



16 April 2024

SECURITIES AND EXCHANGE COMMISSION

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

Attention: **Director Vicente Graciano P. Felizmenio, Jr.**
Markets and Securities Regulation Department

Re: **Amended Annual Report of Shakey's Pizza Asia Ventures Inc.**

Ladies and Gentlemen:

Attached is the Amended Annual Report of Shakey's Pizza Asia Ventures Inc. ("SPAVI") for the year ending December 31, 2023.

The following amendments were made to the filed Annual Report:

1. Page 12 - FY Financial Condition
 - Total assets from "P20.71 billion" to "P18.63 billion"
 - Trade and other receivables from "P3.16 billion" to "P1.22 billion"
 - Accounts payable and other current liabilities from "increased to P3.67 billion" to "decreased to P1.75 billion"
2. Page 13 - Key Performance Indicators
 - 2023 current ratio from "1.37x" to "1.52x"

The amended version already includes the supplementary schedules and financial soundness indicators.

Sincerely,

Manuel T. Del Barrio
Chief Financial Officer

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

**AMENDED ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the fiscal year ended **31 December 2023**
2. SEC Identification Number **54666**
3. BIR Tax Identification No. **000-163-396**
4. Exact name of issuer as specified in its charter **SHAKEY'S PIZZA ASIA VENTURES INC.**
5. **MANILA, PHILIPPINES**
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **15 KM EAST SERVICE ROAD CORNER MARIAN ROAD 2, BARANGAY SAN
BARANGAY SAN MARTIN DE PORRES, PARANAQUE CITY**
Address of principal office
- 1700**
Postal Code
8. **(632) 839-0156**
Issuer's telephone number, including area code
9. **NA**
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	1,683,760,178

11. Are any or all of these securities listed on a Stock Exchange.

Yes [☒] No [☐]

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange

Common Shares

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 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 that 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 [☐]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form.

PHP17,073,328,205 COMPUTED USING THE CLOSING PRICE OF PHP10.14 AND ISSUED SHARES OF 1,683,760,178 AS OF MARCH 31, 2024.

**APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS:**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [☒] No [☐]

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

List of Stockholders attached as Annexes A-1 and A-2 referred to in Item 11 on page 23.

2023 Sustainability Report attached as Annex B.

2023 Consolidated Financial Statements of Shakey's Pizza Asia Ventures Inc. and its Subsidiaries attached as Annex C and Financial Statements of Parent Company attached as Annex D referred to in Item 6 on page 10.

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

a) Overview

Shakey's Pizza Asia Ventures Inc. (SPAVI) or PIZZA, is the market leader in chained pizza full service restaurant, chained full service restaurant, and chained kiosks with 67.5%, 22.8%, and 14.4% market shares, respectively, based on data from Euromonitor. As of December 31, 2023, it operated a total of 2,141 stores and kiosks - a mix of company-owned and franchise outlets in the Philippines and abroad.

PIZZA has over 40 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. PIZZA is a strong brand because of 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. With this, PIZZA 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 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 stores in the Philippines, United Arab Emirates and Singapore.

PIZZA is able to serve the A, B and upper C income classes through its various sales channels. 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 its guests through its delivery segment. With the shift of consumer trends towards safety and convenience, PIZZA ensures that it continues to operate well-designed, comfortable, clean and guest-oriented stores, operate an efficient delivery system for guests, and expand its online sales platform to align itself with current market and consumption trends.

PIZZA is accessible nationwide through various store formats. These formats differ in size ranging from 120 sqm to 400 sqm. Smaller stores tend to need 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 4 years. PIZZA also has a well-established franchised model with an industry-leading return on investment averaging 4 years.

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.

In June 2019, PIZZA acquired *Peri-Peri Charcoal Chicken*, 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.

In August 2020, the Company entered into a master franchise agreement with Singapore-based Koufu Group Ltd to bring the *R&B milk tea* 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, US, Singapore, Cambodia, Vietnam, Malaysia and Indonesia. Under the agreement, PIZZA shall be 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* and *Peri-Peri Charcoal Chicken* outlets.

Last December 2021, the Company entered into an agreement to purchase assets and intellectual property relating to Potato Corner, with PIZZA assuming the management of the brand beginning March 2022. Potato Corner is one of the leading and most established food kiosk chains in the Philippines. Since its inception in 1992, the brand has built a vast network of over 1,000 outlets domestically and has a growing international footprint in Asia and beyond.

a) Key Risks

The Philippine food service industry is a highly competitive market with low barriers to entry. PIZZA competes directly and indirectly with both local and foreign full-service, casual dining and fast food stores that offer dine-in, delivery, and catering services nationwide. Failure to successfully compete and consistently outperform its peers may adversely affect its business and financial and operational results.

PIZZA growth is partially dependent on the strength of its brand, recognized for its high-quality product offerings and world-class guest service, as well as excellent culture and warm ambience of its stores. Any damage to its brand reputation and negative publicity to its stores may have an impact on the business, results of operations, and its prospective plans.

PIZZA is reliant on its franchisees for the successful management and operations of its franchise stores. In addition, a portion of the company's revenue is derived from royalty and franchise payments. A failure by the franchisees to deliver what is expected of them may significantly harm the brand image and goodwill of the *Shakey's* brand, as well as adversely affect the business operations and results of operations of PIZZA.

PIZZA's growth is highly dependent on its ability to open new stores, maintain existing stores, and operate these stores in a profitable manner. Failure to successfully locate and secure suitable store locations in its target markets may delay PIZZA store openings and significantly affect its business and results of operations. In addition, PIZZA's expansion plans may be limited by unforeseen economic and market conditions that are beyond its control.

PIZZA relies on key third-party suppliers and its in-house commissary to supply key raw material requirements. A failure by these third-party suppliers to adhere to contractual obligations or a significant disruption in the supply chain and logistics can significantly affect its business operations.

PIZZA hires approximately 2,200 full-time employees, a portion of which are covered by a 5-year collective bargaining agreement renewed on October 15, 2021. Although PIZZA's operations have never been affected by any labor dispute in the past, it cannot assure that it will not experience labor unrest and activism in the future, which may affect its business, financial condition and result of

operations.

PIZZA outsources a portion of its labor requirements from a third-party manpower service provider. Significant changes in labor laws and regulations, particularly in relation to the use of manpower service providers, may impact labor costs, as well as adversely affect the business operations and results on operations of PIZZA.

PIZZA relies on third-party service providers for certain services and the failure by these service providers to adhere and perform contractual obligations may adversely affect the business operations and results of operations of PIZZA.

PIZZA's profitability and operating margins are partially dependent on its ability to anticipate and react to changes in food and beverage costs. Any significant changes in raw materials costs that are not handled properly by the company may affect its business and results of operations.

Item 2. Properties

As of December 31, 2023, PIZZA does not own land. PIZZA enters into long-term leases for the properties wherein all its Company-owned stores are constructed while its franchisees have either independent lease agreements for their franchise stores or may own land on which the store is constructed. The company's lease agreements with its lessors are typically for a term of 10-15 years, renewable upon mutual agreement of the parties.

PIZZA's head office is located at 15km East Service Road corner Marian Road 2, Brgy. San Martin de Porres, Parañaque City, Metro Manila, Philippines.

None of the leased premises is mortgaged or encumbered. The company does not plan to acquire any property in the next 12 months.

Item 3. Legal Proceedings

As of date of this report, the Company is not a party to any litigation or arbitration proceedings of material importance, which could be expected to have a material adverse effect on the Company or on the results of its operations. No litigation or claim of material importance is known to be pending or threatened against the Company or any of its properties.

Item 4. Submission of Matters to a Vote of Security Holders

Except for matters taken up during the annual meeting of the stockholders, there was no other matter submitted to a vote of security holders during the period covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

a) Market Information

The Company's common shares are traded in the Main Board of The Philippine Stock Exchange, Inc. ("PSE"). The common shares were listed on December 15, 2016.

The following table shows the high and low prices (in pesos per common share) of the Company's

shares in the PSE for each quarter within the last 2 years:

Period	High	Low
1st Quarter of 2022	10.28	7.75
2nd Quarter of 2022	8.70	6.70
3rd Quarter of 2022	8.20	6.90
4th Quarter of 2022	7.78	7.10
January 1, 2022 to December 31, 2022	10.28	6.70
1st Quarter of 2023	8.70	7.26
2nd Quarter of 2023	9.10	8.20
3rd Quarter of 2023	9.80	8.80
4th Quarter of 2023	9.82	9.15
January 1, 2023 to December 31, 2023	9.82	7.26
January 1, 2024 to March 31, 2024	10.72	9.77

Source: Daily Quotation Reports of the Philippine Stock Exchange

The market capitalization of the Company's common shares as of end of 2023, based on the closing price of ₱9.80 per share was ₱16,500,849,744. The market capitalization of the Company's common shares as of March 31, 2023, based on the closing price of ₱10.14 per share was ₱17,073,328,205.

b) Holders

Total shares outstanding as of December 31, 2023, is 1,683,760,178 with a par value of ₱1.00.

The number of shareholders of record as of December 31, 2023, was 41. The shareholders as of the same date are as follows:

Name of Shareholder	Number of Shares	% Ownership
Century Pacific Group, Inc.	1,045,015,561	62.06%*
PCD Nominee Corp. (Non-Filipino)	141,643,871	8.41%
PCD Nominee Corp. (Filipino)	647,046,044	38.42%
JE Holdings, Inc.	249,514,337	14.82%
Century Pacific Group, Inc.	40,000,000	2.37%
Ma. Luisa P. Lovina	13,766,511	0.81%
Leopoldo M. Prieto III	6,882,542	0.40%
Jamille P. Torres	3,706,257	0.22%
Panda Development Corporation	3,314,264	0.19%
Jamille M. P. Torres	3,176,285	0.18%
Ma. Consuelo P. Guerrero	2,923,808	0.17%
Ma. Pilar P. Lorenzo	2,923,808	0.17%
Ma. Cristina P. Moraza	2,923,808	0.17%
Carlos M. Prieto	2,923,808	0.17%
Eduardo M. Prieto	2,923,808	0.17%
Rosario Anne R. Prieto	2,811,823	0.16%
L.L.P. Enterprises, Inc.	2,808,968	0.16%
Ramon M. Prieto	2,760,093	0.16%
Ma. Ines P. Borromeo	1,943,056	0.11%
Ma. Teresa P. Rufino	1,514,170	0.09%

Ma. Teresa R. Prieto	1,297,653	0.07%
Python Rock Enterprises	11,000	
Alma Bella Pil Alberastine	2,000	-
Percival Byron Salazar Bueser	2,000	-
Veronica Aguilar Pedrasa	2,000	-
Leopoldo H. Prieto, Jr.	1,427	-
Dondi Ron R. Limgenco	1,111	-
Christine F. Herrera	1,000	-
Gabrielle Claudia F. Herrera	1,000	-
John T. Lao	1,000	-
Teresa P. Marcelino	1,000	-
Celina F. Lucero	200	-
Roy Eduardo T. Lucero	200	-
Owen Nathaniel S Au ITF: Li Marcus Au	110	-
Shareholders' Association of the Philippines Inc.	100	-
Victor Co and/or Alian Co	100	-
Lance Y. Gokongwei	100	-
Jesus San Luis Valencia	100	-
Gerardo L. Salgado	8	-
Joselito T. Bautista	1	-
Paulo L. Campos III	1	-
Botschaft N. Cheng or Sevilla Ngo	1	-
Fernan Victor P. Lukban	1	-

* Century Pacific Group, Inc. owns 836,445,141 shares of the Company in its own name and another 208,570,420 shares of the Company lodged under PCD Nominee Corp. (Filipino).

c) Dividends

Last June 20, 2023, the Company declared regular cash dividends amounting to Ten Centavos (PhP0.10) per share on all shares of common stock issued and outstanding to stockholders of record as of July 20, 2023 payable on July 31, 2023

There are no outstanding dividends payable as of December 31, 2023.

d) Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

The Company did not issue any stocks to its employees as of December 31, 2023.

Item 6. Management's Discussion and Analysis

The following discussion should be read in conjunction with the accompanying consolidated financial statements and notes thereto, which form part of this SEC Form Amended 17-A as "Annex C" and "D". The consolidated financial statements and notes thereto have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS).

FY23 Results of Operations

Key Highlights

- PIZZA saw its full-year 2023 bottomline stand at ₱1.08 billion, growing 23% from 2022's recorded net income after tax of ₱874 million, driven primarily by the company's strong topline momentum.
- Systemwide sales reached ₱18.64 billion, up 32% year-on-year. PIZZA's 2023 topline growth is supported by same-store sales growth (SSSG) of 13% and a 20% network expansion.

Revenues and Systemwide Sales

In ₱ Millions	2022 Reported	2023 Reported	YOY
Systemwide Sales	14,087	18,640	32%
Net Revenues	10,142	14,126	39%

Systemwide sales, which comprises sales from both company-owned and franchise stores, increased by 32% from ₱14.09 billion to ₱18.64 billion as of end 2023.

Consolidated net revenues, composed of sales from company-owned stores, franchise and royalty fees from franchisees, and revenues from wholly-owned subsidiaries, reached ₱14.13 billion, increasing by 39% from reported revenues of ₱10.14 billion for the twelve months ending December 31, 2022.

Cost of Sales

For the year ending 2023, consolidated cost of sales increased by 45% from ₱7.54 billion in 2022 to ₱10.98 billion.

Consolidated cost of sales is mainly composed of raw material and packaging costs, direct labor costs, and store-related costs including rent, utilities, etc.

Gross Profit

Consolidated gross profit amounted to ₱3.15 billion for the full year 2023, representing a 21% increase from the ₱2.60 billion in the previous year. This yielded a gross profit margin of 22%, lower versus the previous year's 26%.

General and Administrative Expenses

For the twelve months ending December 31, 2023, consolidated general and administrative expenses totaled ₱1.57 billion, representing a cost-to-sales ratio of 11%. This is lower than the cost-to-sales ratio of 12% during the same period in 2022.

Operating Income

Consolidated operating income increased by 15% from ₱1.37 billion in 2022 to ₱1.58 billion in 2023.

Net Interest Expense

Interest expense of ₱361 million was recorded for the twelve months ending December 31, 2023, higher by 12% compared to the 2022 figure of ₱324 million. This was mainly driven by the increase

in loans payable in 2023.

Other Income

Other income totaled ₱25 million as of year-end 2023. This is composed mainly of other income from franchisees, service income, provisions and loss from store retirement. This is lower than the ₱50 million reported in 2022.

Net Income

For the year ending 2023, consolidated net income after tax stood at ₱1.08 billion, yielding a net income margin of 8%. This is slightly lower than the 9% margin reported in the previous period.

FY23 Financial Condition

PIZZA had consolidated total assets of **₱18.63** billion as of December 31, 2023, an increase versus total assets of ₱17.71 billion as of end 2022. This was mainly driven by the continued growth in the company's operations and increase in global network footprint.

Cash and cash equivalents

As of end 2023, cash and cash equivalents totaled ₱901 million. Cash includes cash on hand and in banks while cash equivalents are short-term, highly liquid investments that are easily convertible to cash.

Trade and other receivables

Trade and other receivables stood at **₱1.22** billion as of year-end 2023 compared to ₱1.13 billion in 2022.

Inventories

As of December 31, 2023, inventories increased at ₱1.71 billion from ₱1.00 billion in 2022.

Property, plant, and equipment

Consolidated net property, plant, and equipment stood at ₱1.83 billion as of year-end 2023. Capital expenditures for the year reached ₱501 million, which were primarily invested in both new and existing stores.

Intangible assets

Intangible assets remained steady at ₱10.37 billion in 2023 from ₱10.34 billion in 2022.

Accounts payable and other current liabilities

Accounts payable and other current liabilities **decreased to ₱1.75** billion from ₱2.13 billion during the previous year.

Loans payable

As of December 31, 2023, the Company's total interest-bearing debt stood at ₱5.94 billion. The outstanding loans payable by year end 2022 primarily consists of the loan acquired prior to the

Company's IPO in 2016 for the acquisition of the in-house commissary and the trademark companies holding the rights and trademarks of the *Shakey's* brand, as well as the loans acquired in 2022 to finance the company's expansion plans.

Cash flows

Consolidated net cash provided by operating activities amounted to ₱1.18 billion for the full year 2023, lower versus the previous year's ₱1.62 billion.

Consolidated net cash used in investing activities was ₱0.55 billion. This is mainly attributable to capital expenditures for existing stores and new store openings.

Consolidated net cash used in financing activities was ₱0.72 billion in 2023, which includes loan proceeds net of financing costs and dividend payments.

All in all, cash decreased ₱88 million for the year, leading to cash and cash equivalents balance of ₱901 million at year-end 2023.

Key Performance Indicators (KPIs)

	Audited Twelve Months Ended December 31, 2022	Audited Twelve Months Ended December 31, 2023
Gross Profit Margin	25.6%	22.3%
Before Tax Return on Sales	10.8%	8.8%
Return on Equity	13.2%	14.4%
Net Gearing Ratio	0.68x	0.63x
Current Ratio	1.37x	<u>1.52x</u>

Notes:

1 Gross Profit margin = Gross Profit / Net Revenue

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

3 Return on Equity = Net Income / Average Equity

4 Net gearing ratio = (Interest-bearing debt – Cash) / Total Equity

5 Current Ratio = Total Current Assets / Total Current Liabilities

Item 7. Financial Statements

The Company's financial statements and notes thereto form part of this SEC Form as "Annex C" and Annex "D".

Item 8. Information on Independent Public Accountants

a) External Auditor

SGV & Co., a member firm of Ernst & Young, independent auditors, has audited the Company's financial statements as at and for the years ended December 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023. SGV & Co. has been the Company's Independent Public Accountants since 1975. Christine G. Vallejo is the current audit partner. The Company has not had any material disagreements on accounting and financial disclosures with its current external auditor for the same periods or any subsequent interim period. SGV & Co. has neither shareholdings in us nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in us. SGV & Co. does not receive any direct or indirect interest in the Company or its securities (including options, warrants or rights thereto). The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

SGV & Co. also audited the Company's financial statements as of December 31, 2023 in accordance with the Philippine Standards on Auditing.

SGV & Co. has reviewed our pro forma adjustments and the application of those adjustments to the historical amounts in the pro forma condensed consolidated financial information as of December 31, 2023 in accordance with the Philippine Standard on Assurance Engagements 3000, *Assurance Engagements Other than Audits or Review of Historical Financial Information*, and the Philippines Securities and Exchange Commission Memorandum Circular No. 2, Series of 2008, *Guideline on Attestation of Pro Forma Financial Information*. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's assumptions, the pro forma adjustments and the application of those adjustments to historical financial information. Accordingly, SGV & Co. does not express such opinion on the pro forma condensed consolidated financial information.

b) Audit Fees

The following table sets out the aggregate fees billed for 2022 and 2023 for professional services rendered by SGV & Co., excluding fees directly related to the Offer. SGV & Co. does not provide other services that are not reasonably related to the performance of the audit or review of our financial statements.

	2022	2023
Audit and Audit-Related fees		
.....	PhP5,107,000.00	PhP5,500,000.00

Audit and Audited-Related Fees refer to the professional services rendered by SGV & Co. for audit of the Company's annual financial statements and services that are normally provided in connection with statutory and regulatory filings for the said calendar years.

c) Audit Committee and Policies

In relation to the audit of the Company's annual financial statements, the Company's Corporate Governance Manual provides that the audit committee shall, among other activities (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Company; (ii) ensure that other non-audit work provided by the external auditors are not in conflict with their functions as external

auditors; and (iii) ensure the compliance of the Company with acceptable auditing and accounting standards and regulations.

The audit committee consists of three members of the Board of Directors, at least one of whom is an independent director, including the chairman of the committee. The audit committee, with respect to an external audit:

- Reviews the independent auditors audit plan — discusses scope, staffing, reliance upon management and the internal audit department, general audit approach, and coverage provided to any significant areas of concern that the audit committee may have.
- Reviews and confirms the independence of the external auditors on relationships by obtaining statements from the auditors on the relationships between the auditors and the Company, including non-audit services, and discussing the relationships with the auditors.
- Prior to publishing the year-end earnings, discusses the results of the audit with the independent auditors.
- On an annual basis, the audit committee reviews and discusses with the independent auditors all significant relationships they have with the Company that could impair the auditors' independence.
- On a regular basis, the audit committee meets separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.

The Audit Committee reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters: (i) any change/s in accounting policies and practices, (ii) areas where a significant amount of judgment has been exercised, (iii) significant adjustments resulting from the audit, (iv) going concern assumptions, (v) compliance with accounting standards and (vi) compliance with tax, legal and regulatory requirements. The Audit Committee also reviews the disposition of the recommendations in the External Auditor's management letter.

The Audit Committee is composed of the following members, the chairman of which is an independent director:

Name	Position
Fernan Victor P. Lukban	Chairman
Ricardo Gabriel T. Po	Member
Paulo L. Campos III	Member

d) Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no disagreements with Accountants on Accounting and Financial Disclosure or Changes in Accounting Policies for the period ended December 31, 2023.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

a. Directors, Including Independent Directors, and Executive Officers

The overall management and supervision of the Company is undertaken by the Company's Board of Directors. The Company's executive officers and management team cooperate with its Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review. Pursuant to the Company's amended articles of incorporation, the Company's board of directors shall consist of nine members, of whom three are independent directors.

The table below sets forth each member of the board of directors as of December 31, 2023:

Name	Age	Nationality	Position
Christopher T. Po	53	Filipino	Chairman
Ricardo Gabriel T. Po	56	Filipino	Vice Chairman
Teodoro Alexander T. Po	54	Filipino	Vice Chairman
Leonardo Arthur T. Po	46	Filipino	Member
Paulo L. Campos III	40	Filipino	Independent Director
Vicente L. Gregorio	58	Filipino	Member
Lance Y. Gokongwei	57	Filipino	Director
Fernan Victor P. Lukban	63	Filipino	Independent Director
Frances J. Yu	54	Filipino	Independent Director

Christopher T. Po (first elected October 5, 2016) was re-elected as the Company's Chairman on June 20, 2023. He concurrently serves as the Executive Chairman of Century Pacific Food, Inc (CPFI) and as a Director of Arthaland Corporation (ALCO), a property developer listed on the PSE. He is an independent director of Maya Bank, Inc. and a director of AB Capital and Investment Corporation. Prior to those roles, he was Managing Director for Guggenheim Partners, a U.S. financial services firm where he was in charge of the firm's Hong Kong office. Previously, he was a Management Consultant at McKinsey & Company working with companies in the Asian region. He also worked as the Head of Corporate Planning for JG Summit Holdings, a Philippine-based conglomerate with interests in food, real estate, telecom, airlines and retail. He graduated in 1991 from the Wharton School and College of Engineering of the University of Pennsylvania with dual degrees in Economics (finance concentration) and applied science (system engineering). He holds a Master's Degree in Business Administration from the Harvard University Graduate School of Business Administration. He is a member of the Board of Trustees of the Ateneo de Manila University, serves as a Board member of the Child Protection Network as well as Asia Society Philippines, and is the President of the CPG-RSPo Foundation.

Ricardo Gabriel T. Po (first elected October 5, 2016) was re-elected as the Company's Vice Chairman on June 20, 2023. He concurrently serves as Vice Chairman of Century Pacific Food, Inc. (CPFI) and as Vice Chairman of Arthaland Corporation (ALCO). He was the Executive Vice President and Chief Operations Officer of from 1990 to 2006 and became the Vice Chairman of its Board of Directors in 2006. He graduated magna cum laude from Boston University with a Bachelor of Science degree in Business Management in 1990. He also completed the Executive Education Program (Owner-President Management Program) at Harvard Business School in 2000.

Teodoro Alexander T. Po, (first elected October 5, 2016) was re-elected as the Company's Vice Chairman on June 20, 2023. He concurrently serves as Vice Chairman, President and Chief Executive Officer of Century Pacific Food, Inc.(CPFI). He is also a Member of the board of directors of CPG. Since 1990, he has held various positions in CPG. He graduated summa cum laude from Boston University with a Bachelor of Science degree in Manufacturing Engineering in 1990. He also completed the Executive Education Program (Owner-President Management Program) at Harvard Business School.

Leonardo Arthur T. Po, (first elected October 5, 2016) was re-elected as the Company's Director and Treasurer on June 20, 2023 and concurrently serves as the Director and Treasurer of Century Pacific Food, Inc. (CPFI) and President of Pacifica Homes Development Corporation (PHDC). He graduated magna cum laude from Boston University with a degree in Business Administration and has extensive and solid business development experience in consumer marketing, finance and operations of fast-moving consumer goods (FMCG), foodservice, quick-serve restaurants, and real estate development. He also completed the Executive Education Program (Owner-President Management Program) at Harvard Business School in November 2023.

Paulo L. Campos III (first elected October 14, 2016) was re-elected as the Company's director on June 20, 2023. Mr. Campos is the Founding Managing General Partner of Kaya Founders, an early stage venture capital firm that invests in the next generation of high impact entrepreneurs in the Philippines and across Southeast Asia. The fund has over a billion pesos in assets under management and has made over 40 investments to date in startups ranging from e-commerce, logistics, healthcare, fintech, B2B SaaS, and a number of other technology sectors. Paulo is also the Co-Founder of ZALORA Philippines, having founded the company in late-2011 after seeing the opportunity to take advantage of the emerging e-commerce industry in the country. He was the CEO of the business for over a decade until late-2021 - including during the strategic investment by the Ayala group of companies in 2016 and the IPO of its parent company on the Frankfurt Stock Exchange in July 2019 - and currently serves on its Board of Directors. He also serves on the Board of Shakey's Pizza Asia Ventures Inc and on the Advisory Board of the social enterprise Generation HOPE, and he plays an active role in a number of other advocacies and socio-civic organizations promoting the economic development of the Philippines. Paulo holds an MBA from Harvard Business School and graduated *magna cum laude* from Princeton University with a degree from the Princeton School of Public and International Affairs.

Vicente L. Gregorio, (first elected October 5, 2016) was re-elected as the Company's director on June 20, 2023. Mr. Gregorio has also been the Company's President and Chief Executive Officer since March 2013. He has more than 30 of experience in the food business, previously serving as Operations Director in various food service companies prior to assuming the position of Executive Vice President and Chief Operations Officer of the Company in February 2003. He also currently serves as a member of the board of the Philippine Franchise Association, Cavallino, Inc., Don Bosco Technical College, Bosconian International Chamber of Commerce, and Plan Master Insurance and Financial Services, Inc. Mr. Vicente Gregorio graduated from Central Colleges of the Philippines with a degree in Bachelor of Science in Electrical Engineering and has earned units in the Business Administration Master's program of the Graduate School of Business at Ateneo de Manila University.

