively, based on 2025 data from Euromonitor.

Shakey's has 50 years of brand legacy in the Philippines. Originally an American brand established in 1954, Shakey's expanded into the Philippines in 1975 and has since become a household name to generations of Filipinos. Shakey's strength comes from its unique products paired with excellent guest service. It is best known for its original thin crust pizza and iconic Chicken N' Mojos.

PIZZA owns the trademarks and licenses to operate the Shakey's brand in the Philippines. It has full control over the management and execution of Shakey's Philippine operations. As the brand owner, PIZZA generates additional revenue from franchising while not having to pay royalty fees for the use of the Shakey's name. PIZZA also owns the rights and trademarks of the Shakey's brand in Asia (except Malaysia and Japan), China, Middle East, Australia and Oceania. This gives the

company international expansion opportunities in the long-term. As of today, PIZZA operates Shakey's stores in the Philippines and Singapore.

Peri-Peri Charcoal Chicken was acquired in June 2019. It is an emerging fast casual and full service restaurant brand in the Philippines. The acquisition includes assets and intellectual property relating to the Peri business, including its brand, trade name, and the various proprietary recipes used by the chain to make its trademark Peri-Peri chicken. PIZZA owns the rights and trademarks of the Peri-Peri brand globally.

Potato Corner was acquired in March 2022. The deal included the purchase of assets and intellectual property relating to Potato Corner. Potato Corner is one of the leading and most established food kiosk chains in the Philippines with an estimated 18.9% market share based on data from Euromonitor. Since its inception in 1992, the brand has built a vast network of over 2,000 outlets domestically and has a growing international footprint in Asia and beyond. PIZZA owns the rights and trademarks of the Potato Corner brand globally.

Other brands include R&B milk tea and Project Pie. In August 2020, the Company entered into a master franchise agreement with Singapore-based Koufu Group Ltd to bring the brand to the Philippines. R&B is one of the leading milk tea and bubble tea players in Singapore. It currently has more than 1,000 outlets worldwide, spanning across China, U.S., Singapore, Cambodia, Vietnam, Malaysia and Indonesia. Under the agreement, PIZZA was awarded the territorial rights to sell R&B milk tea, bubble tea, and other specialty tea drinks in the Philippines through stand-alone store formats and co-branding in select Shakey's outlets.

With this portfolio, PIZZA is able to serve the A, B, and upper C income classes through its various sales channels, from dine-in to off-premise, which includes carry out and delivery. PIZZA's dine-in segment caters mostly to families and friends who want an affordable upgrade from the usual fast-food dining. At the same time, PIZZA also reaches it's guests through its delivery segment as Shakey's has an in-house delivery platform. The Group also reaches delivery guests via aggregators.

PIZZA's brands are accessible nationwide through various store formats. For restaurant brands, stores differ in size ranging from 120 sq.m. to 400 sq.m., while kiosk brands have store sizes at 50 sq.m. and below. Smaller stores tend to require lower capital investment. This allows PIZZA flexibility to serve the demand of a specific market, while still achieving the desired profitability.

PIZZA has an in-house commissary that supplies proprietary raw materials and other baked products to its stores. With this vertical integration strategy, product quality is preserved and controlled while also enabling for higher sales margins.

Finally, PIZZA operates a simple business model that is cash generative and requires low upfront costs due to the simplicity of its products. This model enables high financial liquidity and an average payback period of 3 to 5 years for its restaurant brands and 1 to 3 years for its kiosk brands.

Results of Operations

The following table summarizes the reported key financial information for PIZZA for the three months ending June 30, 2026 and 2025, respectively:

In ₱ Mill	Six months ending June 30 , 2026	Six months ending June 30, 2025	Change YoY
Systemwide sales	13,023	11,581	12%

Net Revenue	8,168	7,483	9%
Cost of Sales	(6,524)	(5,892)	11%
Gross Profit	1,644	1,592	3%
Operating Expense	(1,139)	(943)	21%
Operating Income	505	648	-22%
Net income before tax	242	410	-41%
Net income after tax	232	347	-33%
Core Net income after tax	315	427	-26%
Core EBITDA	1,126	1,109	1%
<u>Margins</u>			
Gross profit margin	20.1%	21.3%	-120 bps
Operating margin	6.2%	8.7%	-250 bps
Net income margin	2.8%	4.6%	-180 bps
Core Net income margin	3.9%	5.7%	-180 bps

Results of Operation

- Shakey's Pizza Asia Ventures Inc, one of the Philippines' leading fast casual restaurant chain and food service groups, posted a 12% YoY growth rate in systemwide sales (SWS) as continuous investments in store network expansion cushion soft same-store sales. Despite the impact of the ongoing conflict, SPAVI's multi-brand portfolio was able to sustain same-store sales (SSS), registering flattish performance for both 2Q and year-to-date.
- SWS for the first half of 2026 reached ₱13.0 billion, while revenues amounted to ₱8.2 billion, up 9% versus the same period last year. New stores drove the company's topline performance.
- In terms of profitability, 1H26 gross margins stood at 20.3%, softening by 120 basis points (bps) versus the same period last year. While the group saw improving input costs, continued investments in network expansion including renovations and pre-operating expenses of new stores influenced gross profit.
- Meanwhile, operating expenses as a percentage of sales stood at 13.9% for 1H26. OPEX-to-sales was 130bps higher versus the comparable period due to investments in brand-building and demand-generating activities to support topline growth.
- As a result, headline NIAT amounted to ₱232 million, while net profit margin (NPM) stood at 2.8%. Removing the impact of one-offs, core NIAT registered at ₱315 million, while core NPM clocked in at 3.9%.

Financial Condition

The Company's financial stability and financial position as of June 30, 2026, is as follows:

- Cash and cash equivalents stood at ₱919 million. Cash provided by operating activities amounted to ₱650 million, with net cash used in investing activities totaling ₱393 million and net cash used in financing activities amounting to ₱505 million.

- Current ratio was higher at 0.8x as of June 30, 2026 relative to 2025's 0.6x. The cash conversion cycle was lower at 6 days from 14 days as of end-2025. Receivable and inventory days stood at 29 and 36 respectively, while accounts payable came in at 59 days.
- Net property, plant and equipment, amounted to ₱2.8 billion as of June 30, 2026. Capital expenditures for the first half of the year totaled ₱393 million.
- As of June 30, 2026, the Company had ₱6.0 billion in interest-bearing debt, broadly similar versus the year-end level.
- Net debt-to-equity ratio is measured at 1.2x as of June 30, 2026, slightly higher compared to the 1.1x figure as of year-end 2025. Considering only interest-bearing liabilities, the Company's net gearing ratio and net interest-bearing debt-to-core EBITDA stood at 0.6x and 1.9x, respectively, as of June 30, 2026.

Key Performance Indicators (KPIs)

	Unaudited 1 st Six Months 2026	Unaudited 1 st Six Months 2025
Gross Profit Margin	20%	21%
Before Tax Return on Sales	3%	5%
Return on Sales	3%	5%
Core Return on Sales	4%	6%
Interest-Bearing Debt-to-Equity	0.7x	0.7x
Current Ratio	0.8x	1.4x

Notes:

1 Gross Profit margin = Gross Profit / Net Revenue

2 Before Tax Return on Sales = Net Profit Before Tax / Net Revenue

3 Return on Sales = Net Profit After Tax / Net Revenue

4 Core Return on Sales = Core Net Profit After Tax / Net Revenue

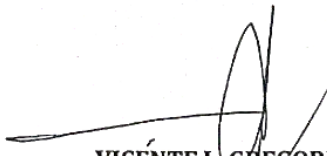
5 Interest-Bearing Debt-to-Equity = Loans Payable / Total Stockholders' Equity

6 Current Ratio = Total Current Assets / Total Current Liabilities

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SHAKEY'S PIZZA ASIA VENTURES INC.


VICENTE L. GREGORIO
President and Chief Executive Officer
Date: August 13, 2026
MYROSE APRIL C. VICTOR
Chief Financial Officer
Date: August 13, 2026

SHAKEY'S PIZZA ASIA VENTURES INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF

FINANCIAL POSITION

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
ASSETS		
Current Assets		
Cash (Notes 5 and 18)	₱919,281,704	₱1,167,134,283
Trade and other receivables (Notes 6, 13 and 18)	1,360,858,421	1,729,416,840
Inventories (Note 7)	1,307,415,563	1,490,438,659
Prepaid expenses and other current assets (Note 8)	1,115,341,585	534,970,041
Total Current Assets	4,702,897,273	4,921,959,823
Noncurrent Assets		
Property and equipment (Note 9)	2,758,614,004	2,635,637,656
Intangible assets (Note 10)	10,436,215,758	10,451,917,509
Right-of-use assets (Note 11)	2,187,748,313	2,106,371,689
Deferred tax assets- net	336,296,986	298,714,054
Other noncurrent assets	592,730,486	539,392,774
Total Noncurrent Assets	16,311,605,547	16,032,033,682
TOTAL ASSETS	₱21,014,502,820	₱20,953,993,505
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans payable (Notes 14 and 18)	₱2,920,000,000	₱1,220,000,000
Income tax payable	73,479,302	85,955,583
Accounts payable and other current liabilities (Notes 12, 13 and 18)	2,460,707,523	2,347,318,430
Current portion of:		
Long-term loans payable (Notes 15 and 18)	27,000,000	3,549,060,215
Lease liabilities (Note 11)	354,349,480	354,296,695
Contract liabilities	177,494,829	107,664,098
Total Current Liabilities	6,013,031,134	7,664,295,021
Noncurrent Liabilities		
Noncurrent current portion of:		
Long-term loans payable (Notes 15 and 18)	3,017,853,194	1,280,000,000
Lease liabilities (Note 11)	2,213,776,487	2,100,456,682
Contract liabilities	71,538,701	128,738,260
Accrued pension costs	228,249,827	202,811,390
Dealers' deposits and other noncurrent liabilities	108,290,275	105,559,382
Deferred tax liabilities – net	169,852,137	169,852,137
Total Noncurrent Liabilities	5,809,560,621	3,987,417,851
Total Liabilities	11,822,591,755	11,651,712,872
Equity		
Capital stock (Note 16)	1,683,760,178	1,683,760,178
Additional paid-in capital (Note 16)	2,451,116,470	2,451,116,470
Retained earnings (Note 16)	5,018,669,445	5,123,918,370
Other components of equity	38,364,972	43,485,615
Total Equity	9,191,911,065	9,302,280,633
TOTAL LIABILITIES AND EQUITY	₱21,014,502,820	₱20,953,993,505