Lance Y. Gokongwei (first elected July 15, 2021) was re-elected as the Company's Director on June 20, 2023. Mr. Gokongwei is the President and Chief Executive Officer of JG Summit Holdings Inc., and the Chairman of Cebu Air, Inc., Universal Robina Corporation, Robinsons Retail Holdings, Inc., and JG Summit Olefins Corporation. Effective January 8, 2024, he became the Chairman, President, and Chief Executive Officer of Robinsons Land Corporation. He is a Director and a Vice Chairman of the Executive Committee of Manila Electric Company. He is also a Director of RL Commercial REIT, Inc., Altus Property Ventures, Inc., Oriental Petroleum and Minerals Corporation, Singapore Land Group Limited, AB Capital and Investment Corporation, and Endeavor Acquisition Corporation. He is a Trustee and the Chairman of the Gokongwei Brothers Foundation, Inc. He received a Bachelor of Science degree in Finance and a Bachelor of Science degree in Applied Science from the University of Pennsylvania.

Fernan Victor P. Lukban, (first elected October 14, 2016) was re-elected as the Company's Lead Independent Director on June 20, 2023. He concurrently serves as a Director of Central Azucarera de Tarlac, Inc. (CAT). He is a highly regarded consultant in family business, strategy, entrepreneurship, and governance. He is active in Base of the Pyramid initiatives all over the

Philippines and helps professionalize Boards throughout the country. He holds undergraduate degrees in engineering (Industrial Management - Mechanical from De La Salle University, Manila) and graduate degrees in economics (MSc in Industrial Economics from the Center for Research & Communication, now University of Asia & the Pacific) and in business (MBA from IESE Barcelona, Spain). He spent much of his early professional years in academia, helping establish the University of Asia & the Pacific where he currently participates as a consultant, mentor, and guest lecturer. He is a founding fellow of the Institute of Corporate Directors.

Frances J. Yu, (first elected August 16, 2018) was re-elected as the Company's Independent Director on June 20, 2023. She concurrently serves as an Independent Director of Century Pacific Food, Inc. She was previously the Chief Retail Strategist of Mansmith and Fielders, Inc., the largest marketing and sales training company in the Philippines. Prior to this, she was the Vice President and Business Unit Head of Rustan's Supermarket and the Vice President and Head of Marketing Operations for Rustan's Supercenters, Inc. She founded FJY Consulting, Inc., a corporate marketing and management consulting company which she managed as President. She was also the Vice President and General Manager of a marketing research and consulting firm catering to the top 500 corporations in several sectors. From 2003 to 2005, she served as the Chairperson for the National Retail Conference and Stores Asia Expo (NRCE) Programs Committee of the Philippine Retailers Association. She graduated summa cum laude from Fordham University, New York with a Bachelor of Arts degree in English Literature. She graduated magna cum laude from Augustine Institute in Denver, with a Master's Degree in Theology.

The table below sets forth the key executive and corporate officers as of December 31, 2023:

Name	Age	Nationality	Position
Jose Arnold T. Alvero	61	Filipino	Chief Operating Officer and Business Unit Head of Potato Corner
Alois Brielbeck	63	German	General Manager (commissary)
Kellda M. Centeno	39	Filipino	Group Director for Digital, Loyalty and Delivery
Jorge Maria Q. Concepcion	68	American and Filipino	Shakey's Chief Operating Officer
Manuel T. Del Barrio	60	Filipino	Vice-President and Chief Financial Officer
Vicente L. Gregorio	58	Filipino	President and Chief Executive Officer
Darel G. Pallesco	38	Filipino	Chief Audit Executive
Leonardo Arthur T. Po	46	Filipino	Treasurer
Maria Elma C. Santos	46	Filipino	Chief Human Resources Officer
Oliver Angelo C. Sicam	45	Filipino	Group Director for Marketing
Gilbert L. Tolentino	50	Filipino	Corporate Business Development Head
Rommel Turbanos	53	Filipino	Peri Peri General Manager and Head of Emerging Business
Yiow L. Tan	50	Singaporean	Group Director for International
Myrose April C. Victor	38	Filipino	Investor Relations Head
Maria Rosario L. Ybanez	48	Filipino	Corporate Secretary

Jose Arnold T. Alvero was re-appointed as the Corporation's Chief Operating Officer and Business Unit Head of Potato Corner on June 20, 2023. He was the Vice President - International Operations & Director for Franchise & Business Development in January 2020. is a hospitality professional with more than 35 years of transnational experience in Hotel Operations, Restaurant General Management, Franchising, Business Development, Guest Service Management, and Strategic Planning. Prior to his new appointment, he was the Business Unit GM for Franchised Store Operations as well as Director for Franchise and Business Development where he led the store

network expansion & growth of Shakey's Philippines outside of Metro Manila and developed the Franchise ACE program for its esteemed franchisees. Previous to that, he was Planning and Business Development Director of Shakey's Philippines wherein he strengthened the brand's Countrywide Development Plan and steered the company's Business Development team. Before joining Shakey's Philippines, he was the Corporate Franchising and Channel Development Head of One Food Group and oversaw the development of the Tokyo Tokyo and Mister Donut franchising programs. Before that, he also served as Regional Business Unit (RBU) General Manager for both Company-Owned and Franchised stores for Mister Donut. He also had stints in Red Ribbon Bakeshop, Inc, McDonald's Philippines, The Palace Hotel, Beijing, and The Mandarin Oriental, Manila in various managerial capacities in Operations and Guest Services early in his career. Jose is a graduate of the University of the Philippines where he finished a B.S. Hotel and Restaurant degree, cum laude.

Alois Brielbeck, has been the General Manager of the Company's in-house commissary since October 2005. He moved to the Philippines in February 2000 as the Chief Operating Officer for Culinary Systems Specialists Inc., a company involved in the production of bakery products to both local and export markets. He has held key positions in pastry kitchens in Hong Kong and Tokyo, Japan before moving to the Philippines. Mr. Alois Brielbeck is a fully-qualified Baker with a Baker Master Diploma from the Master School of Lochham in Munich, Germany.

Kellda M. Centeno, has been re-appointed as the Corporation's Group Director for Digital, Loyalty and Delivery in June 20, 2023. Ms. Centeno joined Shakey's in March 2020 as the Delivery Business Unit Head providing leadership in all aspects of the Shakey's Delivery Business Unit. Ms. Centeno served as Chief Operating Officer of Storm Technologies prior to joining SPAVI and has 15 years of leadership roles in various companies which includes Unilever Philippines. She was also the co-owner/co-founder of a Filipino restaurant group franchise where she plays a key role in the business expansion plans. Ms. Centeno graduated Magna cum laude with a bachelor's degree in Management at the Ateneo de Manila University.

Jorge Maria Q. Concepcion, has been appointed as Shakey's Chief Operating Officer in December 28, 2023. He has been the Company's General Manager since his repatriation from the US in 2014. He previously held the position of Executive Vice-President & General Manager in Gallo Giro (a Mexican restaurant chain in California), Red Ribbon Bakeshop, Inc. (US and the Philippines) and Goldilocks Corp. of California. Before entering the foodservice retail industry, Mr. Concepcion started in the Branded Foods FMCG business where he worked for various Unilever Asia affiliates in the Philippines, Malaysia and Singapore in different capacities in marketing, sales, corporate planning and general management. He first repatriated to the Philippines in 1996 with the ConAgra joint-venture company, Hunts-URC. He then subsequently and concurrently headed URC-Dairy Product Division and URC-Food Service Division before eventually migrating to the US in 2006. He has a degree in Bachelor of Arts (Honors) in Mathematics from De La Salle University and has a Master of Science in Industrial Engineering and Operations Research from the University of the Philippines.

Manuel T. Del Barrio, was re-appointed Vice-President and Chief Financial Officer on June 20, 2023.. He concurrently holds the position of Chief Risk Officer and Compliance Officer of the Company. He was previously the Assistant Vice-President for Finance of Century Pacific Food, Inc.(CPFI) and The Pacific Meat Company, Inc. He previously worked as an Industrial Accounting Manager in TEMIC Telefunken Semiconductors, Inc. and held accounting positions in Hooven Philippines and Sanara, Inc. He has a degree in Bachelor of Science in Business Administration from the University of the East, and holds a Master in Business Administration (Regis Program) from the School of Business of the Ateneo de Manila University. He is a Certified Public Accountant and a Certified Management Accountant.

Darel G. Pallesco, was re-appointed as the Corporation's Chief Audit Executive on June 20, 2023. Mr. Pallesco has been heading the Corporate Internal Audit since he joined the company in 2014. He started his career with SGV & Co. in 2006 as an internal auditor and continued though it with multinational companies such as Johnson & Johnson, Philip Morris and Luen Thai where he primarily audited and contributed on facets of governance, risk management and internal controls. He earned his degree of Bachelor of Science in Accountancy from San Sebastian College-Recoletos in 2005, a Certified Public Accountant (CPA) and a Certified Internal Auditor (CIA).

Maria Elma C. Santos, was appointed as the Corporation's Chief Human Resources Officer June 30, 2023. She was the Company's General Manager for Peri Peri Business Unit. Ms. Santos was previously Shakey's Guest Engagement Director in 2015, and General Manager of Project Pie from 2016 to 2017. In mid of 2017, she became Shakey's Delivery Systems Head and headed the HR Division of Shakey's until mid-2019. She currently leads the team of Peri-Peri as the General Manager. She earned her Master's degree in Business Administration from the Ateneo-Regis Program.

Oliver Angelo C. Sicam was re-appointed as the Company's Group Director for Marketing on June 20, 2023. Mr. Sicam has built his expertise in Market Development, Brand and Category Strategy, Brand Communication & Innovation, Developing and Emerging Markets from various industries and geography. Before joining SPAVI, he pursued and deepened his experience in the social impact space, as the Managing Director of GenerationHope, Inc. wherein he oversees the Sales, Marketing, Operations, Accounting and HR functions. He was also the Marketing & Strategy Director for Plastic Credit Exchange, the 1st Global Non-profit Plastic Offset Program. Early in his career, he held various leadership roles in several industry leaders such as Unilever in the Philippines, UK, and Brazil, and multiple brands for Jollibee Foods Corporation.

Yiow Leong Tan, was re-appointed as the Company's Group Director for International on June 20, 2023. Mr. Tan has more than 25 years of transnational experience in Business Development, Market Development, and Investment & Asset Management. Before joining SPAVI, he was the Business Development Director – International Franchise for Minor Food Group where he spearheaded the growth of the Group's brand in the international market. Prior to that, he held various posts in Yum! Brands, Inc., a US Fortune 500 company that operates quick service restaurants including KFC, Pizza Hut and Taco Bell. His last post is Consultant for KFC Asia Development, where he led regional franchise teams to enable sustainable and profitable growth in the region. He also had stints in Metro Group AG, Focus Brands International, Capitaland Retail Limited, Shell Oil Company and Deutsche Bank AG in various managerial capacities early in his career. Mr. Tan is a graduate of where he finished a Bachelor of Science in Economics in London School of Economics and Political Science and earned a Master of Science in Economics in the same school.

Gilbert L. Tolentino, was re-appointed as the Company's Corporate Business Development Head on June 30, 2023. He was previously the Business Unit Director and R&B Tea General Manager. Mr. Tolentino has 33 years of experience in the food industry and has handled different departments like Operations, Training, Organization Development, Franchising, Business Development, and Technical Services. Previously the Group Training Manager for Pancake House, Dencio's, and Teriyaki Boy. Mr. Tolentino has been with PIZZA for 15 years.

Rommel Turbanos was appointed as the Corporation's Peri Peri General Manager and Head of Emerging Business on June 30, 2023. Mr. Turbanos joined Shakey's in 2021 as Director for Systems and Operations as he handles Supercard (Special Projects) and CBU Operations. He has been instrumental in improving labor cost and food cost, beautification of stores and service standards enhancement of Shakey's CBU. He also improved career development in CBU through the RSDP2 and RSDP3 Program. He served as the Vice President for Operations for Bistro Group of Restaurant Concepts for nine (9) years prior to joining SPAVI and has thirty-five (35) years of leadership roles

in various companies. He graduated with a Bachelor's Degree in BS Computer Engineering in AMA Computer College and attended International Correspondence School with a degree in Marketing Management.

Myrose April C. Victor, was re-appointed as the Company's Investor Relations Head on June 20, 2023. Ms. Victor has 16 years of work experience in the Finance, Accounting, Corporate Planning, Systems Implementation and General Management functions in different industries such as food retail, banking and energy. Prior to joining SPAVI, Ms. Victor was the Head of Finance for DOLE's Packaged Division, handling the functions of Finance Planning and Controllershship for the Philippines and Other Distributor Markets. Ms. Victor also handled various roles on general and finance management and led transformation and turnaround projects for companies in the food, energy and banking industries. Graduated in 2005 from the University of the Philippines with a degree in BS Business Administration and Accountancy. Ms. Victor also completed her Global Master in Finance from IE Business School in 2019.

Maria Rosario L. Ybanez, was re-appointed as the Company's Corporate Secretary in June 20, 2023. She concurrently serves as the Legal Counsel and Compliance Officer of Century Pacific Food, Inc.. Atty. Ybanez graduated with a Bachelor of Arts degree in Legal Management from the Ateneo de Manila University and obtained her J.D. from the Ateneo de Manila School of Law.

b. Family Relationships

Mr. Christopher T. Po, Mr. Ricardo Gabriel T. Po, Mr. Teodoro Alexander T. Po and Mr. Leonardo Arthur T. Po are brothers. Aside from the foregoing, there are no family relationships between any Directors and any members of the Company's senior management as of December 31, 2023.

c. Involvement in Certain Legal Proceedings

None of the directors and officers have been involved in any bankruptcy proceeding, nor have they been convicted by final judgment in any criminal proceeding, or been subject to any order, judgment, or decree of competent jurisdiction, permanent or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, or found in action by any court or administrative bodies to have violated a securities or commodities law, for the past five (5) years up to the latest date.

As of date of this report, the Company is not a party to any litigation or arbitration proceedings of material importance, which could be expected to have a material adverse effect on the Company or on the results of its operations. No litigation or claim of material importance is known to be pending or threatened against the Company or any of its properties.

Item 10. Executive Compensation

a. General

The levels of remuneration of the Company should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.

No director should participate in deciding on his remuneration.

The Company may, in exceptional cases, e.g., when the Company is under receivership or rehabilitation, regulate the payment of the compensation, allowances, fees and fringe benefits to its

directors and officers.

b. Summary Compensation Table

a. CEO and five other most highly compensated executive officers

Name	Principal Position	Year	Compensation
Vicente L. Gregorio	President & CEO	2023	₱69,721,315
Alois Brielbeck	General Manager – BMI		
Jorge Maria Q. Concepcion	General Manager – Shakey's		
Manuel T. Del Barrio	Vice President & CFO		
Jose Arnold T. Alvero	Chief Operating Officer and Business Unit Head of Potato Corner		
Gilbert L. Tolentino	Director – Company-Owned Store Operations		

b. Compensation of Directors and Officers as a Group

Name	Principal Position	Year	Compensation
Aggregate compensation paid to all executive officers and directors as a group unnamed		2023	₱182,055,912

c. Compensation of Directors

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	None		
(b) Variable Remuneration	None		
(c) Per diem Allowance	None		₱200,000
(d) Bonuses	None		
(e) Stock Options and/or other financial instruments	None		
(f) Others (Specify)	None		

Other Benefits	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
1) Advances	None		
2) Credit granted			
3) Pension Plans / Contributions			

(d) Pension Plans, Obligations incurred	
(e) Life Insurance Premium	
(f) Hospitalization Plan	
(g) Car Plan	
(h) Others (Specify)	

d. Employment Contracts and Termination of Employment and Change-in-Control Arrangements.

There are no special employment contracts or other arrangements between the Company and its officers or directors.

e. Warrants and Options Outstanding

There are no outstanding warrants or options held by any of the Company's officers or directors.

Item 11. Security Ownership of Certain Beneficial Owners and Management

a. Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2023, the following were owners of more than 5% of the Company's outstanding shares:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	% to Total Outstanding
Common	Century Pacific Group, Inc. / 7F Centerpoint Building, Julia Vargas Avenue, Ortigas Center, Pasig City / Stockholder of Record	Ricardo Gabriel T. Po, Chairman Christopher T. Po, President Teodoro Alexander T. Po, Chief Operating Officer Leonardo T. Po, Director	Filipino	1,045,015,561	62.06%*
Common	PCD Nominee Corp. (Non-Filipino) / The Enterprise Center, Ayala Avenue corner Paseo de Roxas, Makati City / Stockholder of Record	Please see BDO Report as December 31, 2023 attached as Annex "A-1"	Non-Filipino	141,643,871	8.41%

Common	PCD Nominee Corp. (Filipino) / The Enterprise Center, Ayala Avenue corner Paseo de Roxas, Makati City / Stockholder of Record	Please see BDO Report as of December 31, 2023 attached as Annex "A-1"	Filipino	647,046,044	38.42%
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* Century Pacific Group, Inc. owns 836,445,141 shares of the Company in its own name and another 208,570,420 shares of the Company lodged under PCD Nominee Corp. (Filipino).

Summary of trading in the Company Shares by the Directors and Key Officers for the last Financial Year:

Title of Class	Name of Beneficial Owner	Number of Shares Purchased and Sold	Date of Purchase
Common	Century Pacific Group, Inc.	1,275,600	January 5, 2023
Common	Century Pacific Group, Inc.	1,275,600	January 9, 2023
Common	Gilbert L. Tolentino	(3,000)	January 19, 2023
Common	Vicente L. Gregorio	10,000	January 24, 2023
Common	Vicente L. Gregorio	15,000	March 3, 2023
Common	Century Pacific Group, Inc.	1,694,000	March 24, 2023
Common	Vicente L. Gregorio	10,5000	March 31, 2023
Common	Vicente L. Gregorio	5,600	June 15, 2023
Common	Vicente L. Gregorio	13,700	June 22, 2023
Common	Vicente L. Gregorio	12,200	June 30, 2023
Common	Century Pacific Group, Inc.	49,100	July 3, 2023
Common	Century Pacific Group, Inc.	24,800	July 4, 2023
Common	Century Pacific Group, Inc.	433,200	July 5, 2023
Common	Century Pacific Group, Inc.	521,700	July 6, 2023
Common	Century Pacific Group, Inc.	147,700	July 7, 2023
Common	Century Pacific Group, Inc.	99,300	July 10, 2023
Common	Century Pacific Group, Inc.	17,000	July 11, 2023
Common	Century Pacific Group, Inc.	46,200	July 12, 2023
Common	Century Pacific Group, Inc.	31,500	July 13, 2023
Common	Century Pacific Group, Inc.	65,500	July 14, 2023
Common	Vicente L. Gregorio	3,000	October 4, 2023
Common	Century Pacific Group, Inc.	185,213,620	October 9, 2023
Common	Arran Investments Pte. Ltd.	(283,63,432)	October 9, 2023
Common	GIC Special Investment Private Limited	(283,63,432)	October 9, 2023
Common	GIC Private Limited	(283,63,432)	October 9, 2023
Common	Century Pacific Group, Inc.	197,200	October 10, 2023
Common	Century Pacific Group, Inc.	577,300	October 11, 2023
Common	Vicente L. Gregorio	100,000	October 25, 2023

b. Security Ownership of the Board of Directors and Senior Management

The following are the number of shares owned of record by the directors and key officers of the Company as of December 31, 2023

Title of Class	Name of Beneficial Owner	Citizenship	Amount and Beneficial Ownership		% of Capital Stock
			Number of Direct shares	Number of Indirect shares	
Common	Ricardo Gabriel T. Po	Filipino	1	-	-
Common	Teodoro Alexander T. Po	Filipino	1	-	-
Common	Christopher T. Po	Filipino	1	-	-
Common	Leonardo Arthur T. Po	Filipino	1	-	-
Common	Vicente L. Gregorio	Filipino	2,626,989	-	-
Common	Fernan Victor P. Lukban	Filipino	95,001	-	-
Common	Paulo L. Campos III	Filipino	1	89,000	-
Common	Frances J. Yu	Filipino	1	-	-
	Lance Y. Gokongwei	Filipino	100	-	-
Common	Manuel T. Del Barrio	Filipino	210,342	-	-
Common	Maria Rosario L. Ybanez	Filipino	-	-	-
Common	Jorge Maria Q. Concepcion	American	649,245	-	-
Common	Alois Brielbeck	German	359,600	-	-
Common	Jose Arnold T. Alvero	Filipino	75,555	-	-
Common	Myrose April C. Victor	Filipino	5,000	-	-
Common	Maria Elma C. Santos	Filipino	-	-	-
Common	Rommel Turbanos	Filipino	-	-	-
Common	Gilbert L. Tolentino	Filipino	-	-	-
Common	Darel G. Pallesco	Filipino	-	-	-
Common	Yiow L. Tan	Singaporean	-	-	-
Common	Oliver Sicam	Filipino	-	-	-
Common	Kellda Centeno	Filipino	-	-	-
TOTAL			4,110,838	89,000	-

c. Voting Trust Holder of 5% or more

As of December 31, 2023, there are no persons holding more than 5.0% of a class of shares under a voting trust or similar agreement.

d. Changes in Control

There are no arrangements which may result in a change in control of the Registrant as of December 31, 2023.

Item 12. Certain Relationships and Related Transactions

The Company is a subsidiary of Century Pacific Group, Inc. (CPGI) and is a member of Century Pacific Group, Inc.'s Group of Companies (the Group). As of December 31, 2023, CPGI holds 62.02% of the outstanding shares of the Company.

The Company and its subsidiaries, in their ordinary course of business, engage in transactions with companies in the Group and other companies controlled by the Po Family.

The most significant of these transactions would include:

- 25-year lease agreement with CPGI on a property in Paranaque City, Metro Manila where the Company's commissary plant is located.

- b) Purchase of raw materials from Century Pacific Food, Inc. (CNPF)
- c) Sale of raw materials and toll packing, as well as purchase of raw materials from The Pacific Meat Company, Inc., also a subsidiary of CNPF.

The Company's policy with respect to related party transactions is to ensure that these transactions are entered into on terms comparable to those available from unrelated third parties.

Further information on the Company's related party transactions, including detailed breakdowns of amounts receivable from and amounts payable to affiliated companies, can be found in the notes to the Company's financial statements.

PART IV - EXHIBITS AND SCHEDULES

Shakey's Pizza Asia Ventures Inc. has seven (7) subsidiaries as of December 31, 2023:

Subsidiary	Business	% Ownership	Country of Residence
Bakemasters, Inc.	Manufactures and distributes fresh, frozen, pan-baked and baked breads, pastries, cakes, desserts, confectionery items, pie crusts, and party shells.	100	Philippines
Shakey's International Limited	Holds Shakey's trademark and license to operate in the ASEAN region.	100	Hong Kong
Wow Brand Holdings, Inc.	Operates Peri Peri Charcoal Chicken and Sauce Bar restaurants	100	Philippines
Shakey's Seacrest Inc.	Trademark holding company	100	Philippines
Shakey's Pizza Regional Foods Limited	Operates Shakey's franchising activities outside of the Philippines	100	Hong Kong
Shakey's Pizza Commerce, Inc.	Buys, sells, and distributes goods and merchandise to Shakey's stores	100	Philippines
Potato Corner International Pte. Ltd.	Operates Potato Corner's franchising activities outside of the Philippines. Holds Potato Corner trademarks.	100	Singapore

Item 13. Exhibits and Reports on SEC Form 17-C:

Reports on SEC Form 17-C:

Date	Subject of Report
January 16, 2023	Press Release: Peri-Peri Charcoal Chicken soars in the north
February 2, 2023	Appointment of Yiow Leong Tan as Group Director for International; Appointment of Oliver Angelo C. Sicam as Group Director for Marketing; Appointment of Kellda M. Centeno as Group Director for Digital, Loyalty and Delivery
March 28, 2023	Notice of Annual Stockholders' Meeting
April 17, 2023	Resignation of Rubenrico R. Marasigan, Appointment and Change in Designation of Maria Elma C. Santos as Chief Human Resources Officer
April 17, 2023	Press Release: Shakey's Pizza Posts Record-High Performance In 2022 – Systemwide sales doubled, Earnings hit Php 874 million – Exceeding pre-pandemic levels
April 17, 2023	Annual Report (SEC Form 17-A)
April 25, 2023	Material Information/Transactions: Incorporation of Shanghai Miao miao Shu Can Ying You Xian Gongsi

SEC Form 17-A
SHAKEY'S PIZZA ASIA VENTURES, INC.

May 12, 2023	Change in Designation of Gilbert L. Tolentino from Shakey's Company-Owned Business Unit Director and R&B General Manager to Corporate Business Development Head
May 15, 2023	Press Release: Shakey's Pizza Starts The Year On A High Note - Systemwide Sales Up 88% Year-on-Year, Profits Jump to Php 201 Million, Up 163% Vis-a-Vis 1Q22
May 31, 2023	Integrated Annual Corporate Governance Report for the year 2022
June 20, 2023	Declaration of cash dividends
June 20, 2023	Results of the 2023 Annual Stockholders' Meeting
June 20, 2023	Results of the Organizational Meeting of the Board of Directors
June 21, 2023	Clarification of News Report of the news article entitled "Shakey's sets P1-B capex, plans to build 335 stores this year" posted in BusinessWorld (Online Edition) on June 21, 2023.
June 30, 2023	Change in Designation of Maria Elma C. Santos from Peri Peri General Manager and Chief Human Resources Officer to Chief Human Resources Officer
June 30, 2023	Appointment of Rommel Turbanos as Peri Peri General Manager and Head of Emerging Business
July 3, 2023	Press Release: Peri-Peri Charcoal Chicken & Sauce Bar Doubles Down On Inclusive Hiring
August 7, 2023	Press Release: Shakey's Latest Acquisition, Potato Corner, Launches Win-Win Programs Driving Sustainable Growth
August 14, 2023	Press Release: Shakey's Pizza Sustains Upswing in 1H23 – Systemwide Sales up 51%, NIAT grows 96% year-on-year; Multi-brand portfolio primes Group for long-term, sustainable growth
October 9, 2023	Press Release: Strategic Investors Century Pacific Group and JE Holdings Take Up Arran's Slice of Pizza
October 9, 2023	Material Information/Transactions: Strategic Investors Century Pacific Group and JE Holdings Take Up Arran's Slice of Pizza
October 11, 2023	Press Release: Century Pacific Group Companies, CNPF and PIZZA, Honored For Good Corporate Governance at the 2023 Golden Arrow Awards
November 14, 2023	Press Release: Shakey's Pizza Delivers 40% Systemwide Sales Growth in 9M23; Earnings up 64% as Group Continues to Scale Multi-Brand Portfolio
December 28, 2023	Promotion of Jorge Maria Q. Concepcion as Shakey's Chief Operating Officer


Reports on SEC Form 17-Q

Date Filed	Subject of Report
May 15, 2023	First Quarter Results
August 14, 2023	Second Quarter Results
November 14, 2023	Third Quarter Results
November 15, 2023	Amended Third Quarter Results

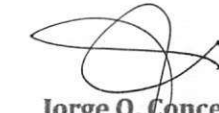
SIGNATURES

Pursuant to the requirement of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized _____ on _____ 2024.