See accompanying Notes to the Unaudited Interim Condensed Consolidated Financial Statements.

SHAKEY'S PIZZA ASIA VENTURES INC. AND SUBSIDIARIES
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME**
FOR THE THREE MONTHS ENDED JUNE 30, 2026 AND 2025

	2026 (Unaudited)	2025 (Unaudited)
REVENUES		
Net sales	₱3,958,762,146	₱3,722,265,998
Royalty and franchise fees	209,055,004	211,851,176
	4,167,817,150	3,934,117,174
COSTS OF SALES	(3,327,301,027)	(3,098,011,889)
GROSS INCOME	840,516,123	836,105,285
GENERAL AND ADMINISTRATIVE EXPENSES	(589,254,890)	(472,508,252)
INTEREST EXPENSE	(116,802,669)	(118,272,760)
OTHER INCOME- net	(32,525,825)	(27,057,845)
INCOME BEFORE INCOME TAX	101,932,739	218,266,428
PROVISION FOR (BENEFIT FROM) INCOME TAX		
Current	15,326,432	124,965,110
Deferred	(11,092,863)	(71,583,291)
	4,233,569	53,381,819
NET INCOME	97,699,170	164,884,609
OTHER COMPREHENSIVE INCOME		
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Translation gain from foreign subsidiaries	2,863,487	(4,160,187)
	2,863,487	(4,160,187)
TOTAL COMPREHENSIVE INCOME	₱100,562,657	₱160,724,422
Basic/Diluted Earnings Per Share	₱0.06	₱0.10

SHAKEY'S PIZZA ASIA VENTURES INC. AND SUBSIDIARIES

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME**

FOR THE SIX MONTHS ENDED JUNE 30, 2026 AND 2025

	2026 (Unaudited)	2025 (Unaudited)
REVENUES		
Net sales	₱7,761,516,269	₱7,091,446,977
Royalty and franchise fees	406,605,162	391,900,199
	8,168,121,431	7,483,347,176
COSTS OF SALES	(6,523,737,605)	(5,891,725,974)
GROSS INCOME	1,644,383,826	1,591,621,202
GENERAL AND ADMINISTRATIVE EXPENSES	(1,139,328,878)	(943,251,112)
INTEREST EXPENSE	(234,334,582)	(224,326,990)
OTHER INCOME- net	(29,220,172)	(13,630,753)
INCOME BEFORE INCOME TAX	241,500,194	410,412,347
PROVISION FOR (BENEFIT FROM) INCOME TAX		
Current	46,326,982	208,041,470
Deferred	(36,329,899)	(144,573,996)
	9,997,083	63,467,474
NET INCOME	231,503,111	346,944,873
OTHER COMPREHENSIVE INCOME		
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Translation loss from foreign subsidiaries	(5,120,643)	(18,993,095)
	(5,120,643)	(18,993,095)
TOTAL COMPREHENSIVE INCOME	₱226,382,468	₱327,951,778
Basic/Diluted Earnings Per Share	₱0.14	₱0.21

**SHAKEY'S PIZZA ASIA VENTURES INC.
AND SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2026 AND 2025**

	Capital Stock	Additional Paid-in Capital	Retained Earnings	Other Components of Equity	Total
Balances at January 1, 2026	₱1,683,760,178	₱2,451,116,470	₱5,123,918,370	₱43,485,615	₱9,302,280,633
Total comprehensive income	—	—	231,503,111	(5,120,643)	226,382,468
Dividend Declared	—	—	(336,752,036)	—	(336,752,036)
Balances at June 30, 2026	₱1,683,760,178	₱2,451,116,470	₱5,018,669,445	₱38,364,972	₱9,191,911,065
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	—	—	346,944,873	(18,993,095)	327,951,778
Balances at June 30, 2025	₱1,683,760,178	₱2,451,116,470	₱4,992,033,428	₱54,767,485	₱9,181,677,561