By:


Vicente L. Gregorio
Principal Executive Officer


Manuel T. del Barrio
Principal Financial Officer


Jorge Q. Concepcion
Principal Operating Officer


Maria Rosario L. Ybanez
Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 15 2024 day of _____ affiant(s) exhibiting to me his/their valid IDs as follows:

NAMES	IDENTIFICATION
Vicente L. Gregorio	TIN No. 115-733-046
Jorge Q. Concepcion	TIN No. 192-328-793
Manuel T. del Barrio	TIN No. 120-616-990
Maria Rosario L. Ybanez	TIN No. 216-466-794

Doc. No. 1009
Page No. 82
Book No. XXXVII
Series of 2024.

ATTY. IRISH S. PRECILON
Notary Public for Taguig City
Appointment No. 22 (2023-2024)
Roll No. 69281/05-31/17 / RI No. 18747812-48-23
PTR No. A-81336-1001-04, 247 Taguig City
MCLE Compliance No. VII-4020018 valid until 04-14-25
Ground Floor FTI Old Admin. Bldg. FTI Complex, Taguig City
preclonirishs@gmail.com / 099888534549

ANNEX A

List of Stockholders

PIZZA0000000_December 29, 2023
OUTSTANDING BALANCES FOR SPECIFIC COMPANY

December 29, 2023

PIZZA00000000

BPNAME	QUANTITY
AB CAPITAL SECURITIES, INC.	285,775,238
PHILIPPINE EQUITY PARTNERS, INC.	152,487,464
STANDARD CHARTERED BANK	81,973,700
CITIBANK N.A.	43,681,410
THE HONGKONG AND SHANGHAI BANKING CORP. LTD. -CLIENTS' ACCT.	28,416,227
GOVERNMENT SERVICE INSURANCE SYSTEM	25,536,110
A & A SECURITIES, INC.	25,292,000
REGIS PARTNERS, INC.	20,951,685
PAPA SECURITIES CORPORATION	19,804,079
MANDARIN SECURITIES CORPORATION	14,373,511
FIRST METRO SECURITIES BROKERAGE CORP.	10,404,076
BPI SECURITIES CORPORATION	10,339,865
S.J. ROXAS & CO., INC.	10,123,400
COL Financial Group, Inc.	8,810,479
IGC SECURITIES INC.	6,208,600
BDO SECURITIES CORPORATION	5,775,153
DEUTSCHE BANK MANILA-CLIENTS A/C	5,680,000
TOWER SECURITIES, INC.	5,616,100
UOB KAY HIAN SECURITIES (PHILS.), INC.	3,927,500
MBTC - TRUST BANKING GROUP	3,504,520
MAYBANK SECURITIES, INC.	3,492,202
WEALTH SECURITIES, INC.	1,960,835
PHILSTOCKS FINANCIAL INC	1,210,632
AB CAPITAL & INVESTMENT CORP. - TRUST & INVESTMENT DIV.	937,300
DAVID GO SECURITIES CORP.	882,400
SUMMIT SECURITIES, INC.	802,100
A. T. DE CASTRO SECURITIES CORP.	676,800
ABACUS SECURITIES CORPORATION	612,767
SB EQUITIES, INC.	593,900
AP SECURITIES INCORPORATED	554,500
TRITON SECURITIES CORP.	543,100
EVERGREEN STOCK BROKERAGE & SEC., INC.	499,300
UNICAPITAL SECURITIES INC.	481,115
CAMPOS, LANUZA & COMPANY, INC.	456,000
QUALITY INVESTMENTS & SECURITIES CORPORATION	322,000
CHINA BANK SECURITIES CORPORATION	306,500
RCBC SECURITIES, INC.	266,600
EAGLE EQUITIES, INC.	232,000

EASTERN SECURITIES DEVELOPMENT CORPORATION	220,200
DIVERSIFIED SECURITIES, INC.	215,100
SALISBURY SECURITIES CORPORATION	210,638
TANSENGCO & CO., INC.	209,000
SOLAR SECURITIES, INC.	207,000
EQUITIWORLD SECURITIES, INC.	200,400
BANK OF COMMERCE - TRUST SERVICES GROUP	191,600
ALPHA SECURITIES CORP.	177,000
G.D. TAN & COMPANY, INC.	171,100
OPTIMUM SECURITIES CORPORATION	167,100
R. COYIUTO SECURITIES, INC.	161,100
PAN ASIA SECURITIES CORP.	153,800
ASIASEC EQUITIES, INC.	152,400
YAO & ZIALCITA, INC.	150,900
BERNAD SECURITIES, INC.	140,700
HDI SECURITIES, INC.	136,500
STANDARD SECURITIES CORPORATION	135,000
THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	130,100
YU & COMPANY, INC.	123,600
VALUE QUEST SECURITIES CORPORATION	108,400
REGINA CAPITAL DEVELOPMENT CORPORATION	107,000
E. CHUA CHIACO SECURITIES, INC.	106,600
SECURITIES SPECIALISTS, INC.	99,600
NEW WORLD SECURITIES CO., INC.	90,100
ALAKOR SECURITIES CORPORATION	85,000
RTG & COMPANY, INC.	76,500
R. NUBLA SECURITIES, INC.	75,500
PNB TRUST BANKING GROUP	63,000
INVESTORS SECURITIES, INC.	57,400
LANDBANK SECURITIES, INC.	56,500
MERIDIAN SECURITIES, INC.	56,300
PNB SECURITIES, INC.	55,500
BELSON SECURITIES, INC.	55,000
F. YAP SECURITIES, INC.	52,500
AURORA SECURITIES, INC.	47,600
INTRA-INVEST SECURITIES, INC.	45,800
CTS GLOBAL EQUITY GROUP, INC.	39,000
FIRST ORIENT SECURITIES, INC.	35,000
SunSecurities, Inc.	33,500
ANSALDO, GODINEZ & CO., INC.	32,200
GOLDSTAR SECURITIES, INC.	32,000
ASTRA SECURITIES CORPORATION	30,000
CUALOPING SECURITIES CORPORATION	30,000
UPCC SECURITIES CORP.	29,100

PREMIUM SECURITIES, INC.	29,000
CENTURY SECURITIES CORPORATION	27,000
WESTLINK GLOBAL EQUITIES, INC.	26,600
TIMSON SECURITIES, INC.	25,300
GLOBALINKS SECURITIES & STOCKS, INC.	24,800
VENTURE SECURITIES, INC.	22,300
JSG SECURITIES, INC.	21,000
APEX PHILIPPINES EQUITIES CORPORATION	18,000
AAA SOUTHEAST EQUITIES, INCORPORATED	17,700
LOPEZ, LOCSIN, LEDESMA & CO., INC.	17,500
DA MARKET SECURITIES, INC.	17,000
LUYS SECURITIES COMPANY, INC.	16,200
STRATEGIC EQUITIES CORP.	16,000
MDR SECURITIES, INC.	15,800
PLATINUM SECURITIES, INC.	15,000
GUILD SECURITIES, INC.	13,400
IMPERIAL, DE GUZMAN, ABALOS & CO., INC.	12,200
SARANGANI SECURITIES, INC.	11,600
EAST WEST CAPITAL CORPORATION	10,000
LARRGO SECURITIES CO., INC.	10,000
FIRST INTEGRATED CAPITAL SECURITIES, INC.	9,000
STERLING BANK OF ASIA TRUST GROUP	6,700
R. S. LIM & CO., INC.	6,000
VC SECURITIES CORPORATION	5,700
LUCKY SECURITIES, INC.	5,000
MERCANTILE SECURITIES CORP.	5,000
FIDELITY SECURITIES, INC.	4,500
I. B. GIMENEZ SECURITIES, INC.	4,000
R & L INVESTMENTS, INC.	3,000
LUNA SECURITIES, INC.	2,500
DEUTSCHE BANK MANILA-CLIENTS A/C	2,009
ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP.	2,000
H. E. BENNETT SECURITIES, INC.	2,000
MOUNT PEAK SECURITIES, INC.	1,000
DRAGONFI SECURITIES, INC.	900
BENJAMIN CO CA & CO., INC.	600
SINCERE SECURITIES CORPORATION	100
Total	788,689,915

STOCKHOLDER'S NAME	OUTSTANDING & ISSUED SHARES (FULLY PAID)	OUTSTANDING & ISSUED SHARES (PARTIALLY PAID)	TOTAL HOLDINGS (SUBSCRIBED)	PERCENTAGE TO TOTAL
CENTURY PACIFIC GROUP, INC.	796,445,141	0	796,445,141	47.302
PCD NOMINEE CORP. (FILIPINO)	647,046,044	0	647,046,044	38.429
PCD NOMINEE CORP. (NON-FILIPINO)	141,643,871	0	141,643,871	8.412
CENTURY PACIFIC GROUP INC.	40,000,000	0	40,000,000	2.376
MA. LUISA P. LOVINA	13,766,511	0	13,766,511	0.818
LEOPOLDO M. PRIETO III	6,882,542	0	6,882,542	0.409
JAMILLE P. TORRES	3,706,257	0	3,706,257	0.220
PANDA DEVELOPMENT CORPORATION	3,314,264	0	3,314,264	0.197
JAMILLE M. P. TORRES	3,176,285	0	3,176,285	0.189
MA. CONSUELO P. GUERRERO	2,923,808	0	2,923,808	0.174
MA. PILAR P. LORENZO	2,923,808	0	2,923,808	0.174
MA. CRISTINA P. MORAZA	2,923,808	0	2,923,808	0.174
CARLOS M. PRIETO	2,923,808	0	2,923,808	0.174
EDUARDO M. PRIETO	2,923,808	0	2,923,808	0.174
ROSARIO ANNE R. PRIETO	2,811,823	0	2,811,823	0.167
L.L.P. ENTERPRISES, INC.	2,808,968	0	2,808,968	0.167
RAMON M. PRIETO	2,760,093	0	2,760,093	0.164
MA. INES P. BORROMEIO	1,943,056	0	1,943,056	0.115
MA. TERESA P. RUFINO	1,514,170	0	1,514,170	0.090
MA. TERESA R. PRIETO	1,297,653	0	1,297,653	0.077
PYTHON ROCK ENTERPRISES INC	11,100	0	11,100	0.001
ALMA BELLA PIL ALBERASTINE	2,000	0	2,000	0.000
PERCIVAL BYRON SALAZAR BUESER	2,000	0	2,000	0.000
VERONICA AGUILAR PEDRASA	2,000	0	2,000	0.000
LEOPOLDO H. PRIETO, JR.	1,427	0	1,427	0.000
DONDI RON R. LIMGENCO	1,111	0	1,111	0.000
CHRISTINE F. HERRERA	1,000	0	1,000	0.000
GABRIELLE CLAUDIA F. HERRERA	1,000	0	1,000	0.000
JOHN T. LAO	1,000	0	1,000	0.000
TERESA P. MARCELINO	1,000	0	1,000	0.000
CELINA F. LUCERO	200	0	200	0.000
ROY EDUARDO T. LUCERO	200	0	200	0.000
OWEN NATHANIEL S AU ITF: LI MARCUS AU	110	0	110	0.000
VICTOR CO AND/OR ALIAN CO	100	0	100	0.000
SHAREHOLDERS' ASSOCIATION OF THE PHILIPPINES, INC.	100	0	100	0.000
JESUS SAN LUIS VALENCIA	100	0	100	0.000
GERARDO L. SALGADO	8	0	8	0.000
JOSELITO T. BAUTISTA	1	0	1	0.000
PAULO L. CAMPOS III	1	0	1	0.000
BOTSCHAFT N. CHENG OR SEVILA NGO	1	0	1	0.000
FERNAN VICTOR P. LUKBAN	1	0	1	0.000
GRAND TOTAL (41)	1,683,760,178	0	1,683,760,178	

ANNEX B

Sustainability Report

PIZZA Sustainability Report 2023

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Our Business and Sustainability Commitment

PIZZA in Brief

Shakey's Pizza Asia Ventures Inc., or "PIZZA", is a leading name in the restaurant industry, recognized globally for its pizza-focused full-service restaurants, kiosks and other dining formats. With over four decades of presence in the Philippines, starting with the Shakey's brand, PIZZA has established a significant footprint with a blend of company-owned and franchise operations.

Owning the Shakey's brand in the Philippines and holding rights in other Asian regions and parts of the Middle East, Australia, and Oceania, PIZZA enjoys the advantage of brand control and franchise revenue without royalty fees. The company's expansion efforts align with modern consumer trends, emphasizing safety, convenience, and an expanding online presence.

PIZZA's varied store formats cater to different market demands, maintaining high-quality standards through its in-house supply chain. The business model focuses on cash generation and low initial investment, resulting in solid liquidity and a fast payback period.

Since becoming part of the Century Pacific Group in 2016, PIZZA has broadened its portfolio by acquiring the Peri-Peri Charcoal Chicken and Potato Corner brands, and by entering into a franchise agreement for R&B milk tea. These moves reflect PIZZA's commitment to diversity in its offerings and growth in the foodservice retail sector in the Philippines and beyond.

For a detailed exploration of our company, please refer to our annual report.

Our Sustainability Commitment

PIZZA recognizes the significance of long-term sustainable growth as a food consumer company in the Philippines. We are committed to not only enhance the vitality of our suite of brands but also to positively impact economic development by enriching the communities we serve. Building upon our enduring legacy as a market leader, we are forging ahead with ambition to scale and find synergies across our portfolio, ensuring that our core brand continues to resonate with guests both old and new.

We are embracing and pursuing global opportunities, leveraging our growth booster brands to future-proof our business. By embracing rapid expansion with strategic acumen, PIZZA positions itself at the forefront of the casual dining evolution, offering entrepreneurial and employment opportunities that bolster the economy in the Philippines and uplift our community.

At PIZZA, we believe that expanding our stores and guest base must go hand in hand with responsible growth. Our vision of becoming the country's preferred and dominant casual dining and food service player hinges on our commitment to sustainability, inclusivity, and ethical practices. To fulfill this commitment, we focus on three key pillars: People, Planet, and Pizza. We have established Corporate Governance and Sustainability Committees to integrate sustainability principles into our governance framework. This ensures we continuously evaluate and adapt to sustainability-related risks and opportunities, positioning PIZZA as a leader in responsible business practices.

[GRI 2-22: Statement on sustainable development strategy]

“We have embraced sustainability and have integrated it into our mission. Our People programs involve the development of our human capital. For Planet, we will optimize our plastic, water, and energy footprints whilst balancing our need to stay competitive and remain good stewards of capital. On Pizza, or the food we serve our guests, we will be an innovator—looking to increase healthier, planet-friendly, and WOW-ing menu items for both our brands.”

CHRISTOPHER T. PO, Chairman

“Above the short-term financial metrics of sales and profit lies the more important long-term strategic health of the brand and the business. There is a lot of work ahead; but with our commitment to this end, we believe we will soon make meaningful contributions.”

VICENTE GREGORIO, President & Chief Executive Officer

Materiality Process

[GRI 3-1: Process to determine material topics]

At PIZZA, our sustainability framework, reporting disclosures, and targets are grounded in our material topics. To ensure these topics are identified through an inclusive and comprehensive approach, we engage a wide range of stakeholders in the materiality assessment process.

In 2018, we connected with both internal and external parties—including middle management, senior leadership, the Board of Directors, investors, and key business partners like suppliers, distributors, and customers—to understand their perspectives on the risks, opportunities, and priorities crucial for the sustainability of our organization. Through these dialogues, we pinpointed the sustainability issues that matter most to our stakeholders and to our business operations.

Following this, we refined our list of material topics and established a focused framework to guide our impact on the business, our stakeholders, and the planet. We outlined preliminary metrics and strategies to track our progress on these topics. Our commitment to stakeholder engagement is ongoing; we consistently review stakeholder concerns to ensure our material topics remain pertinent and our actions continue to align with their interests (refer to the How We Engage section of this report for further details). To stay responsive to the changing sustainability landscape, our Board-level Corporate Governance and Sustainability Committee, along with the Sustainability Steering Committee, regularly evaluates risks, opportunities, and new developments, adapting our focus on material topics as needed.

Sustainability Framework

[GRI 3-2: List of material topics]

Our Sustainability Framework is comprised of three key pillars, Protein Delivery, Planet Preservation, and People Development. The framework details our positive impacts and those sustainability issues most relevant to our business and our stakeholders.

3 Pillars		
People Human and social capital remain crucial to our business. We highly value our employees, guests, and the communities that we work with. <i>SDG 8: Decent work and economic growth</i>	Planet Our use of resources and its consequential impacts are diligently monitored to enable us to carefully manage the inputs on which our business relies. <i>SDG 12: Responsible Consumption and Production</i>	Pizza Our products remain at the heart of our operations. Our processes ensure that they are safe and of high quality. At the same time, we are constantly looking for new ways to WOW both our guests and our planet through innovation and responsible sourcing. <i>SDG 3: Good health and well-being</i>
Focus Areas and Material Topics		
Employees Diversity and Inclusion We are committed to building a diverse and inclusive business that places a premium on skills and potential and does not discriminate based on ethnicity, religion, or gender. Talent Acquisition and Management We regard our employees as our partners. We invest considerably in promoting their professional and personal growth which in turn helps grow the business. Employee Engagement We continuously engage with our employees through open communication, grievance mechanisms, providing competitive benefits to ensure they are dedicated to their jobs and committed to the organization. Workplace Culture and Environment Our employees are consistently able to WOW guests as we cultivate an inclusive culture and ensure a safe and healthy working environment. ---	Natural Resource Efficiency We strive to improve our efficiency in utilizing natural resources by adopting industry best practices in energy and water management Energy Consumption Reduction Water Consumption Reduction --- Environmental Impact Management Greenhouse Gas Emission Reduction We manage our use of natural resources to control our impact on the environment, including the resulting greenhouse gas generated by the energy we utilize. Plastic Neutrality We are committed to 100% plastic neutrality (third-party verified) across the entire business. Landfill Waste Reduction We explore ways to minimize our packaging and waste footprint. ---	Business Alignment Product Development & Innovation We continue to provide value to our guests with our diversified menu, keeping both old and new guests excited. Food Quality & Safety Product quality, that also focuses on guest welfare, is a business aspect accounted for in all parts of our operations. --- Industry Pioneer Healthier Products As we continue to diversify our offerings, we aim to introduce menu items with healthier nutrition profiles. Nutritional Transparency We intend to disclose nutrition profiles of menu items for transparency.

<p>Guests</p> <p>External Guest Engagement Feedback from our guests, on every aspect of our business, are highly valued and acted upon accordingly.</p> <p>---</p> <p>Communities</p> <p>Job Creation and Livelihood Support Our growth around the country generates jobs for local communities. We engage in community development and aim to create sustainable social impact.</p>	<p>Supply Chain Management</p> <p>Supplier Credibility We adhere to standards that ensure our materials are ethically sourced.</p> <p>Local Sourcing We aim to source more materials locally via exploring contract farming and local processing</p>	
<p style="text-align: center;">Good Governance</p> <p>The Company recognizes the importance of good governance. It underpins our ability to progress in our sustainability journey and create long-term value for shareholders. This applies across our entire value chain, ensuring the organization behaves ethically, complies with rules and regulations, and adheres to fair labor practices and fulfills all other economic, moral, legal, and social obligations towards our stakeholders.</p> <p><i>SDG 16: Peace, Justice, and Strong Institutions</i></p>		

Governing and Operationalizing Sustainability

[GRI 2-12: Role of the highest governance body in overseeing the management of impacts]

[GRI 2-13: Delegation of responsibility for managing impacts]

[GRI 2-14: Role of the highest governance body in sustainability reporting]

PIZZA ensures that effective governance is in place to deliver on our sustainability commitments.

The Board-level Corporate Governance and Sustainability Committee oversees implementation of our sustainability framework and regularly reviews sustainability risks and opportunities. The committee is chaired by a Non-Executive Independent Director, ensuring an independent and objective view of business-critical issues. The committee receives semi-annual updates on the company's sustainability progress and corporate governance and advises the Sustainability Steering Committee accordingly. In coordination with the Board, the committee also acts as gatekeeper for sustainability disclosures.

Our Management Sustainability Steering Committee, composed of senior executives of key functions and business units and spearheaded by our Chairman and CEO, is responsible for embedding sustainability into every aspect of the business. Respective subcommittees manage, develop, and implement goals and action plans for each P of our framework (People, Planet, Pizza) with the Core Sustainability Steering Committee leading the overall direction and ensuring continuous improvement in responsible business practices.

Each Sustainability Steering subcommittee holds quarterly meetings with the Executive Chairman and CEO for each P of the framework to check on the status of ongoing initiatives and discuss opportunities to further the sustainability framework. The Investor Relations Department acts as secretariat to the meetings and ensures that PIZZA's governance structure operates smoothly and efficiently.

At PIZZA, we recognize that sustainability is a collective responsibility. To generate lasting impact, we strive to integrate our sustainability initiatives into our business practices. We have decentralized the responsibility for sustainability, entrusting the leaders of our business units to engage their teams and integrate sustainability considerations directly into business decisions.

Pizza Honored Award for Corporate Governance Excellence

PIZZA garnered recognition from the Institute of Corporate Directors (ICD) with a Golden Arrow Award at the ASEAN Corporate Governance Scorecard (ACGS) event in October 2023. This accolade celebrates PIZZA's commitment to exemplary corporate governance practices among Filipino publicly listed companies. The award reflects the company's success in prioritizing shareholder rights, ensuring equitable treatment, maintaining transparency and accountability, and steering corporate strategy through effective board oversight. PIZZA's first Golden Arrow Award signifies a major landmark in their enduring dedication to corporate governance excellence—a critical element as the company continues to grow and innovate.

Corporate Governance & Sustainability Committee		Steering Committee	
Chairman		Core	
Paulo Campos	Independent Director Co-founder and Chief Executive Officer of Zalora Philippines	Christopher Po Ricardo Po, Jr. Vicente Gregorio Jean Lapa Jennifer Tan Myrose Victor Jenifer San Juan-Tecson	Chairman Vice Chairman President & CEO Executive Development Consultant Group Procurement Director Head of Investor Relations Investor Relations
Members		People	
Fernan Lukban	Independent Director Highly regarded consultant in family business, strategy, entrepreneurship, and good governance; founding fellow of the	Jorge Concepcion Rommel Turbanos Jose Arnold Alvero Yiow Tan Marielle Santos	Shakey's COO Peri-Peri GM Potato Corner COO Group Director - International Chief HR Officer

Frances Yu	institute of Corporate Directors	Planet	
	Independent Director Retail strategist and market research practitioner, Founder of FYJ Consulting, Inc., and former VP of Rustan's supermarket	Grace Requinala Kathrina David	Systems Manager Supply Chain Management Head
		Pizza	
		Gale Roque Oliver Sicam	Quality Assurance Manager Group Director – Marketing and R&D

Anti-Corruption

[GRI 205-1: Operations assessed for risks related to corruption]

[GRI 205-2: Communication and training about anti-corruption policies and procedures]

[GRI 205-3: Confirmed incidents of corruption and actions taken]

PIZZA has in place a zero-tolerance policy against corruption, that applies to the entire organization. New hires are all required to undergo anti-corruption training during onboarding sessions and our Board of Directors receive 1:1 training on management and reporting for incidents. The anti-corruption program and procedures are listed on the [company website](#). PIZZA's Code of Business Conduct and Ethics also covers elements of anti-corruption with provisions on Conflict of Interest, Conduct of Business, Receipt of Gifts, Compliance with Laws, Whistleblowing, among others.

[GRI 205-1: Operations assessed for risks related to corruption]

1,102 operations (100% of total) were assessed for anti-corruption

The risks identified and addressed were primarily around employee collusion, especially at the store level. PIZZA has mitigating policies in place and conducts regular audits to manage the risk.

[GRI 205-3: Confirmed incidents of corruption and actions taken]

During the reporting year, there were zero (0) confirmed cases of corruption.

Understanding Our Impacts

[GRI 2-6: Activities, value chain and other business relationships]

Our sustainability strategy is anchored on the environmental, social, and economic impacts of various business activities along our value chain. We map PIZZA's relevant sustainability issues against our value chain in order to manage our risks and negative impacts and identify opportunities to scale our positive impact and create greater value for our stakeholders.

Research & Development – Formulating and testing of food products and non-food materials

Sourcing – Procurement, storage, and distribution of food and non-food materials

Store Operations – Preparation of food products and services, including the management and maintenance of store logistics and facilities

Business Segments – Offering of products and services through dine-in, delivery, carry-out, functions, and the SuperCard+

Guest Engagement – Marketing and feedback mechanisms conducted for guests

	Research & Development	Sourcing	Store Operations	Business Segments	Guest Engagement
Impact Creation					
PEOPLE	Diversity & Inclusion				
	Talent Acquisition & Management				
	Employee Engagement				
	Workplace Culture & Environment				
				External Guest Engagement	
		Job Creation			
		Livelihood Support			
PLANET		Natural Resource Efficiency			
	Environmental Impact Management				
	Supply Chain Management				
PIZZA	Product Development & Innovation				
	Food Safety & Quality				
	Healthier Products				
	Nutritional Transparency			Nutritional Transparency	
GOOD GOVERNANCE	Business Ethics & Compliance				
	Labor Practices				

How We Engage

[GRI 2-25: Processes to remediate negative impacts]

[GRI 2-26: Mechanisms for seeking advice and raising concerns]

[GRI 2-29: Approach to stakeholder]

Channels of Engagement	Concerns	How we address them
Employees		
<ul style="list-style-type: none"> • Town hall meetings • Performance appraisals • Training and development programs • Informal training and mentorship • Email blasts and social media • Team building activities • Collective Bargaining Agreement 	<ul style="list-style-type: none"> • Career growth and development • Employee salaries and benefits • Growing organization 	<ul style="list-style-type: none"> • Training and mentorship programs • Proper compensation and benefits and voluntary store reassignment programs • Organizational review and manpower planning
Guests		
<ul style="list-style-type: none"> • Store service • In-store feedback mechanism • Guest feedback channels (Email, SMS, Website, App) • Social media channels – Facebook, Twitter, Instagram, Viber 	<ul style="list-style-type: none"> • Quality of service in both dine in and delivery channels • Food quality and safety • Safe eating environment • Delivery app performance • Availability of major products 	<ul style="list-style-type: none"> • QSCH standards and audit processes Proficiency Test for Managers and training of store personnel • RM Assembly, Specialists Assembly to address Guest Related issues, Best Practices sharing • Implementation of health and safety protocols • Guest recovery protocols and IT support • Transparent communications and new product innovations in lieu of out of stock products
Communities		
<ul style="list-style-type: none"> • Consultation sessions prior to store opening • Community and advocacy events 	<ul style="list-style-type: none"> • Quality of service • Hiring opportunities • Corporate social responsibility 	<ul style="list-style-type: none"> • Partnership with the Down Syndrome Association of the Philippines to provide job opportunities for individuals with Down Syndrome • Partnership with the City of Manila to provide job

		opportunities for senior citizens and persons with disabilities
Suppliers		
<ul style="list-style-type: none"> • Communication lines (phone, email, meetings) • Supplier accreditation process • Supplier negotiations and bidding • Order placement and PO issuance 	<ul style="list-style-type: none"> • Issues with bidding and procurement • Scheduling and logistical concerns • Minimum accreditation requirements and schedule • Inflationary pressures 	<ul style="list-style-type: none"> • Regular engagement with suppliers • Supplier orientation process on Company policies and commitments
Government		
<ul style="list-style-type: none"> • Annual audits, reports, and publications • Press releases 	<ul style="list-style-type: none"> • Compliance with laws and regulations • Opportunities and areas for public and private sector collaboration • Completeness and accuracy of reports • Transparency and accountability 	<ul style="list-style-type: none"> • Compliance, transparency and timeliness on submission of required reports and renewal of permits and licenses • Updating of company policies and systems based on latest government regulations, as needed • Attendance and participation to government-sponsored learning sessions and compliance programs
Investors and Shareholders		
<ul style="list-style-type: none"> • Investor touch points (meetings, conferences, commissary visits, email, phone) • Press releases 	<ul style="list-style-type: none"> • Business viability and growth • Financial outlook and disclosures • Business risks and opportunities • Sustainability and ESG 	<ul style="list-style-type: none"> • Facilitating effective two-way communication between the Company and financial community • Transparency and accountability with regard to the company's strategic plans • Regular engagements through different touch points with investors and shareholders
Media		
<ul style="list-style-type: none"> • Press briefings and conferences • TV and radio advertisements 	<ul style="list-style-type: none"> • Proper representation and labeling • Marketing practices 	<ul style="list-style-type: none"> • Regular consultations • Branding and marketing guidebook

People

Employees

Diversity and Inclusion

[GRI 3-3: Management of material topics]

[GRI 2-7: Employees]

[GRI 405-1: Diversity of governance bodies and employees]

PIZZA is committed to building a talent pool that puts a premium on a variety of skills and potential, does not discriminate based on ethnicity, religion, or gender, and supports the different communities where our stores operate through local hiring. We believe a diverse and inclusive organization is critical for business growth, innovation, and longevity.

Diversity and inclusion must be reflected from the very top – a diverse set of Board of Directors is vital to drive continuous growth and achieve strategic objectives. Our [Board Charter](#) states our Board Diversity Policy and commitment.

Guided by our policies, our Humans Resource Department cultivates an inclusive workplace where all employees, with their multifaceted backgrounds, thoughts, and experiences, are valued and invited to contribute to our growth and success. Though our middle managers and front-line leaders have a fair gender split, the gender distribution is still skewed towards males at the executive and senior management level.

As we progress, our focus remains on identifying and nurturing the best talent, recognizing the unique contributions that individuals from diverse backgrounds can bring to our team. We aspire to evolve our leadership composition to include a breadth of perspectives, enhancing our ability to innovate and maintain a competitive edge. In every facet of our business, we are committed to fostering an environment where excellence is the cornerstone, and diversity and inclusion are simply the result of our pursuit of the highest caliber of talent and leadership.

Total employees in 2023: 2,269 (2022: 1,724)

PIZZA defines employees as full-time employees only, from rank-and-file at the restaurant floor to executive leaders. This represents the total number of employees by the end of 2023.

Total workers in 2023: 4,831 (2022: 3,759)

Including outsourced personnel, our workforce in 2023 amounted to 7,100. Outsourced personnel are vital to our operations as they comprise all our store riders, store members, participants from our inclusive hiring programs, cluster maintenance technicians, and utilities.

Employee Breakdown	2023	2022
By gender		
Female	1,146 (51%)	863 (50%)
Male	1,123 (49%)	861 (50%)
By age		
Under 30 years old	907 (40%)	515 (30%)
30-50 years old	1,286 (57%)	1,153 (67%)
Over 50 years old	76 (3%)	56 (3%)

Board of Directors Breakdown	2023	2022
By gender		
Female	2 (25%)	2 (25%)
Male	6 (75%)	6 (75%)
By age		
Under 30 years old	0	0
30-50 years old	2 (25%)	2 (25%)
Over 50 years old	6 (75%)	6 (75%)

2023 Inclusivity at PIZZA in Numbers

On the Job Training (OJT) opportunities	329
Special Program for Employment of Students (SPES)	240
Love 'Em Down Participants	50 (2022: 7)
Senior Citizens	66 (2022: 10)
Persons with Disabilities	45 (2022: 10)

Embracing Tomorrow's Workforce

PIZZA, in collaboration with the Department of Labor and Employment (DOLE), hosted the Student and Out of School Youth Job Caravan under the Special Program for Employment of Students (SPES) in June 2023. Over six days, we provided employment opportunities to students and out-of-school youth, reflecting our commitment to promoting the quality of life through inclusive hiring practices.

SPOTLIGHT STORY

Empowering Communities: PIZZA's Path to Inclusive Employment

Under leadership of President and Chief Executive Officer Vicente Gregorio, PIZZA has demonstrated a deep commitment to breaking cycles of inequity through inclusive hiring practices. The company's efforts, highlighted in their partnerships with the Public Employment Service Office (PESO) of Manila and the Down Syndrome Association of the Philippines (DSAPI), emphasize their dedication to providing job opportunities for senior citizens, persons-with-disabilities (PWDs), and individuals with Down Syndrome. These initiatives are part of PIZZA's broader sustainability and community engagement goals, aiming to remove barriers to dignified employment and promote meaningful interaction within the communities they serve.

The "Love 'Em Down" program, in collaboration with DSAPI, is a cornerstone of PIZZA's commitment to inclusivity, offering individuals with Down Syndrome not only employment but also the chance to build skills and contribute meaningfully to the workplace. This initiative enriches PIZZA's stores with the unique passion and dedication of its participants, thereby enhancing the customer experience and creating a more welcoming atmosphere.

A noteworthy development in 2023 was the expansion of these inclusivity efforts through PIZZA's subsidiary, Peri-Peri Charcoal Chicken & Sauce Bar. During the year Peri-Peri achieved its target of doubling its inclusivity hires, with seventeen participants at the close of 2023 including 11 senior citizens and six persons with disabilities.

By launching and actively promoting these hiring programs, PIZZA not only strives to make a significant social impact but also hopes to inspire other corporations to follow suit. The ultimate goal is to foster a more inclusive society, where diverse talents and abilities are valued and where everyone has the opportunity to contribute to their community.

Talent Acquisition and Management

[GRI 3-3: Management of material topics]

[GRI 401-1: New employee hires and employee turnover]

[GRI 404-1: Average hours of training per year per employee]

[GRI 404-2: Programs for upgrading employee skills and transition assistance programs]

[GRI 404-3: Percentage of employees receiving regular performance and career development reviews]

At PIZZA, we believe that our strong talent acquisition and management program allows us to create a culture of high performance and productivity, maintain a highly motivated workforce that is diverse and inclusive, and delivers our seamless guest-centric service.

New employee hire rate: 41% (49% female: 51% male)

Turnover rate: 29% (46% female: 54% male)

The turnover rate refers to the percentage of employees who have left the Company out of total employees at the end of the reporting year.

Training and Development

PIZZA'S Human Resources Division stands at the helm of our employees' growth. Guided by our Training and Development policy, our HR teams work with our Department Heads to develop and deliver learning programs that build competencies, address performance gaps, adapt to business developments, and prepare high-potential employees as part of succession planning.

Shakey's Company Wide Training Programs and Courses	Description
Training Programs	
Comprehensive Onboarding Program	Onboarding program for newly hired employees that covers company orientation and philosophies, product knowledge, guest service, duties and responsibilities, safety and security guidelines, and cashiering
Management Development Program	Develops Manager Trainees in restaurant operations
Restaurant Train the Trainer Workshop	Transforms employees both at the restaurant operations and Corporate Support Office (CSO) into credible and effective trainers who can cascade company goals, philosophies, means, and standards to employees
New Store Opening Training	Equips core teams of opening stores with technical capabilities required for store operations
Restaurant Staff Development Program	Trains restaurant staff in the technical and leadership competencies necessary for Shift Management positions through leadership training, certification, and dual specialization sessions
Training Courses	
Operations Training Courses	Upskills Store Operations employees with technical and leadership competencies that will enable them to perform their jobs successfully
Corporate Support Office Training Courses	Reinforces company goals, philosophies, means, and standards among our CSO employees while also offering learning opportunities to enhance their skill set and improve attitude and habits

Our training programs include tailored courses, classroom training, on-the-job training, and learning assessment tests. Graduates of training programs receive a certification upon completion. We also offer training opportunities through stand-alone courses, open to full-time and outsourced employees.

In addition to formal training programs, continuous hands-on and informal learning opportunities are offered to PIZZA employees to improve employee engagement and instill the company's WOW! Culture and values. These include sit downs and coaching sessions, general assemblies, team building sessions, People Day feedback conversations, and sales rallies.

PIZZA'S WOW! Culture

PIZZA's corporate "WOW!" Culture is built around the SPAVI WOW! Principle, which is the core of the company's service ethos. This principle is guided by three imperatives—being better than before, better than others, and better than expected, setting a dynamic performance metric that pushes boundaries.

The application of the WOW! Culture towards guests is termed 'WOW the Guest', which focuses on consistently exceeding guests' expectations. It is a practice of assessing every interaction through the lens of the three imperatives of WOW-ing, with a robust system to ensure every experience is better than the last, exceeds industry standards, and surpasses what the guests anticipate.

Average training hours in 2023	Female	Male	Per employee
By gender	92	84	88

Performance Management System

PIZZA promotes and rewards people based on exemplary performance. Through our annual Performance Management System (PMS), employees set clearly defined goals, receive continuous feedback, and are recognized for their contribution. PIZZA employees are evaluated against our core WOW! Values through the PMS system.

Both the involved individual and their direct manager work together to monitor and evaluate progress of goals. Our standardized performance appraisal process ensures assessments are done objectively so that Management and employees meet our performance standards.

Through our Individual Development Plan (IDP), selected high-potential individuals collaborate with their manager, selecting 3-4 areas to work on during the year and developing a tailored plan to enhance performance. Since 2019, this development program has sought to close competency gaps and promote career growth while empowering employees to take ownership of their development. IDP takes on a 70-20-10 approach where 70% of upskilling experience is through on-the-job training, 20% is from direct coaching, and 10% is formal classroom learning.

97% of our employees, from rank-and-file all the way to executive levels, went through a performance review process in 2023.

261 full-time employees received promotions in rank and positions

As a result of our various training and development efforts and robust performance management system, 12% of our full-time employees received a promotion during the reporting year thanks to their excellent performance and contributions to the company.

Employee Engagement

[GRI 3-3: Management of material topics]

[GRI 2-25: Processes to remediate negative impacts]

[GRI 2-30: Collective bargaining agreements]

[GRI 401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees]

PIZZA's WOW! Culture drives our employee engagement and performance. We actively embed our core values from onboarding to day-to-day operations. This includes integrating the WOW! culture across our brands, as seen in Potato Corner where HR facilitates cross-functional meetings and specific WOW! sessions to deepen its impact. Additionally, for our international teams, such as in China, we've tailored resources like the WOW! Grid to ensure cultural relevance and continuity of our core values.

We recognize our duty to provide a secure livelihood for our employees. PIZZA offers fair and competitive compensation and benefits that conform with and go beyond national labor statutes, standards, and requirements through our Code of Business Conduct and Ethics. Employees are entitled to benefits that go beyond statutory labor standards such as healthcare coverage and medical services, vacation and sick leave, paternity and maternity leave, flexible working arrangements depending on the nature of work, and retirement benefits to qualified employees, among others. To continue to attract and retain the best

talent, we stay current on market standards for salary and benefits and adopt best practices in developing strong employee relations. Apart from providing an engaging environment as well as stable employment, we regularly recognize and honor our exemplary employees and high-performing stores.

The Confederation of Filipino Workers – Shakey’s Pizza Asia Ventures, Inc. Workers Chapter, a recognized and registered labor organization, acts on behalf of our company-owned Shakey’s store rank-and-file employees as the representative body to express concerns regarding their employment terms. Through mechanisms such as quarterly engagements with HR leads and direct lines with the employee relations team, the organization works with PIZZA to settle these grievances. The organization’s Labor Management Council, co-chaired by both rank-and-file and senior executives, ensures that the employee’s right to association and collective bargaining is upheld through our conflict resolution and grievance procedure.

17% of total full-time employees covered by collective bargaining agreements

391 members of our total workforce represents regular restaurant rank-and-file employees (excluding restaurant managers and restaurant officers) directly employed in all Shakey’s company-owned restaurants. For regular full-time employees not covered by the CBA, such as corporate support employees and store employees of our other businesses, employment terms and conditions are based on their respective employment contracts. PIZZA respects the freedom of all our employees to exercise their right to organize and bargain for better employment terms and conditions.

Workplace Culture and Environment

[GRI 3-3: Management of material topics]

[GRI 2-27: Compliance with laws and regulations]

[GRI 403-1: Occupational health and safety management system]

[GRI 403-2: Hazard identification, risk assessment, and incident investigation]

[GRI 403-5: Worker training on occupational health and safety]

[GRI 403-6: Promotion of worker health]

A healthy and safe working environment is a prerequisite to the well-being of our workforce and paramount to the success of our operations. PIZZA is committed to creating decent and safe working conditions whether in the corporate workplace or on our store and warehouse floors to protect our employees and workers from injury and health risks. We fulfill this through our Occupational Safety and Health (OSH) Program and Policies, in full compliance with RA 11058 and the Department of Labor and Employment (DOLE)’s standards.

Our Health and Safety Committee manages our OSH program. This includes orientation and regular training, support for work permits for at-risk establishments, and provision of select protective equipment. Work-related hazards are regularly identified and assessed for severity and frequency and given appropriate control systems to prevent these safety risks. Any disabling injury whether permanent, temporary, or resulting in fatalities are reported to DOLE and submitted with required supporting documents to be processed.

In accordance with RA 11058, PIZZA also has put the following OSH policies in place to ensure a safe, productive, and supportive workplace:

1. Company Commitment on Occupational Safety and Health
2. Promotion of a Drug-Free Workplace
3. Mental Health Services in the Workplace
4. Prevention and Control of HIV-AIDS
5. Prevention and Control of Tuberculosis

6. Prevention and Control of Hepatitis B
7. Composition and Duties of Health and Safety Committee

We support our employees' overall health and wellbeing by providing benefits such as medical services and healthcare coverage to our full-time employees. The Human Resources and Organizational Excellence team regularly releases internal communications to promote physical, emotional, mental, intellectual, spiritual, environmental, social, financial, and occupational wellness. We reinforce the Comprehensive Dangerous Drugs Act of 2002 (RA 9165) to establish a drug-free work environment through our Employee Code of Conduct.

SPOTLIGHT STORY

Project Nerdy: Near & Ready

Store Operations employees took at least 43 minutes to get to work, according to a baseline study in August 2020. Hours spent in bumper-to-bumper traffic negatively impacts overall wellbeing and exacerbates air pollution. Through Project Nerdy ("Near and Ready"), we ensure restaurant employees, restaurant and area managers, and outsourced personnel are assigned to locations closer to their homes in efforts to reduce travel time to 30 minutes or less. This initiative not only aims to boost employee productivity, satisfaction, and wellbeing but it also prepares PIZZA stores to be more resilient and crisis ready.

By the end of 2023, 76% of our company-owned store-based workforce (including employees, management, and outsourced personnel) were assigned to a location within 30 minutes of travel time from their homes. This translates to about 84% of Shakey's workforce (795 total), 81% of Peri-Peri's workforce (326 total) – surpassing their respective annual targets of 80% and 70%. Our emerging brands, R&B and Project Pie, have also exceeded their targets of 50% of the workforce falling within these parameters, achieving 75% and 87% respectively by year end. We are working to improve these brands and aim to integrate Potato Corner into the initiative as well.

To sustain our commitment to promoting employee wellbeing and diversity, PIZZA has also made a deliberate effort this year to ensure newly hired company-owned store employees come from local communities situated near their assigned location.

Guests

External Guest Engagement

[GRI 3-3: Management of material topics]

[GRI 2-25: Processes to remediate negative impacts]

With nearly 50 years of history in the country, Shakey's has become one of the most recognizable brands in the Philippine food service industry. Our new brands, Peri-Peri, Project Pie, R&B, and the latest acquired Potato Corner have established a strong following themselves. Building brand equity hinges on our commitment to giving guests a WOW-ing experience. With guest centricity and passion for service excellence at the core of our WOW! Culture, the PIZZA team embodies the values by putting themselves in our guests' shoes and acting on their needs and wants.

With over two million users nationwide, our Supercard customer loyalty program enables holders to numerous exclusive benefits such as discounts, freebies and promotions. In 2022, we extended these

perks from Shakey's and Peri-Peri to R&B and pilot stores in Potato Corner. As of 2023, all customers of Potato Corner company-owned stores can now take advantage of Supercard benefits.

We believe that continuous feedback and evaluation deepens relationships and builds loyalty with our customers. Our Guest Engagement Team sets the tone for our guest-centric culture and oversees the customer relationships with our brands across both company-owned and franchised stores. Through an integrated feedback management system, we connect with customers and address their concerns in a streamlined and timely manner – closing guest feedback tickets within 24 hours.

Whether it's regarding satisfaction, health and safety, or privacy and data security, we engage with our guests across multiple touchpoints beyond the service period such as our WeCare emails, Electronic Guest Comment Card, Shakey's delivery hotlines, website, mobile application, and social media accounts. The Guest Engagement team consolidates, analyzes, and reports feedback to continuously improve the way we engage our guests.

Levering Technology to Enhance Guest Experience

During the year, we have upgraded our feedback systems for delivery and dine-in services. Now, guests who order through our in-house Super App automatically receive an SMS with a feedback link. Similarly, dine-in guests using their Supercard get a feedback prompt via SMS to their registered number. Following the acquisition of Potato Corner at the end of 2021, we've not only retained its guest recovery and engagement mechanisms but are also improving upon them. We are currently looking into ways to integrate Potato Corner into PIZZA's guest feedback systems.

We received a total of over 546,702 tickets, or documented interactions with customers from across all our customer touchpoints and platforms. Out of the tickets, only 4% were complaints and negative feedback regarding our products and service.

Essential to our integrated feedback management is our Auto Feedback Link. This links a feedback form directly to our In-House Delivery guests who order via our website, mobile application, and hotline (excluding 3rd party food delivery service providers) to monitor our performance in three service areas – overall experience, delivery promptness, and product quality. We achieved a 4% response rate during the year, of which 61% were positive. To accommodate increasing feedback from guests through online channels, our in-house Contact Center team manages our online interactions with guests.

The insights from our customer interactions helps us identify the underperforming stores that need support, as well as excelling stores whose best practices can be replicated.

Rolled out the first and only 31-minute delivery guarantee anywhere in Metro Manila

PIZZA leverages technology and feedback to continuously improve our delivery time. At the same time, we work closely with our drivers to ensure that their safety is not compromised in the pursuit of the goal. We do this by setting a maximum speed limit and designing efficient and systematic routes. Furthermore, the drivers are not penalized for delays in deliveries.

Our customer engagement and management approach leverages technology from response and communication to tracking and evaluation. We have systems in place to meet industry standards for data security, as mandated by the Data Privacy Act of 2012.

During the year under review, there was one complaint on consumer privacy and one security incident on data privacy, both of which have been resolved as immediately as possible. Our information technology team continuously aims to ensure that repeat incidents are avoided in the future and that the risks of any incident to the business are kept to a minimum.

Community Engagement

PIZZA is accountable to the stakeholders in the communities where we operate, including from where we source our ingredients, supplies, utilities, and staff. Our advocacies go beyond providing quality products and services and are in pursuit of enduring and meaningful partnerships with change agents who share our vision of a better future.

Job Creation and Livelihood Support

[GRI 3-3: Management of material topics]

[GRI 203-2: Significant indirect economic impacts]

[GRI 413-1: Operations with local community engagement, impact assessments, and development programs]

As PIZZA grows, so do employment opportunities along our value chain ecosystem. We create livelihood opportunities and encourage decent working environments for our core businesses as well as our partners, vendors and suppliers. Our [Supplier Code of Conduct and Ethics](#) (SCOCE) is key to our ability to create positive impact while expanding our locus of positive influence.

Total number of jobs supported across PIZZA value chain in 2023: 18,187

PIZZA contributes to the national economy by supporting 18,187 jobs (2022: 8,858). This figure includes company-owned restaurant and corporate support employees and workers, as well as those whose jobs are indirectly supported through our business relationships such as our franchised staff, store riders, participants from our inclusive hiring programs, call center agents, and maintenance and utilities staff.

SPOTLIGHT STORY

Empowering Entrepreneurs: Potato Corner's Economic Upliftment Efforts

Potato Corner, a recent acquisition by PIZZA, has significantly contributed to economic upliftment in the Philippines, fueling entrepreneurship through its inclusive franchising model. The brand, born as a modest food cart, has burgeoned into a premier franchisor, endorsed by the Philippine Franchising Association. As of end 2023, there are now 734 Potato Corner franchisees.

Potato Corner’s expansion, a significant growth pillar for PIZZA, has been swift and assertive. During the year we opened up 300 additional domestic stores and 59 international stores. In the Philippines, we launched innovative concepts like the multi-branded drive-thru snack stop with R&B and an independent drive-thru store in Quezon City. Internationally, the brand's reach is also accelerating, with stores now open in Thailand, Singapore, China, Malaysia and Canada.

In 2022, Potato Corner launched the country’s first franchisee loan program, a collaboration with Robinsons Bank. This initiative offers Potato Corner franchisees, both existing and prospective, speedy, and convenient access to financing with competitive rates and flexible terms. It's a move that not only recognizes the franchisees as vital to Potato Corner’s lifeblood but also as central to the nation's economic resilience and progress. In 2023, 38 applicants were approved as eligible for loans and six were onboarded during the year.

PIZZA's community engagement efforts are rooted in a deep commitment to creating positive societal impact and nurturing healthy, inclusive communities. An example of these values in action is PIZZA's support for women's sports, particularly through the sponsorship of the Shakey's Super League, highlighting the company's dedication to promoting gender equality and empowering women athletes across the Philippines.

Serving Up Empowerment: Shakey's Super League

In 2023, PIZZA reaffirmed its commitment to women's sports in the Philippines by supporting the Shakey's Super League (SSL) for its second year. Throughout the year, PIZZA sponsored three key volleyball tournaments, starting with the Girls' Volleyball Invitational League in May, featuring high school teams, followed by the National Invitationals in July with participation from 12 universities, and culminating in the Pre-Season Championship in September, which brought together 16 universities from the UAAP and NCAA.

This series of tournaments not only showcased the talent and competitive spirit of women athletes across the country but also highlighted PIZZA's role in promoting women's sports. A notable achievement of this year's initiative was the remarkable fundraising effort through the SSL Bundle, which raised Php 12.0 million. These funds are earmarked for sports development programs, demonstrating PIZZA's tangible support for the growth and sustainability of women's volleyball in the Philippines.

Planet

Natural Resource Efficiency

[GRI 3-3: Management of material topics]

At PIZZA, we strive to improve the efficiency by which our organization consumes natural resources. We implement industry best practices for water and energy management and closely monitor our consumption of these vital resources.

The Sustainability Steering Planet Subcommittee meets each quarter to review our resource management report, monitor developments, and identify new opportunities for reducing water and energy consumption.

Water Consumption Reduction

[GRI 3-3: Management of material topics]

[GRI 303-2: Management of water discharge-related impacts]

[GRI 303-3: Water withdrawal]

Water is essential to our business operations, from general cleaning and sanitation at stores to the cooking process. We monitor, measure, and analyze our water usage to continuously improve our resource efficiency, ensure the cleanliness and safety of our operations, and mitigate our environmental impact. This is especially important for PIZZA as we operate in high water stress areas, such as Metro Manila.

We invest in technology to reduce our water use, for example by installing automatic low-flow hand washing machines, and engage our stakeholders to use our water resources responsibly.

24 stores installed with low-flow hand washing machines (24 in 2022)

Low-flow technology helps conserve water without compromising cleanliness by releasing the right amount of water. In 2023, 4 Peri-Peri stores and 21 Shakey's stores installed low-flow hand washing machines. These stores account for 7% of our total number of Peri-Peri and Shakey's stores.

Water withdrawal and intensity	2023	2022
Water withdrawal (CBM)	1,591,244	781,688
Water intensity* (CBM/PHP Million)	85.36	55.49

**Water intensity is calculated as water withdrawn divided by total systemwide sales in PHP. This metric means that for every million Pesos of sales generated in 2023, PIZZA withdrew 85.36 cubic meters of water.*

All wastewater discharged from all PIZZA facilities adheres to minimum standards established by the Department of Environment and Natural Resources (DENR) Administrative Order (DAO) 2021-19, the City Environment & Natural Resources Office (CENRO), the Municipal Environment & Natural Resources Office (MENRO), and Laguna Lake Development Authority (LLDA).

In 2023, 46 of standalone Shakey's stores utilized onsite sewage treatment plants to treat effluents from their operations before discharging (2022: 37).

Energy Consumption Reduction

[GRI 3-3: Management of material topics]

[GRI 302-1: Energy consumption within the organization]

[GRI 302-3: Energy intensity]

Energy fuels our operations, powering our stores, offices, warehouses, equipment, and vehicles, which primarily rely on electricity, gasoline, and LPG. We are committed to minimizing energy use by implementing efficiency measures and promoting behavioral changes. Our approach includes investing in technology like thermal insulation and inverter-type cold storage to conserve energy. We encourage our staff to actively participate in energy saving efforts, for example by turning off lights when not needed. While we have greater oversight over company-owned locations, we share our energy-saving strategies with leased spaces and franchisees, aiming to broadly reduce our energy footprint.

Energy	2023	2022
Total energy consumption (GJ)	66,685,428	97,958,127
Non-renewable	66,685,428	97,958,127
Renewable	0	0
Energy intensity* (GJ/PHP Million)	3,577	6,954

**Energy intensity is calculated as total energy consumption divided by total systemwide sales in PHP. This metric means that for every million Pesos of sales in 2023, PIZZA consumed 3,577 gigajoules of energy.*

Environmental Impact Management

Managing our resources responsibly goes hand-in-hand with managing and mitigating our negative impacts on the environment and doing our part in tackling climate change.

Greenhouse Gas Emission Reduction

[GRI 3-3: Management of material topics]

[GRI 305-1: Direct (Scope 1) GHG emissions]

[GRI 305-2: Energy indirect (Scope 2) GHG emissions]

[GRI 305-4: GHG emissions intensity]

Our senior leadership team and Board of Directors are jointly responsible for assessing the impacts and developing the appropriate mitigation and adaptation strategies to reduce our carbon emissions and manage climate-related risks.