**SHAKEY'S PIZZA ASIA VENTURES INC.
AND SUBSIDIARIES**
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2026 AND 2025**

	2026 (Unaudited)	2025 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱241,500,193	₱376,506,190
Adjustments for:		
Depreciation and amortization	571,431,944	473,660,995
Interest expense	234,334,582	218,711,360
Increase in accrued pension costs	21,044,122	23,807,373
Loss (gain) on:		
Disposal of property and equipment	63,021,844	–
Pre-terminations of leases	(3,660,507)	–
Interest income	(968,173)	(437,710)
Unrealized foreign exchange loss (gain)	(640,501)	132,410
Income before working capital changes	1,126,063,504	1,092,380,618
Decrease (increase) in:		
Trade and other receivables	368,558,419	437,943,360
Inventories	183,023,096	59,921,634
Prepaid expenses and other current assets	(580,371,544)	(117,764,313)
Deferred input value added tax	–	886,862
Increase (decrease) in:		
Accounts payable and other current liabilities	(223,362,944)	(595,210,615)
Dealer's deposits and other noncurrent liabilities	(50,606,819)	118,052,841
Contract liabilities	(101,557,588)	(132,476,142)
Net cash generated from operations	721,746,124	863,734,245
Income tax paid	(58,803,263)	(255,188,795)
Interest received	968,173	437,710
Net cash provided by operating activities	663,911,034	608,983,160
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
Property and equipment	(406,197,650)	(522,185,562)
Software	(600,095)	–
Net cash used in investing activities	(406,797,745)	(522,185,562)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availment of long- term loan	1,800,000,000	–
Proceeds from availment of short- term loan	1,700,000,000	–
Payment of long-term loan	(3,584,207,020)	(25,113,020)
Payment of interest	(122,709,827)	(145,734,401)
Payment of lease liability	(298,689,522)	(151,535,040)
Net cash provided by financing activities	(505,606,369)	(322,382,461)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	640,501	–
NET INCREASE IN CASH AND CASH EQUIVALENTS	(248,493,080)	(235,584,863)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,167,134,283	1,319,799,492
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱919,281,704	₱1,084,214,629

SHAKEY'S PIZZA ASIA VENTURES INC. AND SUBSIDIARIES

NOTES TO THE UNAUDITED INTERIM CONDENSED 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" and "Peri-Peri".

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 Unaudited Interim Condensed Consolidated Financial Statements

The unaudited interim condensed consolidated financial statements were approved and authorized for issuance by the Parent Company's Board of Directors (BOD) on August 13, 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 March 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%
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%

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. 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*

Standards Issued but Not Yet Effective

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. 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 represents payment of subdealers 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-PFRS measures.

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

	June 30, 2026	June 31, 2025
Consolidated EBITDA	₱1,046,298,547	₱1,069,316,255
Depreciation and amortization	(571,431,945)	(473,660,995)
Provision for income tax	(9,997,083)	(29,561,317)
Interest expense	(234,334,582)	(218,711,360)
Interest income	968,173	(437,710)
Consolidated net income	₱231,503,110	₱346,944,873

5. Cash

	June 30, 2026	December 31, 2025
Cash on hand	₱39,873,686	₱78,797,183
Cash in banks	879,408,018	1,088,337,100
	₱919,281,704	₱1,167,134,283

Cash in banks earn interest at the respective bank deposit rates. Interest income on cash amounted to ₱0.97 million and ₱0.44 million for the six months ended June 30, 2026 and 2025, respectively.

6. Trade and Other Receivables

	June 30, 2026	December 31, 2025
Trade:		
Franchisees	₱363,969,459	₱594,126,366
Third parties	735,562,657	895,301,533
Related Parties (see Note 14)	14,162,789	15,147,486
Royalty receivable	88,390,021	84,532,635
Nontrade:		
Franchisees	141,382,528	119,539,022
Employees	34,330,657	39,763,906
	1,377,798,111	1,748,410,948
Less allowance ECL	(16,939,690)	(18,994,108)
	₱1,360,858,421	₱1,729,416,840

Below are the terms and conditions of the financial assets:

- 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 13.

The movements of allowance for doubtful accounts are as follows:

	June 30, 2026			December 31, 2025		
	Trade and Others	Receivables from Employees	Total	Trade and Others	Receivables from Employees	Total
Balance at beginning of year	₱16,979,830	₱2,014,278	₱18,944,108	₱11,703,862	₱2,014,278	₱13,718,140
Provision	70,427	–	70,427	6,558,710	–	6,558,710
Write-offs	(2,124,845)	–	(2,124,845)	(1,282,742)	–	(1,282,742)
Balance at reporting date	₱14,910,669	₱2,014,278	₱16,939,690	₱16,979,830	₱2,014,278	₱18,994,108

7. Inventories

	June 30, 2026	December 31, 2025
At NRV:		
Merchandise	₱1,210,433,246	₱1,405,140,334
At cost:		
Raw materials - food	48,978,783	37,137,824
Finished goods	25,761,061	23,254,358
Raw materials - packaging	22,242,473	24,906,143
	₱1,307,415,563	₱1,490,438,659

Allowance for inventory obsolescence amounted to ₱4.8 million as at June 30, 2026 and December 31, 2025.

8. Prepaid Expenses and Other Current Assets

	June 30, 2026	December 31, 2025
Prepaid expenses	₱270,742,046	₱186,222,874
Prepaid taxes	200,394,441	130,344,347
Advances to suppliers	569,677,875	175,389,207
Input VAT	74,527,223	43,013,613
	₱1,115,341,585	₱534,970,041

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.

9. 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, 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
Additions	–	220,300,194	164,624,243	–	–	7,089,841	8,091,296	6,092,077	406,197,650
Disposals	(1,440,144)	–	–	(7,523,308)	(102,029)	–	–	–	(9,065,480)
Balance at June 30, 2026	230,788,472	3,063,859,480	2,428,178,244	398,941,609	75,899,654	161,306,190	81,125,305	13,425,877	6,453,524,830
Accumulated Depreciation									
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	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)
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
Depreciation	6,569,233	123,954,468	117,231,461	11,135,590	4,967,864	14,012,656	11,140,650	–	289,011,922
Disposals	–	–	–	(11,647,133)	(1,357,220)	–	(1,851,747)	–	ss
Balance at June 30, 2026	120,982,922	1,549,458,043	1,511,160,352	288,273,060	41,807,286	113,183,847	70,045,317	–	3,694,910,827
Net Book Value									
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
Balance at June 30, 2026	₱109,805,550	₱1,514,401,437	₱917,017,892	₱110,668,549	₱34,092,368	₱48,122,343	₱11,079,988	₱13,425,877	₱2,758,614,004

There are no idle assets as at June 30, 2026 and December 31, 2025. The Group has no property and equipment that are used as collateral for existing loans payable.

10. Intangible Assets

The Group's intangible assets consist of:

	June 30, 2026	December 31, 2025
Goodwill	₱1,324,852,131	₱1,324,852,131
Trademarks	8,759,352,242	8,759,352,242
Software	315,029,466	331,331,312
Franchise right	36,981,919	36,381,824
	₱10,436,215,758	₱10,451,917,509

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.

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 June 30, 2026.

11. Right-of-Use Assets and Lease Liabilities

Group as a lessee

The Group has lease contracts for its office spaces and stores. Lease contracts office spaces usually has terms of 20 to 25 years while leases of stores usually has terms of 3 to 25 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

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 this account follows:

	June 30, 2026	December 31, 2025
Cost		
Balance at beginning of year	₱3,787,442,393	₱3,184,689,460
Additions	366,182,776	968,584,103
Pre-terminations	(178,668,766)	(352,682,486)
Balance at end of year	3,974,956,403	3,800,591,077
Accumulated Amortization		
Balance at beginning of year	1,681,070,704	1,381,053,720
Amortization	248,430,140	614,942,435
Pre-terminations	(142,292,754)	(301,776,767)
Balance at end of year	1,787,208,0910	1,694,219,388
Net Book Value	₱2,187,748,313	₱2,106,371,689

The rollforward analysis of lease liabilities follows:

	June 30, 2026	December 31, 2025
Balance at beginning of year	₱2,454,753,377	₱2,121,756,084
Additions	366,182,770	950,750,062
Interest expense	83,304,331	172,129,570
Payments	(298,689,522)	(713,427,815)
Pre-terminations	(37,424,999)	(76,454,524)
Balance at end of year	2,568,125,967	2,454,753,377
Current portion of lease liabilities	354,349,480	354,296,695
Lease liabilities -net of current portion	₱2,213,776,487	₱2,100,456,682

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:

	Fixed Payments	Variable Payments	Total
Fixed	₱176,672,597	₱—	₱176,672,597
Variable rent with minimum payment	125,483,783	61,847,966	187,331,749
Variable rent only	—	10,912,486	10,912,486
As at June 30, 2026	₱302,156,380	₱72,760,452	₱374,916,832
	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
As of December 31, 2025	₱733,756,654	₱134,487,446	₱868,244,100

12. Accounts Payable and Other Current Liabilities

	June 30, 2026	December 31, 2025
Trade:		
Suppliers	₱1,072,049,625	₱1,160,253,616
Related parties	91,382,852	121,760,035
Nontrade:		
Suppliers	243,856,408	387,217,267
Accrued expenses:		
Suppliers	336,448,085	368,362,984
Salaries and wages	140,055,678	86,788,639
Customers loyalty	74,948,467	61,899,707
Utilities	57,100,576	38,918,078
Dividends Payable	336,752,036	–
Other payables	108,113,796	122,118,104
	₱2,460,707,523	₱2,347,318,430

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 13.