Effective responses to climate change rely on credible strategies to transition towards a low carbon economy. PIZZA strives to increase the uptake of renewable energy in our operations. We are exploring mixed energy sources, such as solar panel installations at the corporate head office, free-standing stores, and commissaries, and use of solar powered water heaters.

GHG Emissions & GHG Intensity of PIZZA (Scopes 1 & 2)*

Emission	2023	2022
Scope 1 (tonnes CO ₂ e)	4,190,375	6,170,473
Scope 2 (tonnes CO ₂ e)	55,387	34,080
Emission intensity (tCO ₂ e/Php Million)**	228	440

**Standards used for the computation are based on the GHG Protocol Corporate Protocol and Reporting Standard. Location-based grid emission factors are based on the Philippine Department of Energy. The gasses reported include carbon dioxide, methane, and nitrous oxide.*

***Emission intensity is calculated as total GHG emissions divided by total systemwide sales in PHP. This metric means that for every million pesos of sales in 2023, PIZZA emits 228 tons CO₂e of greenhouse gasses.*

Landfill Waste Reduction

[GRI 3-3: Management of material topics]

[GRI 301-1: Materials used by weight or volume]

[GRI 306-1: Waste generation and significant waste-related impacts]

[GRI 306-2: Management of significant waste-related impacts]

[GRI 306-3: Waste generated]

We recognize that we are responsible for managing the waste we generate across our operations, including procurement of raw materials, food preparation, managing logistics and serving our guests through multiple sales channels and store formats. Our opportunities lie in reducing at source, procuring more responsible materials, improving segregation, recovery, and recycling.

Waste from our operations

Our waste action plan targets significant reduction in plastic and food waste, the predominant types of waste in the Food and Beverage sector.

Waste generated from our operations	2023	2022
Total waste (kg)	208,991	164,690

We implement waste segregation measure, wherever possible, within our stores and across our corporate offices. At our headquarters, we have installed five centralized “Stop Before You Drop” trash bins labeled with different waste types and a materials recovery facility (MRF) to reinforce proper separation of recyclables through behavioral change among our corporate support office employees.

Waste from customer packaging

Our customer packaging significantly contributes to plastic waste. To address this, we're assessing and minimizing its environmental impact throughout its lifecycle, from production to disposal. In 2023, we primarily used timber-based materials, like cardboard for pizza boxes and paper for takeout containers.

While sourcing sustainable packaging is a step forward, we face a greater hurdle in the Philippines due to underdeveloped waste management systems, with the urgent task of keeping these materials out of landfills and recycling them effectively. The post-consumer waste challenge is complex, as it falls outside our direct control. Nonetheless, we are dedicated to reducing the environmental footprint of our packaging along our entire value chain. In the interim, we are committed to offsetting our usage of non-biodegradable plastic packaging through our Net Zero Plastic Waste program.

Materials	2023	2022
Materials used (MT)	47,540	26,292
Renewable materials (%)	97%	98%
Non-renewable materials (%)	3%	2%

Net Zero Plastic Waste

[GRI 3-3: Management of material topics]

[GRI 413-1: Operations with local community engagement, impact assessments, and development programs]

PIZZA is actively pursuing a robust strategy to address our plastic footprint resulting from post-consumer waste. Recognizing that some plastic use is currently unavoidable, we have taken concrete action by partnering with the Plastic Credit Exchange (PCX). Our partnership with the Plastic Credit Exchange (PCX) enables us to work towards Net Zero Plastic Waste for our brands that rely on flexible packaging. We operationalize this commitment by purchasing plastic credits, similar to the carbon offset model, which fund the collection and recycling, or co-processing, of a volume of plastic waste equivalent to our packaging output.

January 2023 marks our fourth year of committing to Net Zero Plastic Waste.

PIZZA actively engages in plastic waste management through the PCX program, which ensures the removal and repurposing of plastics equivalent to our usage into new products or energy, aiding in coal replacement. In 2023, we purchased 140 metric tons of plastic credit to offset our plastic packaging

procured for the year. Recognizing that offsetting our plastic footprint is an interim step, we are committed to continuously exploring sustainable solutions to minimize plastic use.

To uphold the integrity of our plastic offsets, PCX mandates third-party audits by Isla Lipana & Co. (PricewaterhouseCoopers). The audit validates PIZZA'S plastic footprint, supporting PCX in certifying the Net Zero Plastic Waste status of our brands. It also verifies our PIZZA'S plastic footprints against our annual packaging usage, confirming that a matching amount of plastic waste has been responsibly recycled or co-processed. We began the audit in earnest in 2023 and anticipate full Net Zero Waste certification in 2024. This rigorous process, detailed in the PCX credit registry, not only enhances our plastic management but also aligns PIZZA with [Extended Producer Responsibility Act of 2022](#).

For more information on our Net Zero Plastic Waste program with PCX, visit [our website](#).

Supply Chain Management

PIZZA recognizes our contribution to sustainable development is not limited to our operations and direct activities. We seek to magnify our positive impact across our value chain through the relationships with our business partners.

Supplier Credibility

[GRI 3-3: Management of material topics]

[GRI 2-25: Processes to remediate negative impacts]

[GRI 2-27: Compliance with laws and regulations]

[GRI 403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships]

As stated in our Supplier Accreditation Policy, we seek business partners that meet our commercial standards, comply with relevant government regulations, and align with our social and environmental aspirations as a responsible member of the community.

Instituted in 2021, our [Supplier Code of Conduct and Ethics](#) (SCOCE) outlines the company's stance on responsible sourcing and supply chain sustainability and the corresponding requirements we expect our suppliers, manufacturers, and service providers to uphold.

The SCOCE covers our standards on:

- Human rights (child labor, forced labor and human trafficking, nondiscrimination, harassment, working hours, wages, and benefits)
- Health, safety, and quality
- Business ethics (business integrity, no gift policy, fair competition, privacy and intellectual property, conflict of interest)
- Environmental compliance with applicable laws and regulations
- Management systems

100% of our current suppliers signed and acknowledged the SCOCE as a requirement to work with PIZZA. Currently, all supplier audits are mainly for Quality Assurance to evaluate and ensure product quality and safety standards.

As part of accountability, we have also provided the company's contact details in the SCOCE as open communication lines for our partners to report any cases of misconduct by our people or anyone acting on behalf of our business.

The role of our Board's Corporate Governance & Sustainability Committee includes oversight for supply chain management. To keep abreast with changes in social, environmental, and governance issues across the supply chain, we intend to formally engage with our key stakeholders from our employees and Board of Directors to our suppliers and other external groups such as NGOs, labor groups, or industry peers to help us update and revise our Supplier Code of Conduct and Ethics when necessary.

% of palm oil suppliers certified by the Roundtable on Sustainable Palm Oil	100% (2022: 100%)
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Potato suppliers meet energy efficiency guidelines and are energy star certified.

Beverage suppliers follow sustainability guidelines on water, community, and supplier principles.

Local Sourcing

[GRI 3-3: Management of material topics]

[GRI 204-1: Proportion of spending on local suppliers]

[GRI 413-1: Operations with local community engagement, impact assessments, and development programs]

As a proud Philippine company with WOW-ing restaurant brands well-loved by many Filipinos, we allocate 62% of our total procurement budget on suppliers registered in the Philippines (2022: 82%), particularly on our food items and packaging materials.

We continuously work with our local suppliers to fulfill most of our requirements, namely chicken, fresh produce, and packaging materials. We believe that this approach supports local businesses and the economy.

2023 KPIs (domestic operations)

% spend on food items spent on local suppliers	62% (2022: 82%)
% of chicken locally sourced	100% (2022: 100%)
% of fresh produce locally sourced	100% (2022: 100%)

Potato Corner's Harvest Chips: Supporting Local Farmers

Potato Corner's Harvest Chips initiative exemplifies PIZZA's dedication to sustainable practices that support local communities. Harvest Chips are a limited-time treat that are crafted from potatoes cultivated by local farmers in the Benguet region, in collaboration with Gawad Kalinga, a non-profit striving to eliminate poverty in the Philippines. Through the production Harvest Chips by Gawad Kalinga's Enchanted Farm workers, Potato Corner not only introduces a novel culinary delight to its customers but also fosters a new revenue avenue for local farmers. In 2023, Harvest Chips were featured in 645 stores and the initiative supported 43 workers and 40 local farmers.

This thoughtful initiative integrates Potato Corner’s innovative drive while solidifying its commitment to supporting the local economy and uplifting the lives of Filipino farmers through meaningful partnerships.

Pizza

Profit-Purpose Alignment

Product development and innovation

[GRI 3-3: Management of material topics]

At PIZZA, we constantly look for ways to come up with offerings that are enticing, accessible, unique, and sustainable. Led by our Research and Development team, we believe that developing new products with sustainability in mind drives innovation and WOWs guests.

Product Concept Development

Guest insights indicate innovations for new menu concepts and product improvement which are evaluated and tested for market potential. Boundaries breed creativity – we optimize the existing equipment and ingredients that we have in pursuit of innovative ideas, allowing us to get the most use out of our existing resources and reduce any potential food waste.

Kitchen Profile Development

Based on the product concept brief, we develop and fine-tune the kitchen profile to produce a final prototype that is commercially ready. This includes testing the store processes to determine replicability, food and packaging costs, and feasibility of current kitchen equipment.

Product Feasibility

The operational viability and scalability of the product are measured through production consistency, financial forecasting, reliability of supply for raw materials and kitchenware, and the distribution capacity through our multiple sales channels.

Product Launching

New products are systematically prepared for introduction to the market. This phase involves supply build-up, systems preparations, the completion of product manuals, as well as training and marketing communication materials.

We work with our store operations and suppliers to determine, customize, and ration the pack sizes of raw materials and items according to the stores’ consumption, enabling us to minimize food wastage. Moreover, we work with suppliers to ensure our goods are packed and delivered using materials that secure their quality and safety.

New products launched	23 (2022: 40)
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Food quality and safety

[GRI 3-3: Management of material topics]

[GRI 2-27: Compliance with laws and regulations]

[GRI 416-1: Assessment of the health and safety impacts of product and service categories]

[GRI 416-2: Incidents of non-compliance concerning the health and safety impacts of products and services]

We ensure that the food we serve is of excellent quality and is safe for consumption. We promote and adhere to our health and safety protocols that align with the highest standards demanded by the industry at every stage of our operations, from product development to sourcing, logistics, and production to serving our guests.

Product Development

We are in full compliance with the Food and Drug Administration (FDA) Philippines and the National Meat Inspection Service (NMIS) requirements. PIZZA's R&D team has developed and implemented our internal principles and standards in food safety and quality. A shelf-life guide of materials is maintained to ensure safety and quality.

Supplier Audit

PIZZA procures materials only from suppliers that satisfy our globally accepted food quality and safety standards on food safety practices, microbial hazards assessments, employee and facility sanitation, and end-product analysis. Audits are conducted by our quality assurance (QA) officers during the screening process for new suppliers and as part of risk-based surveillance. In doing so, we uphold the Health, Safety, and Quality requirements in our Supplier Code of Conduct and Ethics.

40 suppliers were screened for food quality and safety in 2023. Out of these screenings, 13 new suppliers have eventually been accredited and 23 existing suppliers have passed surveillance audits. For the 4 existing suppliers who have failed the audits, we have taken appropriate actions based on the severity of the non-conformance.

Audit on Receiving

All materials must be thoroughly inspected upon arrival. Product temperature, delivery vehicle cleanliness, hygiene, shelf-life, and packaging integrity are measured for compliance. Stringent receiving procedures are also carried out for materials delivered to our stores.

Audit on Dispatching

The inspection extends to the dispatching activities to our stores – from the delivery vehicles' compliance with hygiene and temperature requirements, quality and safety of finished products, to the packaging interior before dispatch.

Food Safety Training

PIZZA employees are trained in food handling and serving, as well as recognizing and preventing food-related health hazards. We require all our food handlers to be trained as food service professionals using ServSafe standards. The training includes food safety, time and temperature, cleaning and sanitation, cross-contamination and allergens, and personal hygiene.

Quality, Service, Cleanliness, Hospitality (QSCH) Audits

Our internal and external QSCH audits ensure that safety and quality controls are consistently maintained for both our food and service across all our stores.

Our internal QSCH audit is conducted thrice a year across our company-owned and franchised stores to help us benchmark against similar players in the dining industry. Stores are assessed on:

- *Service and Hospitality*
We give emphasis on THINK GUEST – one of the main components of our WOW Culture. This not only includes the cleanliness and conditions of our stores, but also the way we attend to and serve our guests.
- *Product Quality*
We pay extra attention to the standard product freshness, storage, and food preparation, and other quality control points.

% of Shakey's stores that underwent internal QSCH audits	99% (2022: 99%)
% of Peri-Peri stores that underwent internal QSCH audits	96% (2022: 81%)
% of Potato Corner (PC) stores that underwent PC QSCH audits*	11%

**baseline year for PC QSCH audits. In 2022, 71% of PC stores underwent the previous quality management audit system.*

Potato Corner is building capability to audit international stores. Currently, Thailand, a major market under a franchisee, has its own store audit system.

The third-party audit is executed by Mystery Guests who appraise our stores on service and hospitality, cleanliness and conditions of stores, and food quality.

Mystery Guest Audits in 2023

Number of Shakey's stores covered by mystery guest audits	266 (2022: 162)
Number of Peri-Peri stores covered by mystery guest audits	73 (2022: 44)

For complaints on food quality and service, we train our staff to promptly address these incidents through replacements, vouchers, and free meals. Our staff escalates these to store managers who are empowered to make decisions on how to properly resolve and prevent recurrence.

Healthier Products

[GRI 3-3: Management of material topics]

PIZZA is committed to evolving alongside guests' tastes. We will continue to offer choices that delight guests while also providing indulgences for the growing segment of health-conscious and environmentally minded guests. We've broadened our selection of healthier and eco-friendlier options to meet guest demands, including Shakey's plant-based burger, chicken nuggets, and pizza, and R&B's plant-based milk tea with soy milk and seaweed boba, introduced in 2022. Project Pie and Peri-Peri have also introduced balanced diet choices. During the year, Shakey's launched three new products for our health-conscious guests, including Taco Pizza and two new salad options.

Shakey's Good Menu includes Century Pacific's 'unMEAT'—a non-GMO, cholesterol-free, preservative-free, and trans-fat-free option, rich in protein and fiber. Partnering with CNPF, we aim to offer delicious, affordable, healthy, and environmentally positive alternatives.

As pioneers in the Philippine restaurant industry's shift to plant-based options, we seek to make such diets affordable and widely available. Our plant-based offerings have maintained popularity among vegetarian,

vegan, and flexitarian patrons, and through our bundle rotations. Based on focus group insights and guest feedback, we are confident that our healthy menu items will impress even those new to plant-based foods.

Nutritional Transparency

[GRI 3-3: Management of material topics]

PIZZA values nutritional transparency, not least as a tool to promote healthier lifestyles for guests. Currently, nutritional value and allergen information for Potato Corner's flavored fries and allergen information for all Shakey's offerings are readily disclosed upon customer request.

2023 Sustainability Data Summary

ECONOMIC

Economic Value Generated	UOM	2022	2023
Direct economic value generated (revenues)	million Php	10,191	14,151
Economic value distributed		9,114	13,162
Employee wages and benefits		1,264	1,617
Payments to suppliers, workers, and other operating costs ¹		7,407	10,792
Dividends paid to stockholders and interest payments to loan providers		272	407
Taxes given to government		171	346
Economic value retained		1,077	989

Procurement practices

	UOM	2021	2022	2023
Percentage of procurement budget used for significant locations of domestic operations that is spent on local suppliers	%	86%	82%	62%

SOCIAL

Employees

Employees by Gender	UOM	2021			2022			2023		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
Full-time employees	head/ % of total	728 (56%)	571 (44%)	1,299 (100%)	861 (50%)	863 (50%)	1,724 (100%)	1,123 (49%)	1,146 (51%)	2,269 (100%)
Executive/Senior leaders	head	4	0	4	8	2	10	5	1	6
Mancom		17	10	27	18	20	38	17	14	31
Middle Management		34	31	65	46	71	117	76	109	185
Frontline Leaders		280	267	547	407	416	823	429	454	883
Rank and File		393	263	656	382	354	736	596	568	1,164

Employees by Age	UOM	2021			2022			2023		
		<30 years	30-50 years	>50 years	< 30 years	30-50 years	>50 years	< 30 years	30-50 years	>50 years
Full-time employees	head/ % of total	412 (32%)	847 (65%)	40 (3%)	515 (30%)	1153 (67%)	56 (3%)	907 (40%)	1,286 (57%)	76 (3%)
Executive	head	Not disclosed			0	4	6	0	2	4
Mancom					3	25	10	1	18	12
Middle Management					13	91	13	22	145	18
Frontline Leaders					216	594	13	281	588	14
Rank and File					283	439	14	603	533	28

		Male	Female	Total	Male	Female	Total	Male	Female	Total
New hires	head/ % of total	140 (60%)	95 (40%)	235 (100%)	169 (50%)	170 (50%)	339 (100%)	467 (51%)	452 (49%)	919 (100%)
New hire rate	%	18%			20%			41%		
Turnover	head/ % of total	128 (53%)	112 (47%)	240 (100%)	173 (52%)	158 (48%)	331 (100%)	359 (54%)	302 (46%)	661 (100%)
Turnover rate	%	18%			19%			29%		

¹ Value includes all other operating costs and investments to community such as donations and CSR activities.

Workers

	UOM	2021	2022	2023
Total	head	2,215	3,759	4,831

Jobs Supported				
Jobs supported across the PIZZA value chain ²	number	6,042	8,858	18,187

Diversity and equality – Governance bodies

Board of Directors	UOM	2021			2022			2023		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
By gender										
	head/ % of total	8 (89%)	1 (11%)	9 (100%)	8 (89%)	1 (11%)	9 (100%)	8 (89%)	1 (11%)	9 (100%)
By age		<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years	<30 years	30-50 years	>50 years
	head/ % of total	0 (0%)	2 (22%)	7 (78%)	0 (0%)	2 (22%)	7 (78%)	0 (0%)	2 (22%)	7 (78%)

Parental leave - Maternity and Paternity Leave

	UOM	2022		2023	
		Male	Female	Male	Female
Employees entitled to parental leave		12	42	6	61
Employees that took parental leave		9	41	6	61
Employees that returned to work within reporting period		9	40	6	59
Employees still employed 12 after their return to work		9	40	6	59

Training and Development

	UOM	2022			2023		
		Male	Female	Total	Male	Female	Total
Average training hours per employee	hours	60	70	65	84	92	88
Executive		23	16	21	32	51	36
Senior manager		48	37	42	36	37	37
Middle manager		33	37	35	15	11	12
Supervisor		112	127	120	192	205	198
Rank and File		9	12	10	16	19	17

Anti-corruption

	UOM	2021	2022	2023
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	%	100	100	100
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	%	100	100	100
Percentage of directors and management that have received anti-corruption training	%	100	100	100
Total number and nature of confirmed incidents of corruption	number	0	0	0

² This figure includes company-owned restaurant and corporate support employees and workers, as well as those whose jobs are indirectly supported through our business relationships such as our franchised staff, store riders, participants from our inclusive hiring programs, call center agents, and maintenance and utilities staff.

ENVIRONMENT

In 2022, the Philippine economy began to reopen as the pandemic started to dissipate. Restaurant operating conditions varied significantly from the previous two years. We have also continued to invest in our brands, adding Potato Corner to our roster. Furthermore, we improved the capability of our stores, whether company-owned or franchised, to track, measure, and report their environmental performance and capture a more representative view of our environmental impact. Given these factors, we opted to omit previous years' data points.

	UOM	2022	2023
Energy³			
Non-renewable (total)	GJ	97,958,127	66,685,428
Gasoline	GJ	25,339	29,930
LPG	GJ	97,757,925	66,375,076
Diesel	GJ	2,596	453
Electricity	GJ	172,266	279,970
Renewable (total)	GJ	0	0
Energy intensity (per million Php) ⁴	GJ/million Php	6,954	3,577
Water⁴			
Water consumption	CBM	502,517	1,107,528
Water discharge	CBM	279,171	483,716
Water withdrawal ⁵	CBM	781,688	1,591,244
Water intensity (per million Php) ⁵	CBM/ million Php	55.49	85.36
Emissions^{4&6}			
GHG emissions (Scope 1 and 2)	tCO ₂ e	6,204,553	4,245,762
GHG emissions (Scope 1)	tCO ₂ e	6,170,473	4,190,375
GHG emissions (Scope 2)	tCO ₂ e	34,080	55,387
GHG emissions intensity (per million Php) ⁵	tCO ₂ e/million Php	440	228
Materials used⁷			
Total materials used	MT	26,292	47,540
Renewable	MT	25,892	46,202
Non-renewable	MT	400 ⁷	1,338
Waste⁸			
Total waste generated	kg	164,690	208,991
Total waste diverted from disposal	kg	36	48,106
Total waste directed to disposal	kg	164,654	160,885
Non-hazardous/solid waste (total)	kg	164,690	208,991
<i>By method</i>			
Disposed			
Incineration	kg	0	86,872
Landfilled	kg	164,654	74,103
Other disposal operations	kg	0	0
Diverted			
Preparation for reuse	kg	0	0

³ 2023 energy, water, and emissions figures now comprise all Company-Owned (CO) and Franchised Stores (FS) across all our brands, covering our domestic and international footprint, as well as our corporate support office and commissary. These are total numbers representing our systemwide view of the PIZZA business – within (CO) and outside (FS) the company. As we continue to build capacity and improve the robustness of our data, we have estimated energy, water, and emissions data for Potato Corner franchised stores using usage data of company-owned stores as baseline.

⁴ Intensity figures are computed based on systemwide sales in millions of PHP, covering both company-owned and franchise sales across the entire PIZZA business.

⁵ Water withdrawal significantly increased due to additional business units tracking water data for this reporting year.

⁶ Standards used for the computation are based on the GHG Protocol Corporate Protocol and Reporting Standard. Location-based grid emission factors are based on the Philippine Department of Energy. The gasses reported include carbon dioxide, methane, and nitrous oxide.

⁷ Materials used increased this year as the data includes Potato Corner and our commissary, Bakemasters Inc. Materials data include ingredients and supplies procured for all PIZZA businesses, including company-owned and franchised stores. Renewable materials mainly consist of our food items and paper packaging. Non-renewable materials cover our non paper-based packaging and exclude fuel sources.

⁸ All of Potato Corner (both company-owned and franchised stores) and Peri-Peri franchised stores are still excluded from the scope of waste, while Bakemasters Inc. data have been included for this reporting year. This disclosure mainly covers food waste and packaging waste from our operations. We are also working to improve our data collection systems and training our people to measure hazardous waste data moving forward.

Recycling	kg	36	48,106
Other recovery operations, including composting	kg	0	0
<i>By location</i>			
Onsite recovery operation	kg		
Offsite recovery operation	kg	36	48,106
Onsite disposal operation	kg		
Offsite disposal operation	kg	164,654	160,885

Content Indices for Sustainability Disclosures

PH SEC Form 17-A Annex B Content Index 2023

This report complies with the Philippine Stock Exchange Sustainability Reporting Guidelines for Publicly Listed Companies.

Contextual Information	Location and additional information
Name of Organization	Shakey's Pizza Asia Ventures Inc. (PIZZA)
Location of Headquarters	Philippines
Locations of Operations	Philippines
Report Boundary	Corporate Support Office and all primary businesses – Shakey's Pizza, Peri-Peri, R&B, Project Pie Potato Corner, Bakemasters, Inc. This includes all our company-owned stores, commissaries, and corporate support offices operating in the Philippines. For franchisees, both local and global, disclosures will indicate if these are covered.
Business Model, including Primary Activities, Brands, Products, and Services	Full-service restaurant chain, specializing in casual dining
Reporting Period	January 1, 2023 – December 31, 2023
Highest Ranking Person responsible for this report	Christopher Po, Chairman
Contact for questions regarding the report	Investor Relations, investorrelations@shakeys.biz
“Comply or Explain” Provisions	
Materiality Process	Our Business and Sustainability Commitment: Materiality Process
Economic: Economic Performance Direct Economic Value Generation and Distributed	Our Business and Sustainability Commitment: Governing and Operationalizing Sustainability Sustainability Data Summary SEC 17-A 2022 Annual Report - Management's Discussion and Analysis or Plan of Operation
Economic: Economic Performance Climate-related risks and opportunities	Planet: Environmental Impact Management Sustainability Data Summary
Economic: Procurement Practices Proportion of spending on local suppliers	Planet: Local Sourcing Sustainability Data Summary
Economic: Anti-corruption Training on Anti-corruption Policies and Procedures, Incidents of Corruption	Corporate Governance: Anti-Corruption Sustainability Data Summary
Environment: Resource Management Energy consumption within the organization, Reduction of energy consumption, Water consumption within the organization, Materials used by the organization	Planet: Natural Resource Efficiency, Environmental Impact Management Sustainability Data Summary
Environmental: Environmental Impact Management Air Emissions, Solid and Hazardous Wastes	Planet: Natural Resource Efficiency, Environmental Impact Management Sustainability Data Summary

Social: Employee Management Employee Hiring and Benefits, Employee Training and Development, Labor-Management Relations, Diversity and Equal Opportunity	People: Employees Sustainability Data Summary
Social: Workplace Conditions, Labor Standards, and Human Rights Occupational Health and Safety, Labor Laws and Human Rights	People: Workplace Culture and Environment Sustainability Data Summary
Social: Supply Chain Management	Planet: Supply Chain Management People: Guests Sustainability Data Summary
Social: Relationship with Community Significant Impacts on Local Communities	People: Community Engagement Planet: Net Zero Plastic Waste, Local Sourcing

GRI Content Index 2023

PIZZA has prepared its sustainability disclosures and annual report with reference to the latest 2021 GRI Standards. As part of our ongoing commitment to inspire our stakeholders to contribute to sustainable development, we continue to share not only our progress and opportunities, but also our challenges and learnings.

Together with available public information listed below, this report references Global Reporting Initiative Standards as summarized in the following table.