Other payables consist of the following:

	June 30, 2026	December 31, 2025
Withholding tax payable	₱36,265,600	₱36,518,508
Retention payable	27,544,748	30,719,810
Output VAT	23,892,669	22,507,745
Customers' deposits	15,723,361	22,922,765
Fun certificates payable	1,890,544	6,556,765
SSS, PhilHealth and Pag-IBIG payables	2,796,874	2,892,511
	₱108,113,796	₱122,118,104

13. 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.

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 receivable or payable. For the six months ended June 30, 2026 and 2025, 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.

The Group, in the normal course of business, 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		Terms	Conditions
				Receivable	Payable		
Century Pacific Group Inc. (CPGI, Ultimate Parent Company)							
Purchases	Purchase of raw materials and goods at agreed prices usually on a cost-plus basis	2026 2025	3,883,420 4,034,688	₱3,082,080 3,594,102	₱ 1,385,087 1,385,087	30-day; non-interest bearing	Unsecured
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	2026 2025	4,515,351 4,026,313	2,493,165 4,759,750	– –	30-day; non-interest bearing	Unsecured; not impaired
Purchases	Purchase of raw materials and goods at agreed prices usually on a cost plus basis	2026 2025	56,657,673 61,129,241	– –	72,889,159 102,770,199	30-day; non-interest bearing	Unsecured
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	2026 2025	– –	1,962,435 1,525,715	– –	30-day; non-interest bearing	Unsecured; not impaired
Purchases	Purchase of raw materials and goods at agreed prices usually on a cost-plus basis	2026 2025	– –	– –	298,043 298,043	30-day; non-interest bearing	Unsecured; not impaired
Century Pacific Food Inc. (CPFI)							
Sales	Sale of goods at prices (normally on cost plus basis) mutually agreed upon by both parties	2026 2025	13,644,493 13,817,525	6,625,109 8,817,779	– –	30-day; non-interest bearing	Unsecured; not impaired
Purchases	Purchase of raw materials and goods at agreed prices usually on a cost plus basis	2026 2025	13,153,340 24,004,683	– –	16,810,563 18,667,741	30-day; non-interest bearing	Unsecured
			2026	91,854,277	₱14,162,789	₱91,382,852	
			2025	107,012,450	18,697,346	123,121,070	

Compensation of Key Management Personnel

The salaries and pension costs of key management personnel in 2026 and 2025 are as follows:

	For the six months ended June 30,	
	2026	2025
Salaries	₱21,095,867	₱18,527,196
Pension costs	38,986,301	38,511,438
	₱60,082,168	₱57,038,634

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

14. Short-term Loans Payable

	June 30, 2026	December 31, 2025
Balance at beginning of year	₱1,220,000,000	₱1,000,000,000
Availments	1,700,000,000	₱1,000,000,000
Reclassifications	–	320,000,000
Payments	–	(100,000,000)
Balance at end of year	₱2,920,000,000	₱1,220,000,000

On June 18, 2026, the Parent Company availed an unsecured short term loan from BDO Unibank (BDO) amounting to ₱1,700.0 million, due for repayment on June 11, 2027 with an interest rate of 4.75%.

The short-term facility loan with Bank of the Philippine Islands (BPI) amounting to ₱320.0 million matured on February 26, 2026 and was renewed during the current period with an interest rate of 4.52% per annum, maturing on February 19, 2027.

In 2025, the BPI long-term loans payable was repriced at 5.3% per annum, payable monthly, and the Parent Company converted the ₱320.0 million principal installment originally due February 24, 2025 into a short-term facility, resulting in the reclassification reflected in the December 31, 2025 balance above.

Interest expense pertaining to short-term loans amounting to ₱29.5 million and ₱31.6 million were recognized for the years ended June 30, 2026 and 2025, respectively.

15. Long-term Loan Payable

The breakdown of the loan is as follows:

	June 30, 2026	December 31, 2025
MBTC (2026) / BDO (2025) loan - principal	₱1,800,000,000	₱3,550,115,128
Less unamortized debt issue costs	27,261,934	1,054,913
MBTC/BDO loan - net of unamortized debt issue costs	1,772,738,066	3,549,060,215
BPI loan	1,272,115,128	1,280,000,000
	3,044,853,194	4,829,060,215
Less current portion of loan payable	27,000,000	3,549,060,215
Noncurrent portion	₱3,017,853,194	₱1,280,000,000

BDO Unibank, Inc. (BDO) Loan

On June 8, 2016, the Group entered into an unsecured 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, 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.

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 March 31, 2026 and 2025, the balances of DSRA have been applied to the loan balance.

On June 16, 2026, the Group settled in full the outstanding BDO term loan using proceeds from a new unsecured short-term loan availed from BDO amounting to ₱1,700.0 million (Note 14) and a new long-term loan availed from Metropolitan Bank & Trust Co. (MBTC) amounting to ₱1,800.0 million (see below).

As of June 30, 2026, the covenants no longer apply following full settlement. As at December 31, 2025 the Parent Company is in compliance with the aforementioned covenants.

Metropolitan Bank & Trust Co. (MBTC) Loan

On June 16, 2026, the Group availed an unsecured long-term loan from MBTC amounting to ₱1,800.0 million, with a term of ten (10) years from the drawdown date, inclusive of a six (6)-month grace period on principal repayment. The loan bears a quarterly-repricing floating interest rate based on the applicable BVAL benchmark rate plus a credit spread of 0.75% per annum, with the Group having a one-time option to convert to a fixed rate on the one-year anniversary of the drawdown date.

Principal is repayable semi-annually in accordance with an agreed amortization schedule, with a final payment equivalent to 90% of principal due at maturity. Proceeds were used to partially settle the BDO long-term loan (see above) and for general corporate purposes.

The loan agreement requires the Group to maintain a Debt-to-Equity Ratio not exceeding 3.0x. As of June 30, 2026, the Group is in compliance with this covenant.

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 ₱78.4 million and ₱76.5 million in 2026 and 2025, respectively.

16. 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 June 30, 2026 and December 31, 2025.

Issued and outstanding

As at June 30, 2026 and December 31, 2025:

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

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
	Registered and Listed Shares (Original Shares)	2,000,000,000	1,179,321,053	₱1.00
December 1, 2016	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 are held by 42 equity holders as at June 30, 2026 and 40 equity holders as of December 31, 2025.

Retained Earnings

Details of cash dividends declared in 2026 and 2025 are as follows:

Date of Declaration	Dividend		Record Date
	Rate (per share)	Amount	
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
June 24, 2026	0.20	336,752,036	July 17, 2026

The outstanding dividends payable as at June 30, 2026 and December 31, 2025 amounts to ₱336.8 million and nil, respectively.

Undistributed earnings of the subsidiaries included in the Group's retained earnings amounting to ₱408.4 million as at June 30, 2026 and ₱183.2 million as at December 31, 2025 are not currently available for dividend distribution.

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 June 30, 2026 and December 31, 2025, respectively.

17. Earnings per Share (EPS)

Basic 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 June 30, 2026 and December 31, 2025, hence, diluted EPS is the same as the basic EPS.

The Group's EPS were computed as follows:

	For the six months ended June 30,	
	2026	2025
(a) Net income (loss)	₱231,503,111	₱346,944,873
(b) Weighted average number of shares outstanding	1,683,760,178	1,683,760,178
Basic/Diluted EPS (a/b)	₱0.14	₱0.21

18. 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:

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:

	June 30, 2026	December 31, 2025
Cash*	₱879,408,018	₱1,088,337,100
Trade and other receivables	1,360,858,421	1,729,416,840
Rental and other deposits**	467,973,483	452,414,707
Financial assets at FVOCI	23,600,000	23,600,000

Total credit risk exposure	₱2,731,839,922	₱3,293,768,647
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*Excluding cash on hand.

**Included under Rental deposits and other noncurrent assets in the consolidated statements of financial position

An aging analysis of financial assets per class are as follows:

June 30, 2026						
	Neither Past Due	Past Due but not Impaired			Expected Credit Loss	Total
	nor Impaired	1–180 Days	Over 181 days	Subtotal		
Cash*	₱879,408,018	₱–	₱–	₱–	₱–	₱879,408,018
Trade and other receivables	636,743,457	312,997,437	40,825,753	353,823,190	16,468,584	1,360,858,421
Rental and other deposits	268,121,330	–	98,274,432	98,274,432	3,303,289	467,973,483
Financial assets at FVOCI	23,600,000	–	–	–	–	23,600,000
	₱1,807,872,805	₱312,997,437	₱139,100,185	₱452,097,622	₱19,771,873	₱2,731,839,922

*Excluding cash on hand

December 31, 2025						
	Neither Past Due	Past Due but not Impaired			Expected Credit Loss	Total
	nor Impaired	1–180 Days	Over 181 days	Subtotal		
Cash*	₱1,088,337,100	₱–	₱–	₱–	₱–	₱1,088,337,100
Trade and other receivables	1,277,509,531	365,854,567	101,125,669	466,980,236	15,072,927	1,729,416,840
Rental and other deposits	347,311,507	–	109,046,271	109,046,271	3,943,071	452,414,707
Financial assets at FVOCI	23,600,000	–	–	–	–	23,600,000
	₱2,736,758,138	₱365,854,567	₱210,171,940	₱576,026,507	₱19,015,998	₱3,293,768,647

*Excluding cash on hand.