GRI Standards		Location of disclosure in this report	Additional references
GRI 1: Foundation			
<u>GRI 2: General Disclosures</u>			
2-1	Organizational details	PH SEC Form 17-A Annex B Content Index 2023	
2-2	Entities included in the organization's sustainability reporting	PH SEC Form 17-A Annex B Content Index 2023	
2-3	Reporting period, frequency, and contact point	PH SEC Form 17-A Annex B Content Index 2023	
2-6	Activities, value chain and other business relationships	Sustainability at Shakey's: Creating Impact Across our Business	
2-7	Employees	People: Employees Sustainability Data Summary	
2-8	Workers who are not employees	Sustainability Data Summary	
2-9	Governance structure and composition		Board of Directors Board Committees
2-10	Nomination and selection of the highest governance body		Corporate Governance and Sustainability Charter
2-11	Chair of the highest governance		Board of Directors
2-12	Role of the highest governance body in overseeing the management of impacts	Our Business and Sustainability Commitment: Governing and Operationalizing Sustainability	
2-13	Delegation of responsibility for managing impacts		
2-14	Role of the highest governance body in sustainability report		
2-15	Conflicts of interest		Governance Documents
2-16	Communication of critical concerns		Governance Documents
2-17	Collective knowledge of the highest governance body		SEC 17-A Annual Report 2023 - Directors
2-19	Remuneration practices		SEC 17-A Annual Report 2023 - Executive Compensation
2-20	Process to determine remuneration		
2-22	Statement on sustainable development strategy	Sustainability at Shakey's: Our Sustainability Commitment	
2-23	Policy commitments		Governance Documents
2-24	Embedding policy commitments		
2-25	Processes to remediate negative impacts	Sustainability At Shakey's: How We Engage	
2-26	Mechanisms for seeking advice and raising concerns	Sustainability At Shakey's: How We Engage	
2-27	Compliance with laws and regulations	Sustainability at Shakey's: How We Engage People: Workplace Culture and Environment Planet: Supply Chain Management – Supplier Credibility Pizza: Food Quality and Safety Sustainability Data Summary	
2-28	Membership associations (NEW)	Philippine Franchising Association (Shakey's and Potato Corner)	
2-29	Approach to stakeholder engagement	Sustainability at Shakey's: How We Engage	
2-30	Collective bargaining agreements	People: Workplace Culture and Environment	
<u>GRI 3: Material Topics</u>			

3-1	Process to determine material topics	Our Business and Sustainability Commitment: Materiality Process, Governance and Operationalizing Sustainability	
3-2	List of material topics	Our Business and Sustainability Commitment: Sustainability Framework, Governance and Operationalizing Sustainability	
3-3	Management of Material topics	People Planet Pizza	
GRI 200: Economic Disclosures			
<u>GRI 201: Economic Performance</u>			
201-1	Direct economic value generated and distributed	Sustainability Data Summary	
201-3	Defined benefit plan obligations and other retirement plans		SEC 17-A Annual Report 2022 - Retirement Plan Obligations
<u>GRI 203: Indirect Economic Impacts</u>			
203-2	Significant indirect economic impacts	People: Community Engagement	
<u>GRI 204: Procurement Practices</u>			
204-1	Proportion of spending on local suppliers	Planet: Local Sourcing Sustainability Data Summary	
<u>GRI 205: Anti-corruption</u>			
205-1	Operations assessed for risks related to corruption	Corporate Governance: Anti-Corruption There were zero (0) incidents of corruption during the reporting period.	
205-2	Communication and training about anti-corruption policies and procedures		
205-3	Confirmed incidents of corruption and actions taken		
<u>GRI 206: Anti-competitive Behavior</u>			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There were zero (0) incidents of legal action during the reporting period.	
GRI 300: Environmental Disclosures			
<u>GRI 301: Materials</u>			
301-1	Materials used by weight or volume	Planet: Landfill Waste Reduction, Net Zero Plastic Waste Sustainability Data Summary	
<u>GRI 302: Energy</u>			
302-1	Energy consumption within the organization	Planet: Energy Consumption Reduction, Greenhouse Gas Emissions Reduction Sustainability Data Summary	
302-3	Energy intensity		
<u>GRI 303: Water and Effluents</u>			
303-2	Management of water discharge-related impacts	Planet: Water Consumption Reduction Sustainability Data Summary	
303-3	Water withdrawal		
303-4	Water discharge		
303-5	Water consumption		
<u>GRI 305: Emissions</u>			
305-1	Direct (Scope 1) GHG emissions	Planet: Greenhouse Gas Emissions Reduction Sustainability Data Summary	
305-2	Energy indirect (Scope 2) GHG emissions		
305-4	GHG emissions intensity		
<u>GRI 306: Waste</u>			
306-1	Waste generation and significant waste-related impacts	Planet: Landfill Waste Reduction, Net Zero Plastic Waste Sustainability Data Summary	
306-2	Management of significant waste-related impacts		
306-3	Waste generated		
306-4	Waste diverted from disposal		
306-5	Waste directed to disposal		

GRI 400: Social Disclosures			
<u>GRI 401: Employment</u>			
401-1	New employee hires and employee turnover	People: Talent Acquisition and Management Sustainability Data Summary	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	People: Employee Engagement	
401-3	Parental leave	Sustainability Data Summary	
<u>GRI 403: Occupational Health and Safety</u>			
403-1	Occupational health and safety management system	People: Workplace Culture and Environment	
403-2	Hazard identification, risk assessment, and incident investigation		
403-5	Worker training on occupational health and safety		
403-6	Promotion of worker health		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Planet: Supply Chain Management	
<u>GRI 404: Training and Education</u>			
404-1	Average hours of training per year per employee	People: Talent Acquisition and Management Sustainability Data Summary	
404-2	Programs for upgrading employee skills and transition assistance programs	People: Talent Acquisition and Management	
404-3	Percentage of employees receiving regular performance and career development reviews	People: Talent Acquisition and Management	
<u>GRI 405: Diversity and Equal Opportunity</u>			
405-1	Diversity of governance bodies and employees	People: Diversity and Inclusion Sustainability Data Summary	
<u>GRI 406: Non-discrimination</u>			
406-1	Incidents of discrimination and corrective actions taken	There were zero (0) incidents of discrimination during the reporting period.	
<u>GRI 413: Local Communities</u>			
413-1	Operations with local community engagement, impact assessments, and development programs	People: Community Engagement Planet: Net Zero Plastic Waste, Local Sourcing	
<u>GRI 416: Customer Health and Safety</u>			
416-1	Assessment of the health and safety impacts of product and service categories	Pizza: Food Quality and Safety	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	There was one (1) incident of non-compliance during the reporting period, the resolution of which is ongoing as at the end of the period.	
<u>GRI 417: Marketing and Labeling</u>			
417-2	Incidents of non-compliance concerning product and service information and labeling	There were zero (0) incidents of non-compliance during the reporting period.	
417-3	Incidents of non-compliance concerning marketing communications	There were twenty-three (23) minor incidents of non-compliance with regards to marketing communications during the reporting period - all of which have been resolved.	
<u>GRI 418: Customer Privacy</u>			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There was one (1) incident of substantiated complaints on customer privacy and one (1) security incident on data privacy during the reporting period, both of which have been resolved.	

ANNEX C

CONSOLIDATED FINANCIAL

STATEMENTS



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

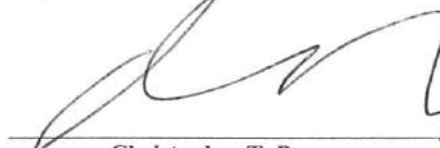
The management of Shakey's Pizza Asia Ventures, Inc. and Subsidiaries (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein as at December 31, 2023 and 2022, and each of the three years in the period ended December 31, 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 Company's ability to continue as a going concern, disclosing as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the 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
Manuel T. Del Barrio
Vice-President & Chief Finance Officer

Signed this 15 day of April, 2024.

SHAKEY'S PIZZA ASIA VENTURES INC.
Km. 15 East Service Road corner Marian Road 2, San Martin De Porres,
Parañaque City



Page 2 of Statement of Management's
Responsibility for Consolidated Financial Statements

REPUBLIC OF THE PHILIPPINES)

TAGUIG CITY

) s.s.

SUBSCRIBE AND SWORN to before me this **APR 15 2024** 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
Manuel T. Del Barrio	P5309094B	Jul. 10, 2020	DFA Manila

Notary Public

Doc. No. 409
Page No. 82
Book No. XXXVII
Series of 2024.

ATTY. IRISH S. PRECION
Notary Public for Taguig City
Appointment No. 23 (2023-2024)
Roll No. 69261/06-21-12 / RP No. 267478/12.29.23
PTR No. A-41-201-94-02.24/Taguig City
MCLE Compliance No. 19-400815 valid until 04-14-25
Ground Floor FTI Old Admin. Bldg. FTI Complex, Taguig City
precionirishs@gmail.com / 09988534549

SHAKEY'S PIZZA ASIA VENTURES INC.
Km. 15 East Service Road corner Marian Road 2, San Martin De Porres,
Parañaque City

COVER SHEET

for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

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N	C	.		A	N	D		S	U	B	S	I	D	I	A	R	I	E	S											

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

1	5	K	m		E	a	s	t		S	e	r	v	i	c	e		R	o	a	d		c	o	r	n	e	r	
M	a	r	i	a	n		R	o	a	D		2	,		B	a	r	a	n	g	a	y		S	a	n		M	a
r	t	i	n		d	e		P	o	R	r	e	s	,		P	a	r	a	ñ	a	q	u	e		C	i	t	y
	1	7	0	0																									

Form Type

A	C	F	S
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Department requiring the report

C	R	M	D
---	---	---	---

Secondary License Type, If Applicable

N	A		
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COMPANY INFORMATION

Company's Email Address

shakeyspizza.ph

Company's Telephone Number

(02)8839-0011

Mobile Number

NA

No. of Stockholders

41

Annual Meeting (Month / Day)

May 3

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Manuel Del Barrio

Email Address

mtdelbarrio@shakeys.biz

Telephone Number/s

(02)8839-0011

Mobile Number

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



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, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

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 Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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, the Group is required to annually test the amount of goodwill and trademarks with indefinite useful life for impairment. As of December 31, 2023, the Group's goodwill, which are attributable to the Potato Corner, Bakemasters and Peri-peri businesses, amounting to ₱1,324.85 million, and trademarks with indefinite useful life attributable to Shakeys, Potato Corner and Peri-Peri, amounting to ₱8,769.09 million, 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 long-term revenue growth rate, operating expenses, gross margin, capital expenditures and discount rate.

The Group's disclosures about goodwill and trademarks with indefinite useful life are included in Notes 6 and 14 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 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, 2023, 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, 2023, 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, 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.
- 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, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-105-2022, November 7, 2022, valid until November 6, 2025

PTR No. 10082028, January 6, 2024, Makati City

April 15, 2024



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

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash (Notes 6, 8 and 31)	₱901,147,527	₱989,578,790
Trade and other receivables (Notes 6, 9, 19 and 31)	1,224,789,572	1,133,066,392
Inventories (Notes 6 and 10)	1,712,217,989	1,001,114,060
Prepaid expenses and other current assets (Notes 6 and 11)	635,187,293	730,884,353
Total Current Assets	4,473,342,381	3,854,643,595
Noncurrent Assets		
Property and equipment (Notes 6 and 13)	1,833,780,583	1,764,723,405
Intangible assets (Notes 6 and 14)	10,366,799,313	10,339,886,416
Right-of-use assets (Note 15)	1,540,630,889	1,443,780,579
Deferred input value-added tax	3,886,410	9,653,323
Deferred tax assets - net (Note 30)	100,394,721	25,566,418
Rental deposits (Notes 6, 16, 31 and 32)	309,113,712	270,164,541
Total Noncurrent Assets	14,154,605,628	13,853,774,682
TOTAL ASSETS	₱18,627,948,009	₱17,708,418,277
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans payable (Notes 17)	₱700,000,000	₱500,000,000
Current portion of:		
Long-term loans payable (Notes 20 and 31)	47,876,004	47,932,514
Lease liabilities (Note 15)	275,584,146	58,902,122
Contract liabilities (Note 22)	30,059,596	13,445,337
Income tax payable	142,150,319	52,155,804
Accounts payable and other current liabilities (Notes 6, 18, 19 and 31)	1,753,136,296	2,132,213,295
Total Current Liabilities	2,948,806,361	2,804,649,072
Noncurrent Liabilities		
Long-term loans payable (Notes 20 and 31)	5,194,694,987	5,242,625,440
Noncurrent current portion of:		
Lease liabilities (Note 15)	1,555,254,353	1,641,116,052
Contract liabilities (Note 22)	117,882,366	61,226,844
Accrued pension costs (Note 27)	117,600,878	86,599,794
Deferred tax liabilities - net (Notes 6 and 30)	627,872,928	679,788,566
Dealers' deposits and other noncurrent liabilities (Note 32)	106,626,720	146,635,403
Total Noncurrent Liabilities	7,719,932,232	7,857,992,099
Total Liabilities	10,668,738,593	10,662,641,171
Equity		
Capital stock (Note 21)	1,683,760,178	1,683,760,178
Additional paid-in capital (Note 21)	2,451,116,470	2,451,116,470
Retained earnings (Note 21)	3,788,433,048	2,877,362,495
Other components of equity	35,899,720	33,537,963
Total Equity	7,959,209,416	7,045,777,106
TOTAL LIABILITIES AND EQUITY	₱18,627,948,009	₱17,708,418,277

See accompanying Notes to Consolidated Financial Statements.



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

	Years Ended December 31		
	2023	2022	2021
REVENUE FROM CONTRACTS WITH CUSTOMERS (Notes 22)	₱14,126,091,765	₱10,142,024,578	₱5,480,427,588
COST OF SALES (Notes 23)	(10,975,220,690)	(7,546,508,401)	(4,206,711,163)
GROSS INCOME	3,150,871,075	2,595,516,177	1,273,716,425
GENERAL AND ADMINISTRATIVE EXPENSES (Note 24)	(1,570,509,929)	(1,222,810,270)	(837,345,396)
INTEREST EXPENSE (Note 28)	(361,489,106)	(323,971,110)	(292,179,579)
INTEREST INCOME (Note 7)	464,950	504,742	1,276,273
OTHER INCOME - Net (Note 29)	25,073,732	49,175,399	85,211,847
INCOME BEFORE INCOME TAX	1,244,410,722	1,098,414,938	230,679,570
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 30)			
Current	291,971,466	140,130,584	24,222,135
Deferred	(127,007,314)	83,882,273	83,477,277
	164,964,152	224,012,857	107,699,412
NET INCOME	1,079,446,570	874,402,081	122,980,158
OTHER COMPREHENSIVE INCOME			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial gain on defined benefit obligation (Note 26)	3,233,804	54,741,546	75,856,746
Tax effect (Note 27)	(872,047)	(13,641,238)	(18,738,959)
	2,361,757	41,100,308	57,117,787
TOTAL COMPREHENSIVE INCOME	₱1,081,808,327	₱915,502,389	₱180,097,945
Basic/Diluted Earnings Per Share (Note 35)	₱0.64	₱0.52	₱0.08

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, 2023 AND 2022

	Capital Stock (Note 21)	Additional Paid-in Capital (Note 21)	Retained Earnings (Note 21)	Other Components of Equity (Note 27)	Total
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 21)	–	–	(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
Balances at January 1, 2022	₱1,683,760,178	₱2,451,116,470	₱2,053,473,219	(₱7,562,345)	₱6,180,787,522
Total comprehensive income	–	–	874,402,081	41,100,308	915,502,389
Cash dividends (Note 21)	–	–	(50,512,805)	–	(50,512,805)
Balances at December 31, 2022	₱1,683,760,178	₱2,451,116,470	₱2,877,362,495	₱33,537,963	₱7,045,777,106
Balances at January 1, 2021	₱1,531,321,053	₱1,353,554,797	₱1,964,168,269	(₱64,680,132)	₱4,784,363,987
Issuance of new shares (Note 21)	152,439,125	1,097,561,673	–	–	1,250,000,798
Total comprehensive loss	–	–	122,980,158	57,117,787	180,097,945
Cash dividends (Note 21)	–	–	(33,675,208)	–	(33,675,208)
Balances at December 31, 2021	₱1,683,760,178	₱2,451,116,470	₱2,053,473,219	(₱7,562,345)	₱6,180,787,522

See accompanying Notes to Consolidated Financial Statements.



SHAKEY'S PIZZA ASIA VENTURES INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱1,244,410,722	₱1,098,414,938	₱230,679,570
Adjustments for:			
Depreciation and amortization (Note 7 and 26)	757,777,196	636,955,383	499,875,646
Interest expense (Note 7 and 28)	361,489,106	323,971,110	292,179,579
Movement in pension costs	34,234,887	45,080,393	40,879,361
Loss (gain) on:			
Disposal of property and equipment (Note 29)	(1,228,757)	(67,336)	121,143
Pre-terminations of leases (Note 29)	1,226,148	(18,323,273)	(10,529,566)
Interest income from accretion (Notes 19 and 37)	(1,692,305)	(2,000,871)	(3,023,323)
Interest income from cash in bank (Notes 7)	(464,950)	(504,742)	(1,276,273)
Net unrealized foreign exchange loss (gain)	261,300	(2,212,953)	(247,925)
Provision for (reversal of) legal and other contingencies – net (Notes 29 and 34)	–	11,394,323	(1,353,452)
Fair value gain on financial assets at fair value through profit or loss (FVPL) (Note 29)	–	(404,374)	(1,949,288)
Gain on reversal of liabilities (Note 29)	–	–	(24,682,991)
Income before working capital changes	2,396,013,347	2,092,302,598	1,020,672,481
Decrease (increase) in:			
Trade and other receivables	(91,723,180)	(409,083,025)	(173,290,549)
Inventories	(711,103,929)	(748,667,110)	12,065,346
Prepaid expenses and other current assets	95,697,060	(559,930,385)	(11,085,299)
Deferred input value-added tax	5,766,913	18,581,229	20,189,422
Increase (decrease) in			
Contract liabilities (Note 36)	67,084,402	(10,737,004)	(11,172,587)
Accounts payable and other current liabilities	(379,076,999)	1,128,018,038	191,067,983
Cash generated from operations	1,382,657,614	1,690,913,617	1,048,446,797
Income taxes paid (including creditable withholding taxes)	(201,976,951)	(72,929,249)	(63,556,930)
Interest received	464,950	504,742	1,276,273
Net cash provided by operating activities	1,181,145,613	1,618,489,110	986,166,140
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of:			
Property and equipment (Note 13)	(448,155,633)	(710,050,093)	(280,137,822)
Software (Note 14)	(52,909,939)	(56,556,757)	–
Trademark (Note 14)	–	(405,000,000)	(1,243,186)
Franchise right (Note 14)	–	(2,884,236)	–
Subsidiaries (Note 6)	–	(2,063,923,182)	–
Financial assets at FVPL (Note 12)	–	–	(300,000,000)
Proceeds from:			
Disposal of property and equipment	27,577,982	181,013	123,547
Redemption of financial assets at FVPL (Note 32)	–	300,404,374	121,949,288
Collection (payment) of rental deposits (Note 36)	(37,256,866)	321,123,851	(409,172,651)
Increase (decrease) in dealers' deposits and other noncurrent liabilities	(40,008,683)	62,655,500	42,739,353
Cash acquired from business combination (Note 6)	–	20,503,549	–
Net cash used in investing activities	(550,753,139)	(2,533,545,981)	(825,741,471)

(Forward)



	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES (Note 35)			
Proceeds from availment of:			
Short-term loans (Note 17)	₱700,000,000	₱500,000,000	₱—
Long-term loans (Note 20)	—	1,600,000,000	—
Issuance of capital stock (Note 21)	—	—	1,250,000,798
Payments of:			
Short-term loans (Note 17)	(500,000,000)	—	(1,050,000,000)
Lease liabilities (Note 15)	(461,980,269)	(360,864,550)	(204,302,941)
Interest	(238,206,151)	(221,614,458)	(194,954,854)
Dividends (Note 21)	(168,376,017)	(50,512,805)	(33,675,208)
Long-term loans (Note 20)	(50,000,000)	(50,000,000)	(50,000,000)
Net cash provided by (used in) financing activities	(718,562,437)	1,417,008,187	(282,932,205)
NET INCREASE (DECREASE) IN CASH	(88,169,963)	501,951,316	(122,507,536)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(261,300)	2,212,953	247,925
CASH AT BEGINNING OF YEAR (Note 8)	989,578,790	485,414,521	607,674,132
CASH AT END OF YEAR (Note 8)	₱901,147,527	₱989,578,790	₱485,414,521

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 15, 2024.

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 profit or loss (FVPL) 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).

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) ^g	Restaurant business	Singapore	100%
Queensview International Limited (QIL) ^g	Trademark	British Virgin Islands	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%



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 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the consolidated financial statements. The amendments have been considered under "Material Accounting and Financial Reporting Policies" in Note 4.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

- Amendments to PAS 12 *International Tax Reform – Pillar Two Model Rules*

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.



Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023.

The Group adopted and applied the exceptions introduced by PAS 12. The current income tax expense related to Pillar Two income taxes amounted to nil in 2023.

As at April 10, 2024, the Group is in the process of gathering information and assessing the potential exposure arising from the Pillar Two legislation.

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, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

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

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*.

Occasionally, an acquirer will make a bargain purchase, which is a business combination in which the net amount (?) resulting from the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured exceeds the aggregate of the consideration transferred.

Before recognizing a gain on a bargain purchase, the acquirer shall reassess whether it has correctly identified all of the assets acquired and all of the liabilities assumed and shall recognize any additional assets or liabilities that are identified in that review. The acquirer shall then review the procedures used to measure the amounts to be recognized at the acquisition date for all of the following:

- a. the identifiable assets acquired and liabilities assumed;
- b. the noncontrolling interest in the acquiree, if any;
- c. for a business combination achieved in stages, the acquirer's previously held equity interest in the acquiree; and
- d. the consideration transferred.

If that excess remains after applying the requirements above, the acquirer shall recognize the resulting gain in profit or loss on the acquisition date. The gain shall be attributed to the acquirer.

Where goodwill forms part of a CGU (or group of CGUs) and part of the operation within that unit 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

The Group's financial assets are classified as financial assets at amortized cost. The Group's cash, trade and other receivables and rental and other deposits included in "Rental deposits" in the consolidated statement of financial position (see Notes 8, 9 and 16) are included in this category. For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering contractual cash flows.

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 15, 17, 19 and 20), 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 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 goodwill and 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. Intangible asset 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.

Goodwill and trademarks with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

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 are 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 majority of 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 materials and equipment. 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.

Interest Income. Revenue is recognized at a point in time which is as the 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.

As a practical expedient, a lessee may elect not to assess whether a rent concession occurring as a direct consequence of COVID-19 pandemic is a lease modification and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and,
- There is no substantive change to other terms and conditions of the lease.



Rent concession received from lessors are accounted for as negative variable lease payments in profit or loss.

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 2023 and 2022 or 2% and 1% minimum corporate income tax (MCIT) rate in 2023 and 2022, 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 representing a strategic business unit that offers different products. Financial information on business segments is presented in Note 7 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 a 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 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 of 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.

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).

As at December 31, 2023 and 2022, the Group's right-of-use assets amounted to ₱1,540.6 million and ₱1,443.8 million, respectively, and the Group's lease liabilities as at those dates amounted to ₱1,830.8 million and ₱1,700.0 million, respectively. In 2023, 2022 and 2021, the Group recognized amortization of right-of use assets amounting to ₱339.9 million, ₱155.8 million and ₱155.8 million, respectively. Interest expense on lease liabilities recognized amounted to ₱111,567 million, ₱80.9 million, ₱89.1 million, respectively (see Notes 15 and 28).

Acquisition of Potato Corner (PC) Business. On March 5, 2022, the Group entered into various purchase agreements (the "Agreements") with Cinco Group for the assets and intellectual property related to the PC business both domestically and internationally. The agreements also include purchase of 100% shares in PCIL and QIL (collectively "the PC offshore entities"). The agreements were considered as comprising linked transactions and accounted as one business combination at the Group's consolidated financial statements.



Estimates and Assumptions

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.

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, 2023 and 2022, the Group's lease liabilities amounted to ₱1,830.8 million and ₱1,700.0 million, respectively (see Note 15).

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 32.

Impairment of Trade and Other Receivables and Rental and Other Deposits. The Group uses a provision matrix to calculate ECLs for its trade and other receivables and rental and other deposits. 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 and other receivables amounted to ₱1,224.8 million and ₱1,133.1 million as at December 31, 2023 and 2022, respectively (see Note 9). Allowance for ECL amounted to ₱9.8 million as of December 31, 2023 and ₱9.3 million as of December 31, 2022. Provision for ECL was recognized amounting to ₱5.6 million in 2023, ₱3.1 million in 2022, and nil in 2021. Reversal of allowance for ECL amounted to ₱5.0 million in 2023 and none in 2022 and 2021 (see Notes 8).

The carrying value of rental and other deposits amounted to ₱309.1 million and ₱270.2 million as at December 31, 2023 and 2022, respectively (see Note 16). Allowance for unrecoverable rental and other deposits amounted to ₱3.3 million as at December 31, 2023 and 2022. No provision for unrecoverable deposits was recognized in 2023, 2022 and 2021 (see Note 16).

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.

There was no provision for (reversal of) inventory obsolescence in 2023, 2022 and 2021. The carrying values of inventories amounted to ₱1,712.2 million as of December 31, 2023 and ₱1,001.1 million as of December 31, 2022, net of allowance for inventory obsolescence of ₱4.84 million and ₱4.33 million as at December 31, 2023 and 2022 (see Note 10).

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, 2023 and 2022. No impairment loss was recognized in 2023 and 2022. The carrying values of the Group's nonfinancial assets follow:

	2023	2022
Property and equipment (see Note 13)	₱1,833,780,583	₱1,764,723,405
Software (see Note 14)	267,554,247	249,428,715
Franchise (see Note 14)	5,303,692	6,253,328
Right-of-use assets (see Note 15)	1,540,630,889	1,443,780,579
	₱3,647,269,411	₱3,464,186,027

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 useful life. 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 long-term revenue growth rate, operating expenses, gross margin and discount 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 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 were 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 5.8% perpetuity growth rate was assumed at the end of the five-year forecast period for Shakey's Pizza Asia Ventures, Bakemasters, Inc., and Wow Brand Holdings, Inc. while a 2% perpetuity growth rate was used for Potato Corner.

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 11.0% to 15.4% in 2023 and 10.9% to 14.3% 2022.

The carrying amount of goodwill and trademarks with indefinite useful life as at December 31, 2023 and 2022 are as follows:

	2023	2022
Goodwill (see Note 14)	₱1,324,852,131	₱1,324,852,131
Trademarks (see Note 14)	8,769,089,243	8,759,352,242
	₱10,093,941,374	₱10,084,204,373

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, 2023, 2022 and 2021.

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 amounted to ₱117.6 million and ₱86.6 million as at December 31, 2023 and 2022, respectively, (see Note 27).

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 27.

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 effect of COVID-19 pandemic on the macroeconomic factors are also used in developing the assumptions. 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 amounted to ₱645.68 million and ₱153.5 million as at December 31, 2023 and 2022, respectively (see Note 30).

Evaluation of Claims Under Legal and Other Contingencies. The Group is involved in certain legal actions and claims. The Group's estimate of the probable costs for the resolution of possible legal actions and claims has been developed in consultation with outside legal counsel handling the Group's defense in these matters and is based upon thorough analysis of potential results. Management believes that the ultimate liability or loss recorded in the consolidated financial statements with respect to such obligations, claims and disputes is adequate (see Notes 29 and 34).

Estimating fair values for the purchase price allocation related to Acquisition of PC business. The Group acquired PC business on March 5, 2022. The fair value of the net assets of the investee company was determined using a combination of discounted cash flows, which assumed expected future earnings stream attributable to the identified income-generating asset discounted using weighted average cost of capital and fair value less cost to sell valuation method. The Group estimated the cash flows based on average life of the identified assets.