A financial asset is considered past due when a counterparty has failed to make a payment when contractually due. “Past due but not impaired” financial assets are items with history of frequent default. Nevertheless, the amounts due are still collectible. Lastly, “Impaired” items are those that are long outstanding and have been specifically identified as impaired.

The tables below show the credit quality of the Group’s neither past due nor impaired financial assets based on their historical experience with the corresponding debtors:

June 30, 2026				
	High grade	Medium grade	Standard grade	Total
Cash*	₱879,408,018	₱–	₱–	₱879,408,018
Trade and other receivables	219,056,204	394,648,942	747,153,275	1,360,858,421
Rental and other deposits	18,718,816	–	449,254,667	467,973,483
Financial assets at FVOCI	23,600,000	–	–	23,600,000
	₱1,140,783,038	₱394,648,942	₱1,196,407,942	₱2,731,839,922

*Excluding cash on hand.

December 31, 2025				
	High grade	Medium grade	Standard grade	Total
Cash*	₱1,088,337,100	₱–	₱–	₱1,088,337,100
Trade and other receivables	345,883,368	501,530,884	882,002,588	1,729,416,840
Rental and other noncurrent assets	18,096,588	–	434,318,119	452,414,707
Financial assets at FVOCI	23,600,000	–	–	23,600,000
	₱1,475,917,056	₱501,530,884	₱1,316,320,707	₱3,293,768,647

*Excluding cash on hand.

Financial assets classified as “high grade” are those cash and cash equivalents transacted with reputable local banks and financial assets with no history of default on the agreed contract terms while “medium grade” includes those financial assets being collected on due dates with an effort of collection. Financial instruments classified as “standard grade” are those financial assets with little history of default on the agreed terms of the contract.

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

June 30, 2026						
	Due and Demandable	< 90 Days	91–180 Days	181–365 Days	Over 365 Days	Total
Cash	₱879,408,018	₱–	₱–	₱–	₱–	₱879,408,018
Trade and other receivables	1,020,643,817	217,737,347	81,651,505	13,608,584	27,217,168	1,360,858,421
Rental and other deposits	369,699,051	–	–	–	98,274,432	467,973,483
Financial assets at FVOCI	23,600,000	–	–	–	–	23,600,000
	2,293,350,886	217,737,347	81,651,505	₱13,608,584	125,491,600	2,731,839,922
Short-term loans**	–	–	–	2,995,916,667	–	2,995,916,667
Accounts payable and other current liabilities:						
Trade payables	–	1,117,720,266	–	–	–	1,117,720,266
Nontrade payables	–	323,172,261	–	–	–	323,172,261
Accrued expenses	–	425,962,470	–	–	–	425,962,470
Other payables*	–	61,522,388	–	–	–	61,522,388
Dealers' deposit and other noncurrent payables	–	–	–	–	107,046,040	107,046,040
Long-term loans payable**	–	–	–	–	3,139,775,299	3,139,775,299
Lease liability	–	–	–	619,305,220	2,846,056,455	3,465,361,675
	–	1,928,377,385	–	3,615,221,887	6,092,877,794	11,636,477,066
Liquidity gap	₱2,293,350,886	(₱1,710,640,038)	₱81,651,505	(₱3,601,613,303)	(₱5,967,386,194)	(₱8,904,637,144)

*Excluding statutory payables.

**Including future interest payments.

December 31, 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
	2,852,391,201	270,626,363	66,946,969	5,601,706	105,427,346	3,300,993,585
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 liability	–	–	–	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)	(₱8,669,440,998)

*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 others 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 adjust the dividend payment to stockholders, return capital to stockholders or issue new shares.

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

	June 30, 2026	December 31, 2025
Total liabilities	11,822,591,755	11,651,712,872
Total equity	9,191,911,065	9,302,280,633
	1.29:1	1.30 :1

19. 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, trade and other receivables, accounts payable and other current liabilities and dividends payable, 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 June 30, 2026				
		Fair Value		
	Date of Valuation	Carrying Value	Level 1 Quoted	Level 2 Significant Observable Input
Assets for which fair values are disclosed -				
Rental deposits	June 30, 2026	₱592,730,486	₱—	₱523,544,772
		592,730,486	—	523,544,772
Liabilities for which fair values are disclosed:				
Long-term loans payable	June 30, 2026	3,044,853,194	—	2,117,422,249
Dealers' deposits and other noncurrent liabilities	June 30, 2026	108,290,275	—	108,290,275
		₱3,153,143,469	₱—	₱2,225,712,524

As at December 31, 2025				
	Date of Valuation	Carrying Value	Fair 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

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 to 6.41% as at March 31, 2026 and December 31, 2025.

Long-term loans Payable. The fair value of loan payable which was discounted using prevailing market rate of 5.56% as at June 30, 2026 and December 31, 2025 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% as at March 31, 2026 and December 31, 2025.

As at June 30, 2026 and December 31, 2025, there were no transfers between Level 1 and 2 fair value measurements.