6. Business Combination

Acquisition of Potato Corner (PC) Business

On March 5, 2022, the Group entered into various purchase agreements (the "Agreements") with Cinco Group for the assets and intellectual property related to the PC business. The acquisition also involved owning and operating all company-owned stores, as well as serving as brand-owner and franchisor of stores being operated by franchisees both domestically and internationally. The agreements also include purchase of 100% shares in the PC offshore entities. The agreements were considered as a comprising linked transactions and accounted as one business combination at the Group's consolidated financial statements.

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



In December 2022, the Group and the seller made amendments in the agreements dated March 5, 2022. As a result of the amendments, the value in exchange for the fair value of the net assets acquired related to the transaction amounted to ₱2,603.9 million. The purchase price consideration has been allocated based on relative fair values at date of acquisition. The fair value of the identifiable net assets acquired amounted to ₱2,540.0 million at date of acquisition. The current assets acquired composed of cash, receivables, prepayments, and inventories with fair values amounting to ₱20.5 million, ₱14.5 million, ₱0.9 million and ₱39.0 million, respectively at date of acquisition. The noncurrent assets acquired composed of property and equipment, security deposits, and trademarks with fair values amounting to ₱78.0 million, ₱42.0 million and ₱3,208.8 million, respectively at date of acquisition. The liabilities assumed composed of accounts payable and other current liabilities amounting to ₱61.5 million at date of acquisition. The carrying values of the assets and liabilities assumed is the same with its fair value at date of acquisition except for the trademarks with carrying amount of ₱2,467.4 million at date of acquisition. The purchase price allocation resulted to goodwill, trademarks and deferred tax liability amounting to ₱60.7 million, ₱3,208.8 million and ₱802.2 million, respectively.

The fair value of property and equipment was measured using the replacement cost method while the fair value of the trademark was measured using the income approach. The revenue growth and discount rates used to measure the fair value of trademark are 2% and 11%, respectively.

As of December 31, 2022, the fair values of the assets acquired assumed have been finalized; no changes from the initial recognition were recognized by the Group.

The goodwill of ₱60.9 million reflects the expected growth in the Group's business and Group management attributes the goodwill to achieving synergies and economies of scale arising from its common processes in its existing operations and contracts with suppliers and other partners to improve cost and efficiency. The goodwill is not deductible for tax purposes.

Had acquisition taken place on January 1, 2022, the consolidated statement of comprehensive income of the Group would have included revenues from contracts with franchisees and customers of ₱10,349.9 million and net profit of ₱921.0 million for the year ended December 31, 2022.

The revenue from contracts with customer and net income included in the consolidated statement of comprehensive income for the year ended December 31, 2022, contributed by the acquisition of PC amounted to ₱1,919.4 million and ₱303.3 million, respectively.

7. 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 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		
	2023	2022	2021
Consolidated EBITDA	₱2,363,212,074	₱2,058,836,689	₱1,021,458,522
Depreciation and amortization (Note 26)	(757,777,196)	(636,955,383)	(499,875,646)
Benefit from (provision for) income tax (Note 30)	(164,964,152)	(224,012,857)	(107,699,412)
Interest expense (Note 28)	(361,489,106)	(323,971,110)	(292,179,579)
Interest income (Note 8)	464,950	504,742	1,276,273
Consolidated net income	₱1,079,446,570	₱874,402,081	₱122,980,158



Business Segment Data

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		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Revenue from contracts with customers	₱18,560,242,445	₱12,009,059,163	₱5,388,587,125	₱773,256,366	₱723,803,089	₱305,720,125	₱646,991,634	₱517,245,262	₱405,281,225	(₱5,854,398,680)	(₱3,108,082,936)	(₱619,160,887)	₱14,126,091,765	₱10,142,024,578	₱5,480,427,588
Net income (loss)	₱1,942,165,700	₱752,854,428	(₱143,550,674)	₱570,351,859	₱579,770,208	₱218,664,056	₱74,658,791	₱54,355,160	₱50,397,202	(₱1,507,729,781)	(₱512,577,715)	(₱2,530,426)	₱1,079,446,569	₱874,402,081	₱122,980,158
Interest expense	352,747,060	312,287,074	281,935,664	540,161	3,642,826	3,132,434	8,201,885	8,041,210	7,111,481	—	—	—	361,489,106	323,971,110	292,179,579
Interest income	(339,693)	(271,268)	(1,231,358)	(66,378)	(5,781)	(6,668)	(58,879)	(227,693)	(38,247)	—	—	—	(464,950)	(504,742)	(1,276,273)
Income tax	(28,073,756)	64,817,471	24,570,587	176,293,599	145,017,283	74,533,570	16,744,309	14,178,103	10,186,506	—	—	(1,591,251)	164,964,152	224,012,857	107,699,412
Depreciation and amortization	725,335,718	603,231,555	462,050,114	—	—	—	32,441,478	32,569,233	36,670,937	—	1,154,595	1,154,595	757,777,196	636,955,383	499,875,646
EBITDA	2,991,835,029	₱1,732,919,260	₱623,774,333	747,119,241	₱728,424,536	₱296,323,392	131,987,584	₱108,916,013	₱104,327,879	(1,507,729,781)	(₱511,423,120)	(₱2,967,082)	2,363,212,074	₱2,058,836,689	₱1,021,458,522
EBITDA Margin													16.7%	20.3%	18.6%
Assets and Liabilities															
Operating assets	₱23,106,258,729	₱20,178,457,308	₱12,859,819,534	₱3,380,311,963	₱3,566,668,451	₱1,386,435,005	₱668,343,836	₱703,041,886	₱626,455,376	(₱8,627,361,237)	(₱6,765,315,786)	(₱2,485,953,280)	18,527,553,291	₱17,682,851,859	₱12,386,756,635
Deferred tax assets - net	274,439,463	25,566,418	248,857,614	—	—	—	3,647,797	—	454,384	(3,364,991)	—	(1,355,706)	274,722,269	25,566,418	247,956,293
Total assets	23,380,698,192	₱20,204,023,726	₱13,108,677,148	₱3,380,311,963	₱3,566,668,451	₱1,386,435,005	₱671,991,633	₱703,041,886	₱626,909,760	(₱8,630,726,228)	(₱6,765,315,786)	(₱2,487,308,986)	₱18,802,275,560	₱17,708,418,277	₱12,634,712,928
Operating liabilities	9,431,706,869	₱9,266,733,516	₱3,145,415,483	₱2,106,628,434	₱463,038,268	₱199,492,313	₱266,902,774	₱231,468,528	₱207,294,615	(₱6,904,742,927)	(₱5,768,945,661)	(₱838,834,959)	₱4,900,495,150	₱4,192,294,651	₱2,713,367,452
Interest-bearing loans and borrowings	5,942,570,991	5,790,557,954	3,740,557,954	—	—	—	—	—	—	—	—	—	5,942,570,991	5,790,557,954	3,740,557,954
Deferred tax liabilities-net	—	—	—	—	—	—	—	—	—	802,800,476	679,788,566	—	802,800,476	679,788,566	—
Total liabilities	15,374,277,859	₱15,057,291,470	₱6,885,973,437	2,106,628,434	₱463,038,268	₱199,492,313	266,902,774	₱231,468,528	₱207,294,615	(6,102,542,451)	(₱5,089,157,095)	(₱838,834,959)	₱11,645,266,617	₱10,662,641,171	₱6,453,925,406



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 concentrations of revenues from a single customer or franchisee in 2023 and 2022.

As of December 31, 2023 and 2022, 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 2023, 2022 and 2021, of the consolidated assets and revenues, respectively, of the Group:

	Years Ended December 31		Years Ended December 31		
	Total Assets		Revenue		
	2023	2022	2023	2022	2021
Shakey's International Limited (SIL)	0.01%	0.01%	0.00%	0.03%	0.07%
Shakey's Pizza Regional Foods Limited (SPRFL)	0.00%	0.00%	0.31%	0.08%	0.07%
PC International Limited (PCIL)	0.70%	0.64%	0.00%	1.29%	—
Queensview International Limited (QIL)	9.17%	10%	0.00%	0.00%	—
Shanghai Miaomiao Shu Catering Co. LTD (SMSCCL)	0.32%	—	0.00%	—	—

8. Cash

	2023	2022
Cash on hand	₱79,685,940	₱103,207,719
Cash in banks	821,461,587	886,371,071
	₱901,147,527	₱989,578,790

Cash in banks earn interest at the respective bank deposit rates. Interest income on cash amounted to ₱0.5 million, ₱0.5 million and ₱1.3 million for the years ended December 31, 2023, 2022 and 2021 respectively.

9. Trade and Other Receivables

	2023	2022
Trade:		
Third parties	₱402,961,088	₱334,644,122
Franchisees	416,906,032	379,564,504
Royalty receivable	176,925,408	170,138,255
Related parties (see Note 18)	18,458,583	24,913,919
Nontrade receivable from:		
Franchisees	61,680,414	63,775,172
National Advertising Fund (NAF)	51,829,287	50,225,215
Employees	23,383,344	31,425,291
Others		
Stores	12,844,086	15,776,201
Dividend receivable	69,640,768	71,869,359
	1,234,629,010	1,142,332,038
Less allowance for ECL	(9,839,438)	(9,265,646)
	₱1,224,789,572	₱1,133,066,392



Below are the terms and conditions of the financial assets:

- Trade receivables are non-interest bearing and are normally collectible within 10 days.
- 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 loan, are interest-free and are being collected through salary deduction for a period ranging from 6 months to 1 year.
- Other receivables consist mainly of receivables from cooperatives and freight charges which are non-interest bearing and generally have 30 to 45 days' term.
- For terms and conditions of related party receivables, refer to Note 18.

The movements of allowance for ECL are as follows:

	2023			2022		
	Trade and Others	Receivables from Employees	Total	Trade and Others	Receivables from Employees	Total
Balance at beginning of year	₱8,020,079	₱1,245,567	₱9,265,646	₱4,873,440	₱1,245,567	₱6,119,007
Provision (see Note 24)	3,575,124	2,041,548	5,616,672	3,146,639	—	3,146,639
Reversals	(3,770,043)	(1,272,837)	(5,042,880)	—	—	—
Balance at year-end	₱7,825,160	₱2,014,278	₱9,839,438	₱8,020,079	₱1,245,567	₱9,265,646

For the years ended December 31, 2023, 2022 and 2021, the Group used the simplified provision matrix approach in estimating the ECL on trade and other receivables.

10. Inventories

	2023	2022
At cost:		
Finished goods	₱11,450,454	₱10,117,799
Raw materials - food	63,168,734	43,882,543
Raw materials - packaging	5,806,245	7,973,034
At NRV-		
Merchandise	1,631,792,556	939,140,684
	₱1,712,217,989	₱1,001,114,060

The cost of the merchandise inventories carried at NRV amounted to ₱1,636.6 million and ₱943.4 million as at December 31, 2023 and 2022, respectively.

The cost of merchandise and materials charged to cost of sales in the consolidated statements of comprehensive income amounted to ₱6,950.1 million in 2023 and ₱4,469.3 million in 2022 (see Note 23).

Allowance for inventory obsolescence amounted to ₱4.8 million as at December 31, 2023 and ₱4.3 million as at December 31, 2022.

Provision for (reversal of) inventory obsolescence amounted ₱0.5 million in 2023 and nil in 2022.



11. Prepaid Expenses and Other Current Assets

	2023	2022
Advances to suppliers	₱473,193,172	₱623,699,846
Prepaid expenses	71,111,034	58,823,884
Prepaid taxes	90,883,087	48,360,623
	₱635,187,293	₱730,884,353

Advances to suppliers represent payments for items purchased or goods yet to be delivered or services to be rendered.

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

12. Financial Assets at FVPL

The Group's investments in financial assets at FVPL consisted of UITF, which have no holding period and were callable any time by the Issuer. The remaining balance amounting to ₱300.0 million was fully redeemed in 2022. Fair value gain on financial assets at FVPL included in "Other income" in the 2022 consolidated financial statements amounted to ₱0.4 million (see Note 29).



13. 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, 2021	P264,941,019	P1,298,311,501	P1,223,238,197	P220,810,643	P26,434,990	P26,038,151	P21,515,578	P130,482,753	P3,211,771,832
Additions	201,486	349,848,646	207,740,821	15,607,393	13,293,444	12,640,449	15,815,870	94,901,984	710,050,093
Disposals	(165,153)	(866,707)	(2,094,402)	—	(1,832,767)	—	—	—	(4,959,029)
Balance at December 31, 2022	264,977,352	1,647,293,440	1,428,884,616	236,418,036	37,895,667	38,678,600	37,330,448	225,384,737	3,916,862,896
Additions	—	225,937,419	162,101,104	30,638,451	8,221,037	12,290,228	8,967,393	—	448,155,633
Disposals	(15,680,772)	(34,900,814)	(5,458,238)	(6,564,234)	(1,691,269)	(436,539)	(1,359,871)	—	(66,091,737)
Reclassification	—	87,529,089	89,824,836	—	—	5,619,558	—	(182,973,483)	—
Balance at December 31, 2023	249,296,580	1,925,859,134	1,675,352,318	260,492,253	44,425,435	56,151,847	44,937,970	42,411,254	4,298,926,791
Accumulated Depreciation									
Balance at December 31, 2021	66,322,525	794,302,835	794,710,109	125,676,218	16,387,203	21,420,443	19,389,187	—	1,838,208,520
Depreciation (see Notes 23, 24 and 26)	17,039,423	116,176,728	144,751,454	18,519,486	4,575,404	9,802,475	5,528,346	—	316,393,316
Disposals	—	(83,333)	(789,726)	—	(1,589,286)	—	—	—	(2,462,245)
Balance at December 31, 2022	83,361,948	910,396,230	938,671,837	144,195,704	19,373,321	31,222,918	24,917,533	—	2,152,139,491
Depreciation (see Notes 23, 24 and 26)	15,031,953	135,975,178	150,331,872	17,574,144	4,212,795	13,050,768	16,572,520	—	352,749,230
Disposals	(7,840,386)	(19,116,067)	(5,094,158)	(6,334,947)	—	(157,091)	(1,199,864)	—	(39,742,513)
Balance at December 31, 2023	90,553,515	1,027,255,341	1,083,909,551	155,434,901	23,586,116	44,116,595	40,290,189	—	2,465,146,208
Net Book Value									
Balance at December 31, 2022	P181,615,402	P736,897,210	P490,212,779	P92,222,322	P18,522,346	P7,455,682	P12,412,915	P42,411,254	P1,764,723,405
Balance at December 31, 2023	158,743,065	811,074,704	553,258,196	105,057,352	20,839,319	12,035,253	4,647,781	4,647,781	1,833,780,583

There are no idle assets as at December 31, 2023 and 2022. The Group has no property and equipment that are used as collateral for existing loans payable.

Net book value of property and equipment transferred to franchisees as part of the franchising agreement amounted to P20.9 million in 2023 and P4.6 million in 2022.



14. Intangible Assets

The Group's intangible assets consist of:

	2023	2022
Goodwill (see Note 6)	₱1,324,852,131	₱1,324,852,131
Trademarks (see Note 6)	8,769,089,243	8,759,352,242
Software	267,554,247	249,428,715
Franchise	5,303,692	6,253,328
	₱10,366,799,313	₱10,339,886,416

In 2016, goodwill amounting to ₱1,078.6 million was recognized in connection with the acquisition of BMI while trademarks amounting to ₱4,987.1 million related to the pizza business was recognized and treated as acquisition of assets based on relevant accounting standards since such transaction did not qualify as an acquisition of a business.

In 2019, the Group acquired the Peri-Peri business from I-Foods, Inc. including the properties, assets and rights which are related to or are used in the said business. Such transaction was accounted for as an acquisition of a business and additional goodwill and trademarks amounting to ₱185.5 million and ₱562.2 million, respectively, were recorded as at the date of acquisition.

On August 24, 2020, the Group entered into a master franchise agreement for a consideration of ₱5.0 million (\$0.1 million) with Supertea (Int) Pte. Ltd. (Supertea), whereby Supertea granted the Group the following:

- 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 exclusive right and license, subject to the fulfillment of certain conditions, to grant franchisees for R&B Tea Outlet to third parties (Sub-Franchisees) by entering into sub-franchise agreements in the form approved and/or provided by Supertea in writing; and
- the non-exclusive right and license to use the Intellectual Property strictly in connection with the aforesaid.

The license does not include the right to sell, provide or distribute any products or services through channels other than the R&B Outlets, or selected outlets as set out in the master franchise agreement.

The master franchise agreement is effective from August 20, 2020 and continue for the initial term of seven (7) years, unless otherwise terminated or renewed.

On November 17, 2021, the Group executed a deed of assignment with DBE Project, Inc. acquiring the Project Pie Design Build Eat trademark for a consideration of ₱1.2 million.

On April 2, 2019, SPAVI and I-Foods, Inc. (IFI) entered into a purchase agreement (the "Agreement") for the rights, title and interest to the Peri-Peri (P2) Business, including the properties, assets, and rights which are related to or are used in the P2 Business.

P2 Business is a casual and full-service restaurant brand in the Philippines. The restaurant offers variety of food and sauces such as peri-peri chicken, pizza and pasta.

On June 1, 2019 (the acquisition date), SPAVI and WBHI, a newly incorporated subsidiary, executed a deed of assignment, wherein SPAVI, assigned, transferred and conveyed all its rights under the Agreement, except with respect to SPAVI's rights under the Agreement pertaining to Trademarks,



Know-How and Confidential Information, and Intellectual Properties (collectively, the “Intangible Assets”) of the P2 Business, to WBHI. Subsequently, WBHI and IFI executed a deed of absolute sale of assets wherein I-Foods sold, transferred and conveyed to WBHI the title, rights, material and physical possession of, and interest in, the assets related to the P2 Business for ₱212.3 million. On the same date, as part of the acquisition of the P2 business, SPAVI acquired 100% ownership of AWIL, which is the owner of the intangible assets relevant to the P2 Business for ₱562.2 million.

Total consideration for the acquisition of the P2 business amounted to ₱774.5 million, such transaction was accounted for as an acquisition of a business and additional goodwill and trademarks amounting to ₱185.5 million and ₱562.2 million, respectively, were recorded as at the date of acquisition. The fair value of the identifiable assets acquired, excluding trademark, amounted to ₱26.8 million.

On March 5, 2022, the Group acquired the PC business. The business acquisition resulted to additional goodwill, trademarks and deferred tax liability amounting to ₱60.7 million, ₱3,208.8 million and ₱802.2 million, respectively (see Note 5).

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

	Software	Franchise
Cost		
Balance at December 31, 2021	₱263,318,449	₱4,964,977
Additions	56,556,757	2,884,236
Balance at December 31, 2022	319,875,206	7,849,213
Additions	52,909,939	—
Balance at December 31, 2023	372,785,145	7,849,213
Accumulated Amortization		
Balance at December 31, 2021	47,705,903	886,603
Amortization (see Note 25)	22,740,588	709,282
Balance at December 31, 2022	70,446,491	1,595,885
Amortization (see Note 25)	34,784,407	949,636
Balance at December 31, 2023	105,230,898	2,545,521
Net Book Value		
Balance at December 31, 2023	₱267,554,247	₱5,303,692
Balance at December 31, 2022	249,428,715	6,253,328

The average remaining useful lives of software and franchise is 8 years and 5 years, respectively as of December 31, 2023.

15. 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 15 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 follows:

	2023	2022
Cost		
Balance at beginning of year	₱2,376,814,694	₱1,967,648,594
Additions	482,493,291	611,244,521
Pre-terminations	(91,799,743)	(202,078,421)
Balance at end of year	2,767,508,242	2,376,814,694
Accumulated Amortization		
Balance at beginning of year	933,034,115	736,132,455
Amortization (see Notes 23, 24 and 26)	379,801,415	287,944,102
Pre-terminations	(85,958,177)	(91,042,442)
Balance at end of year	1,226,877,353	933,034,115
Net Book Value	₱1,540,630,889	₱1,443,780,579

The rollforward analysis of lease liabilities follows:

	2023	2022
Balance at beginning of year	₱1,700,018,174	₱1,480,736,519
Additions	485,848,399	610,225,027
Interest expense (see Note 28)	111,567,612	102,828,224
Payments	(461,980,269)	(360,864,550)
Pre-terminations	(4,615,417)	(130,225,864)
Lease concessions	—	(2,681,182)
Balance at end of year	1,830,838,499	1,700,018,174
Current portion of lease liabilities	275,584,146	58,902,122
Lease liabilities – non-current portion	₱1,555,254,353	₱1,641,116,052

The Group has lease contracts for stores that contains 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, 2023			
	Fixed Payments	Variable Payments	Total
Fixed	₱241,826,865	₱—	₱241,826,865
Variable rent with minimum payment	229,468,978	134,498,233	363,967,211
Variable rent only	—	9,310,431	9,310,431
	₱471,295,843	₱143,808,664	₱615,104,507

As at December 31, 2022			
	Fixed Payments	Variable Payments	Total
Fixed	₱215,689,786	₱—	₱215,689,786
Variable rent with minimum payment	203,099,643	143,992,434	347,092,077
Variable rent only	—	2,733,421	2,733,421
	₱418,789,429	₱146,725,855	₱565,515,284



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

	2023	2022
1 year	₱366,104,436	₱352,714,066
more than 1 years to 2 years	361,181,506	305,708,932
more than 2 years to 3 years	308,655,778	269,378,506
more than 3 years to 4 years	280,346,722	246,411,328
more than 5 years	994,208,082	1,331,472,556

Rent expense on short-term leases and leases of low-value assets amounted to ₱379.56 million, ₱246.5 million and ₱88.0 million for the years ended December 31, 2023, 2022 and 2021, respectively (see Notes 23 and 24).

16. Rental Deposits

The carrying value of rental deposits, net of allowance for unrecoverable deposits (₱3.30 million in 2023 and 2022), amounted to ₱309.11 million and ₱270.16 million as at December 31, 2023 and 2022, respectively.

The Group's rental deposits are refundable at the end of the lease term which range from 3 years to 15 years. Accordingly, rental deposits are discounted based on comparable rates for similar financial instruments with rates ranging from 1.12% to 10.39% for the years ended December 31, 2023, 2022 and 2021. 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.

The Group uses a provision matrix to calculate ECLs for rental and other deposits. No provision was recognized in 2023, 2022 and 2021.

The accretion income from rental deposits amounted to ₱1.7 million, ₱2.0 million and ₱3.0 million in 2023, 2022 and 2021, respectively (see Note 29).

17. Short-term Loans Payable

	2023	2022
Balance at beginning of year	₱500,000,000	₱—
Additions	700,000,000	500,000,000
Payments	(500,000,000)	—
Balance at end of year	₱700,000,000	₱500,000,000

The Parent Company availed of several short-term loans amounting to ₱1,500 million with interest ranging from 3.50% to 5.50% per annum in 2020.

In 2022, the Parent Company availed of a short-term loan from the Bank of the Philippine Islands amounting to ₱500.0 million with a 2.30% effective interest rate per annum.

In 2023, The Parent Company utilized multiple short-term loans from Bank of the Philippines Islands, totaling to ₱700 million, with annual interest rates ranging from 5.58% to 6.25%.



Interest expense pertaining to short-term loans amounting to ₱25.5 million, ₱9.5 million and ₱30.9 million were recognized for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 28).

18. Accounts Payable and Other Current Liabilities

	2023	2022
Trade:		
Suppliers	₱881,714,386	₱1,442,515,377
Related parties (see Note 19)	151,700,266	127,047,981
Nontrade-		
Suppliers	191,766,451	87,883,647
Accrued expenses:		
Suppliers	129,998,023	169,771,074
Customers loyalty	36,030,849	15,635,843
Utilities	31,533,587	48,513,378
Salaries and wages	17,479,254	23,907,449
Others	1,838,479	1,536,472
Others	311,075,001	215,402,074
	₱1,753,136,296	₱2,132,213,295

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 reimbursable expenses to officers and employees, payable to contractors 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 pertain to accumulated points which are generally applied to customer purchases within the next financial year. Revenue is recognized upon actual usage or expiration whichever comes first.
- Other payables are normally settled in 15 to 45 days' term.
- For terms and conditions of related party payables, refer to Note 19.

Other payables consist of the following:

	2023	2022
Customers' deposits	₱51,781,697	₱79,152,364
Output VAT	140,029,064	18,251,158
Withholding tax payable	47,839,290	36,709,532
Retention payable	19,004,028	12,712,780
Advertising fund payable	13,428,658	—
Fun certificates payable	12,885,728	11,877,495
SSS, Philhealth and Pag-ibig payables	501,067	—
Provision (see Note 34)	—	47,073,871
Others	25,605,469	9,624,874
	₱311,075,001	₱215,402,074



19. 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) refers 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 meets 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, 2023 and 2022, 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		Terms	Conditions
				Receivable (see Note 9)	Payable (see Note 18)		
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	2023	₱7,766,842	₱3,082,080	₱—	30-day; non-interest bearing	Unsecured; not impaired
		2022	8,489,353	3,082,080	—		
		2021	7,685,937	2,389,537	—		
Purchases	Purchase of raw materials and goods at agreed prices usually on a cost-plus basis	2023	—	—	—	30-day; non-interest bearing	Unsecured
		2022	—	—	—		
		2021	—	—	—		
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	2023	8,587,176	5,400,644	—	30-day; non-interest bearing	Unsecured; not impaired
		2022	17,898,896	9,693,410	—		
		2021	17,510,534	14,349,478	—		
Purchases	Purchase of raw materials and goods at agreed prices usually on a cost-plus basis	2023	241,786,131	—	142,402,642	30-day; non-interest bearing	Unsecured
		2022	248,948,140	—	121,785,346		
		2021	130,969,714	—	51,919,361		
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	2023	—	—	—	30-day; non-interest bearing	Unsecured; not impaired
		2022	—	2,778,786	—		
		2021	99,814	2,778,786	—		
Purchases	Purchase of raw materials and goods at agreed prices usually on a cost-plus basis	2023	—	—	—	30-day; non-interest bearing	Unsecured
		2022	—	—	293,488		
		2021	1.392.369	—	293,488		
Snow Mountain Dairy Corporation (SMDC)							
Purchases	Purchase of raw materials and goods at agreed prices usually on a cost-plus basis	2023	—	—	—	30-day; non-interest bearing	Unsecured
		2022	—	—	—		
		2021	—	—	—		

(Forward)



Category	Nature	Year	Amount/ Volume of transaction	Outstanding Balance		Terms	Conditions
				Receivable (see Note 9)	Payable (see Note 18)		
Century Pacific Food Inc. (CPFI)							
Sales	Sale of goods at prices (normally on cost-plus basis) mutually agreed upon by both parties	2023	₱26,857,813	₱9,975,859	₱—	30-day; non-interest bearing	Unsecured; not impaired
		2022	20,536,620	9,359,643	—		
		2021	22,184,403	6,410,531	—		
Purchases	Purchase of raw materials and goods at agreed prices usually on a cost-plus basis	2023	15,232,070	—	9,297,624	30-day; non-interest bearing	Unsecured
		2022	29,380,586	—	4,969,147		
		2021	19,680,597	—	9,051,507		
		2023		₱18,458,583	₱151,700,266		
		2022		24,913,919	127,047,981		



Compensation of Key Management Personnel

The salaries and pension costs of key management personnel in 2023, 2022 and 2021 are as follows:

	2023	2022	2021
Salaries	₱136,624,017	₱131,728,491	₱120,388,442
Pension costs	55,643,464	40,163,660	50,828,697
	₱192,267,481	₱171,892,151	₱168,507,998

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

20. Long-term Loans Payable

Long-term facility loans:

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 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 are made, the Group is required to comply with certain affirmative covenants, unless the Lender shall otherwise give its consent in writing:

- 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 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 Service Coverage Ratio is at least 1.2x. Debt Service Coverage Ratio is as of the date of determination, the ratio of EBITDA less regular dividends and advances to shareholders over Debt Service. For purposes hereof, "EBITDA" means operating profit before interest, taxes, depreciation and amortization, each item determined in accordance with PFRSs, 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 consolidated financial statements. On January 27, 2017, the OLSA was amended to include June 30, 2017 as the commencement date for the testing of the financial covenant ratios.

- d. Within the period required, open and establish the Debt Service Reserve Account (DSRA); and ensure that the funds deposited in the DSRA is at all times maintained in accordance with the agreement. As at December 31, 2023 and 2022, 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 Group or any wholly owned subsidiary of the Group, the Group 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 Group in such wholly-owned subsidiary.

As at December 31, 2023 and 2022, the Group is in compliance with the aforementioned affirmative 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.

The loan agreement also contains a prepayment provision which allows the Group to make optional prepayments in the amount of ₱320.0 million on March 2, 2025, ₱8.0 million on March 2, 2026, and a final payment of ₱1,232.0 million on maturity date.

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



The breakdown of the loans follows:

	2023	2022
BDO loan - principal	₱3,647,932,514	₱3,697,986,963
Less unamortized debt issue costs	5,361,523	7,429,009
BDO loan - net of unamortized debt issue costs	3,642,570,991	3,690,557,954
BPI loan	1,600,000,000	1,600,000,000
	5,242,570,991	5,290,557,954
Less current portion of loan payable	47,876,004	47,932,514
Noncurrent portion	₱5,194,694,987	₱5,242,625,440

Interest expense amounting to ₱212.9 million, ₱205.9 million and ₱166.4 million were recognized for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 28).

21. 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 2023 and 2022.

Issued and outstanding

	2023		2022	
	No. of shares	Amount	No. of shares	Amount
Balance at beginning and end of year	1,683,760,178	₱1,683,760,178	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
	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 41 equity holders as at December 31, 2023 and 2022



Retained Earnings

Details of cash dividends declared in 2023 and 2022 are as follows:

Date of Declaration	Dividend		Record Date
	Rate (per share)	Amount	
July 15, 2021	₱0.02	₱33,675,208	August 17, 2021
June 20, 2022	0.03	50,512,805	July 4, 2022
June 20, 2023	0.10	168,376,017	July 31, 2023

There are no outstanding dividends payable as at December 31, 2023 and 2022. Cash dividend declared and paid amounted to ₱168.4 million in 2023 and ₱50.5 million in 2022.

Undistributed earnings of the subsidiaries included in the Group's retained earnings amounting to ₱200.4 million and ₱282.4 million as at December 31, 2023 and 2022, 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, 2023 and 2022, respectively.

22. 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, 2023, 2022 and 2021:

	2023	2022	2021
Revenue source:			
Restaurant sales	₱8,362,853,329	₱7,206,297,269	₱3,856,896,913
Sale of goods	5,275,812,248	2,535,590,654	1,356,366,336
Royalty and franchise fees (see Note 33)	487,426,188	400,136,655	267,164,339
	₱14,126,091,765	₱10,142,024,578	₱5,480,427,588
Timing of recognition:			
Goods transferred at a point in time	₱14,089,708,637	₱10,123,187,575	₱5,457,508,873
Services rendered over time	36,383,128	18,837,003	22,918,715
	₱14,126,091,765	₱10,142,024,578	₱5,480,427,588

Contract liabilities

Below are the details of contract liabilities as at December 31, 2023 and 2022:

	2023	2022
Initial franchise fee	₱147,941,962	₱74,672,181
Less current portion	30,059,596	13,445,337
Noncurrent portion	₱117,882,366	₱61,226,844



Movements of contract liabilities arising from initial franchise fees as at and for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Balance as at January 1	₱74,672,181	₱82,197,813
Amortization of initial franchise fees	(36,383,128)	(18,837,004)
Initial franchise fees received	103,467,530	8,100,000
Accretion of interest expense (see Note 28)	6,185,379	3,211,372
Balance as at December 31	₱147,941,962	₱74,672,181

As at December 31, 2023, 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	₱30,059,596	₱6,501,216	₱36,560,812
More than one year	117,882,367	10,692,684	128,575,051
	₱147,941,963	₱17,193,900	₱165,135,863

23. Cost of Sales

	2023	2022	2021
Inventory costs (see Note 10)	₱6,950,121,178	₱4,469,334,367	₱2,231,590,400
Salaries, wages and benefits	1,091,063,729	854,700,420	564,090,965
Depreciation and amortization (see Note 26)	704,774,502	590,989,960	464,894,144
Utilities	551,091,000	436,806,339	285,447,117
Rent (see Note 15)	377,231,414	246,132,289	87,675,542
Outside services	341,734,564	239,770,198	113,920,696
Supplies	232,788,578	157,112,346	86,613,779
Delivery call fees	165,473,535	176,298,984	145,684,145
Gas expenses	157,882,862	133,789,783	75,972,071
Repairs and maintenance	99,458,417	57,686,408	60,903,968
Card charges	34,800,157	30,957,572	15,829,245
Pension costs (see Note 27)	16,310,101	21,322,594	20,500,279
Dues and subscription	10,341,176	4,005,890	22,343,628
Commissary costs	7,752,977	4,822,778	1,733,483
Seminar and training	—	12,095,750	942,877
Others	234,396,500	110,682,723	28,568,824
	₱10,975,220,690	₱7,546,508,401	₱4,206,711,163



24. General and Administrative Expenses

	2023	2022	2021
Salaries, wages and benefits	₱488,318,840	₱361,312,638	₱241,493,636
Advertising and promotions	369,757,505	283,890,781	176,819,913
Outside services	172,071,403	164,348,824	95,298,364
Taxes and licenses	135,846,838	98,087,732	105,122,992
Transportation and travel	68,176,409	47,674,426	34,930,982
Depreciation and amortization (see Note 26)	53,002,695	45,965,423	34,981,502
Supplies	38,575,244	34,735,283	31,301,760
Promotions	28,842,189	14,183,378	—
Pension costs (see Note 27)	21,041,870	26,510,801	32,379,082
Utilities	20,835,170	19,878,150	13,619,760
Senior citizen discount	15,536,713	10,717,139	—
Gas expenses	12,651,603	15,207,420	7,669,083
Dues and subscriptions	11,935,932	809,884	515,344
Start-up costs	11,218,446	18,961,866	2,064,058
Card charges	10,016,590	6,438,226	2,034,205
Royalty	7,829,969	4,358,479	29,648,015
Professional fees	22,495,862	3,929,849	1,036,054
Insurance	7,351,833	6,228,656	4,852,364
Repairs and maintenance	3,472,138	3,472,341	4,238,478
Rent (see Note 15)	2,324,887	368,136	367,260
Directors' fees	1,652,632	1,378,947	1,249,123
Provision for ECL – net (see Note 9)	701,998	3,146,639	—
Others	95,695,355	51,205,252	14,928,978
	₱1,570,509,929	₱1,222,810,270	₱837,550,953

25. Personnel Expenses

	2023	2022	2021
Salaries, wages, bonuses, and allowances:			
Cost of sales (see Note 23)	₱1,058,983,492	₱834,621,934	₱526,987,995
General and administrative expenses (see Note 24)	449,192,968	329,261,032	227,555,296
SSS, Pag-ibig, Medicare and other contributions:			
Cost of sales (see Note 23)	32,080,236	20,078,486	37,102,970
General and administrative expenses (see Note 24)	39,125,873	28,915,874	13,938,340
Pension costs:			
Cost of sales (see Notes 23 and 26)	16,310,101	21,322,593	20,500,279
General and administrative expenses (see Notes 24 and 26)	21,041,870	28,609,595	32,379,082
	₱1,616,734,540	₱1,262,809,514	₱858,463,962



26. Depreciation and Amortization

	2023	2022	2021
Property and equipment:			
Cost of sales (see Note 23)	₱323,010,907	₱372,179,083	₱309,207,492
General and administrative expenses (see Note 24)	29,738,323	23,745,266	16,409,002
Right-of-use assets:			
Cost of sales (see Note 23)	369,293,924	218,810,877	155,686,652
General and administrative expenses (see Note 24)	—	—	144,521
Software -			
General and administrative expenses (see Note 24)	34,784,407	21,510,874	17,718,697
Franchise -			
General and administrative expenses (see Note 24)	949,635	709,283	709,282
	₱757,777,196	₱636,955,383	₱499,875,646

27. 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 2023 and 2022 and accrued pension costs in the consolidated statements of financial position as at December 31, 2023 and 2022. The latest actuarial valuation is as at December 31, 2023.

	2023	2022	2021
Pension costs:			
Current service cost	₱31,186,128	₱40,276,683	₱47,905,273
Net interest cost	17,229,422	12,133,009	5,704,427
Expected return on plan assets	(11,063,579)	—	—
	₱37,351,971	₱52,409,692	₱53,609,700

	2023	2022
Accrued pension costs:		
Present value of benefit obligation (PVBO)	₱276,109,298	₱242,014,435
Fair value of plan assets (FVPA)	(158,508,420)	(155,414,641)
	₱117,600,878	₱86,599,794



Movements in the PVBO are as follows:

	2023	2022
Balance at beginning of year	₱242,014,435	₱262,655,508
Current service cost	31,186,128	40,276,683
Interest cost	17,229,422	13,098,993
Net actuarial gain	(7,189,103)	(61,589,972)
Benefits paid from plan assets	(7,131,584)	(12,426,777)
Balance at end of year	₱276,109,298	₱242,014,435

Movements in the FVPA are as follows:

	2023	2022
Balance at beginning of year	₱155,414,641	₱166,394,561
Interest income	11,063,579	8,295,283
Contributions	3,117,083	—
Net actuarial loss	(3,532,920)	—
Remeasurement - plan asset	(422,380)	(6,848,426)
Benefits paid from plan assets	(7,131,584)	(12,426,777)
Balance at end of year	₱158,508,419	₱155,414,641

Movements in the accrued pension costs are as follows:

	2023	2022
Balance at beginning of year	₱86,599,794	₱96,260,947
Pension costs	37,351,971	45,080,393
Contributions	(3,117,083)	—
Actuarial loss gain	(3,233,804)	(54,741,546)
Balance at end of year	₱117,600,878	₱86,599,794

Amounts recognized in OCI are as follows:

	2023	2022	2021
Actuarial gain (loss) - PVBO	₱7,189,103	₱61,589,972	₱82,084,789
Actuarial gain (loss) - FVPA	(3,955,299)	(6,848,426)	(6,228,043)
Deferred income tax	(872,047)	(13,641,238)	(18,738,959)
	₱2,361,757	₱41,100,308	₱57,117,787

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

	2023	2022
Investments:		
Government securities	₱83,173,235	₱100,425,675
Stocks	33,038,811	6,451,827
Deposit in banks	2,710,421	4,875
Money market investment in trust funds	23,115,975	29,257,033
Other securities	15,484,979	18,483,181
Total investments	157,523,421	154,622,591

(Forward)



	2023	2022
Other assets:		
Interest receivable	₱1,065,785	₱683,671
Receivable	—	228,479
Total other assets	1,065,785	912,150
Total assets	158,589,206	155,534,741
Less: Due to broker	—	120,100
Fees payable	(80,787)	—
Net asset value	₱158,508,419	₱155,414,641

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 risk of the plans.

The principal assumptions used in determining retirement benefit costs as at January 1, 2023, 2022 and 2021 were as follows:

	2023	2022	2021
Discount rates at beginning of year	7.12%	4.99%	3.79%
Rate of compensation increase	5.00%	5.00%	5.00%

The discount rates and salary increase rates used in determining the retirement benefit obligation as of December 31, 2023 are 6.09% 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:

	2023		2022	
	Increase (decrease)	Amount	Increase (decrease)	Amount
Discount rates	0.50% (0.50%)	(₱7,061,739) 8,592,252	0.50% (0.50%)	(₱6,243,145) 8,221,974
Salary increase rate	1.00% (1.00%)	19,190,433 (13,040,420)	1.00% (1.00%)	17,086,849 (11,418,866)

Shown below is the maturity profile of the undiscounted benefit payments as of December 31, 2023 and 2022:

	2023	2022
1 year and less	₱23,965,824	₱21,268,123
more than 1 years to 5 years	16,936,881	5,858,556
more than 5 years to 10 years	89,731,104	92,368,558
more than 10 years to 15 years	183,899,013	136,461,424
more than 15 years to 20 years	344,346,520	415,338,387
more than 20 years	6,691,846,058	7,542,694,338



The Group expects to contribute ₱50.47 million to the Fund in 2024.

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.

28. Interest Expense

	2023	2022	2021
Long-term loans payables (see Note 20)	₱212,864,549	₱205,879,581	₱166,437,238
Lease liabilities (see Note 15)	111,567,612	102,828,224	89,082,753
Short-term loans payable (see Note 19)	25,510,044	9,548,194	30,896,730
Contract liabilities (see Note 22)	6,185,379	3,642,826	3,749,821
Debt issue cost	5,361,522	2,067,486	2,013,037
Others	—	4,799	—
	₱361,489,106	₱323,971,110	₱292,179,579

29. Other Income (Charges)

	2023	2022	2021
Service fee and expired loyalty fund points	₱23,871,145	₱19,689,335	₱6,045,697
Gain (loss) on:			
Disposal of inventories	(8,471,354)	(2,630,006)	(12,250,140)
Disposal of property and equipment	1,228,757	67,336	(121,143)
Pre-termination of leases (see Note 15)	(1,226,148)	18,323,273	10,529,566
Reversal of long-outstanding liabilities	—	—	24,682,991
Recovery of receivables	—	—	23,210,194
Other income from franchisees	5,410,483	7,040,034	23,310,805
Unrealized foreign exchange gain (loss)	(2,887,382)	10,146,394	247,925
Accretion income from rental deposits (see Note 16)	1,692,305	2,000,871	3,023,323
Net reversal (provisions for) legal and other contingencies (see Note 34)	—	(11,394,323)	1,353,452
Fair value gain on financial assets at FVPL (see Note 12)	—	404,374	1,949,288
Others – net	5,455,925	5,528,111	3,229,889
	₱25,073,732	₱49,175,399	₱85,211,847



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.

30. Income Taxes

The details of the Group's net deferred tax assets are as follows:

	2023	2022
Deferred tax assets:		
Lease liabilities	₱149,148,044	₱129,791,810
NOLCO	88,107,648	21,072,622
Accrued pension costs	2,502,491	654,022
Loyalty points	1,254,062	406,176
Unamortized past service cost	506,576	818,647
Accrued bonus and other expense	149,523	2,011,581
Allowance for expected credit losses	652,646	—
	242,320,990	154,754,858
Deferred tax liabilities:		
Right-of-use-asset	141,926,269	129,173,453
Pension asset	—	14,987
	141,926,269	129,188,440
	₱100,394,721	₱25,566,418

The details of the Group's net deferred tax liabilities as of December 31, 2023 are as follows:

	2023	2022
Deferred tax assets:		
Lease liabilities	₱284,297,017	₱59,025,906
Accrued pension costs	28,405,025	20,841,349
Contract liabilities	28,053,584	6,543,943
MCIT	22,142,778	—
Difference in depreciation due to adoption of lease standard	18,379,806	31,551,183
NOLCO	11,346,647	—
Accrued bonus and other expenses	3,452,272	4,543,819
Loyalty points	2,542,031	407,102
Unamortized past service cost	1,215,518	1,855,309
Allowance for:		
Inventory obsolescence	1,190,628	1,064,150
Expected credit losses	1,372,116	1,228,669
Unrecoverable deposits	824,323	824,323
Unrealized foreign exchange loss	135,006	—
	403,356,751	127,885,753
Deferred tax liabilities:		
Excess of fair value over cost of net identifiable assets acquired in business combination (see Note 6)	805,565,467	805,565,467

(Forward)



	2023	2022
Right-of-use assets	₱224,323,832	₱—
Debt issuance cost	1,340,381	1,857,252
Unrealized foreign exchange gain	—	251,600
	1,031,229,680	807,674,319
	(₱627,872,928)	(₱679,788,566)

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%.

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(b) of “Bayanihan to Recover As One Act” which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

The Group has incurred NOLCO in taxable year 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Availment Period	Amount	Applied in Previous Year/s	Expired	Applied in Current Year	Unapplied
2020	2021-2025	₱569,472,013	₱203,932,152	₱—	₱303,544,146	₱61,995,715
2022	2023-2025	21,072,622	—	—	—	21,072,622
2023	2024-2026	313,526,690	—	—	—	313,526,690
		₱904,071,325	₱203,932,152	₱—	₱303,544,146	₱396,595,027

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
2020	2021-2023	₱12,149,016	₱—	₱—	₱12,149,016	₱—
2021	2022-2024	8,396,745	—	—	8,396,745	—
2023	2024-2026	8,213,158	—	—	8,213,158	—
		₱28,758,919	₱—	₱—	₱28,758,919	₱—

The provision for current income tax represents RCIT and final withholding taxes on royalty and franchise fees which are as follows:

	2023	2022	2021
RCIT	₱288,668,878	₱139,882,917	₱16,918,486
MCIT	—	—	11,252,265
Final withholding taxes	3,302,588	247,667	298,948
	₱291,971,466	₱140,130,584	₱28,469,699



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:

	2023	2022	2021
Provision for (benefit from) income tax computed at statutory income tax rate of 25% in 2023 and 2022, and 30% in 2020	₱311,102,681	₱274,603,734	₱57,669,893
Tax effects of:			
Nondeductible expenses	43,264,405	156,655,363	17,963,800
Reversal of provision for claims and contingencies	—	—	(9,258,250)
Application of OSD	(178,348,879)	(70,519,749)	(8,131,888)
Nontaxable:			
Dividend income	—	(127,547,786)	—
Amortization of franchise fees	—	(3,495,276)	(3,302,588)
Interest accretion	(34,148)	(93,627)	(626,458)
Income subject to final tax:			
Interest income	(2,274,513)	(373,587)	(405,026)
Fair value gain on financial assets at FVPL	—	(101,094)	(461,346)
Other income subject to 25%	(246,914)	(5,115,121)	—
Non-taxable other income	(12,614,107)		
Change in tax rate	4,115,627	—	54,251,275
Provision for (benefit from) income tax	₱164,964,152	₱224,012,857	₱107,699,412

31. 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 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:

	2023	2022
Cash*	₱821,461,587	₱886,371,071
Trade and other receivables:	1,234,629,010	1,142,332,038
Rental and other deposits	312,411,004	254,504,587
Total credit risk exposure	₱2,368,501,601	₱2,283,207,696

*Excluding cash on hand.



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

2023						
	Neither Past Due nor Impaired	Past Due but not Impaired			Expected Credit Loss	Total
		1–180 Days	Over 360 days	Subtotal		
Cash*	₱821,461,587	₱–	₱–	₱–	₱–	₱821,461,587
Trade and other receivables	1,087,463,927	131,650,542	5,675,103	137,325,645	9,839,438	1,234,629,010
Rental and other deposits	245,867,461	–	63,246,251	63,246,251	3,297,293	312,411,004
	₱2,154,792,975	₱131,650,542	₱68,921,354	₱200,571,896	₱13,136,731	₱2,368,501,601

*Excluding cash on hand.

2022						
	Neither Past Due nor Impaired	Past Due but not Impaired			Expected Credit Loss	Total
		1–180 Days	Over 360 days	Subtotal		
Cash*	₱886,371,071	₱–	₱–	₱–	₱–	₱886,371,071
Trade and other receivables	809,236,091	323,830,301	–	323,830,301	9,265,646	1,142,332,038
Rental and other deposits	189,287,521	–	65,217,066	65,217,066	–	254,504,587
	₱1,884,894,683	₱323,830,301	₱65,217,066	₱389,047,367	₱9,265,646	₱2,283,207,696

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

2023				
	Stage 1	Stage 2	Stage 3	Total
Cash*	₱821,461,587	₱–	₱–	₱821,461,587
Trade and other receivables:				
Trade receivables	361,316,833	486,231,461	–	847,548,294
Royalty receivable	61,680,414	–	–	61,680,414
Receivable from NAF	–	–	51,829,287	51,829,287
Receivable from franchisee	–	–	176,925,409	176,925,409
Receivable from employees	–	–	23,383,344	23,383,344
Other receivables	73,262,262	–	–	73,262,262
Rental and other deposits	–	–	245,867,461	245,867,461
	₱1,317,721,096	₱486,231,461	₱498,005,501	₱2,301,958,058

*Excluding cash on hand.

2022				
	Stage 1	Stage 2	Stage 3	Total
Cash*	₱886,371,071	₱–	₱–	₱886,371,071
Trade and other receivables:				
Trade receivables	315,094,042	424,028,503	–	739,122,545
Royalty receivable	170,138,255	–	–	170,138,255
Receivable from NAF	–	–	50,225,215	50,225,215
Receivable from franchisee	–	–	63,775,172	63,775,172
Receivable from employees	–	–	17,710,252	17,710,252
Other receivables	87,645,560	–	–	87,645,560
Rental and other deposits	–	–	189,287,521	189,287,521
	₱1,459,248,928	₱424,028,503	₱320,998,160	₱2,204,275,591

*Excluding cash on hand.

Financial assets classified as “high grade” are those cash 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 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.

	2023					Total
	Due and Demandable	< 90 Days	91–180 Days	181–365 Days	Over 365 Days	
Cash	P901,147,527	P–	P–	P–	P–	P901,147,527
Trade and other receivables						
Trade	750,241,303	72,053,021	10,500,334		5,531,045	838,325,703
Royalty receivables	43,257,615	10,659,071	–	6,879,438	884,290	61,680,414
Receivable from NAF	30,039,722	21,789,565	–	–	–	51,829,287
Receivable from franchisees	176,925,408	–	–	–	–	176,925,408
Receivables from employees	4,821,452	16,648,551	–	–	1,913,341	23,383,344
Other receivables	82,178,426	–	–	–	306,428	82,484,854
Rental and other deposits	245,867,461	–	–	–	66,543,544	312,411,005
	2,234,478,914	121,150,208	10,500,334	6,879,438	75,178,648	2,448,187,542
Accounts payable and other current liabilities:						
Trade payables	–	1,033,414,652	–	–	–	1,033,414,652
Nontrade payables	–	191,766,451	–	–	–	191,766,451
Accrued expenses	–	216,880,192	–	–	–	216,880,192
Other payables*	–	310,573,934	–	–	–	310,573,934
Dealers' deposit and other noncurrent payables	–	–	–	–	106,626,720	106,626,720
Long-term loans payable**	47,876,004	–	–	–	5,194,694,987	5,242,570,991
	47,876,004	1,752,635,229	–	–	5,301,321,707	7,101,832,940
Liquidity gap	P2,186,602,910	(P1,631,485,021)	P10,500,334	P6,879,438	(P5,226,143,059)	(P4,653,645,398)

*Excluding statutory payables.

**Including future interest payments.

	2022					Total
	Due and Demandable	< 90 Days	91–180 Days	181–365 Days	Over 365 Days	
Cash	P989,578,790	P–	P–	P–	P–	P989,578,790
Trade and other receivables						
Trade	424,028,503	74,099,759	231,728,638	–	7,640,101	737,497,001
Royalty receivables	170,138,255	–	–	–	–	170,138,255
Receivable from NAF	50,225,215	–	–	–	–	50,225,215
Receivable from franchisees	63,775,172	–	–	–	–	63,775,172
Receivables from employees	13,423,386	18,001,905	–	–	1,144,630	32,569,921
Other receivables	87,645,560	–	–	–	480,914	88,126,474
Rental and other deposits	189,287,521	–	–	–	65,217,066	254,504,587
	1,988,102,402	92,101,664	231,728,638	–	74,482,711	2,386,415,415
Accounts payable and other current liabilities:						
Trade payables	–	1,569,563,358	–	–	–	1,569,563,358
Nontrade payables	–	101,857,257	–	–	–	101,857,257
Accrued expenses	–	306,438,087	–	–	–	306,438,087
Other payables*	–	247,493,838	–	–	–	247,493,838
Dealers' deposit and other noncurrent payables	–	–	–	–	146,389,568	146,389,568
Long-term loans payable**	47,932,514	–	–	–	5,242,625,440	5,290,557,954
	47,932,514	2,225,352,540	–	–	5,389,015,008	7,662,300,062
Liquidity gap	P1,616,603,733	(P2,133,250,876)	P240,994,284	P–	(P5,314,532,297)	(P5,590,185,157)

*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:

	2023	2022
Total liabilities	₱10,668,738,593	₱10,662,641,171
Total equity	7,959,209,416	7,045,777,106
	1.34:1	1.51:1

32. 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, 2023				
		Fair Value		
		Carrying Value	Level 1 Quoted	Level 2 Significant Observable Input
	Date of Valuation			
Assets for which fair values are disclosed -				
Rental deposits	December 31, 2023	₱309,113,712	₱–	₱300,110,399
		₱309,113,712	₱–	₱300,110,399
Liabilities for which fair values are disclosed:				
Long-term loans payable	December 31, 2023	5,242,570,991	₱–	₱5,457,516,402
Dealers’ deposits	December 31, 2023	106,626,720	–	104,355,571
		₱5,349,197,711	₱	₱5,561,871,973
As at December 31, 2022				
		Fair Value		
		Carrying Value	Level 1 Quoted	Level 2 Significant Observable Input
	Date of Valuation			
Assets for which fair values are disclosed -				
Financial assets at FVPL	December 31, 2022	₱–	₱–	₱–
Rental deposits	December 31, 2022	₱254,504,587	₱–	₱218,589,354
		₱254,504,587	₱–	₱218,589,354
Liabilities for which fair values are disclosed:				
Long-term loans payable	December 31, 2022	₱5,290,557,954	₱–	₱6,334,150,117
Dealers’ deposits	December 31, 2022	160,080,740	–	130,017,749
		₱5,450,638,694	₱–	₱6,464,167,866



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 1.65% to 8.56% as at December 31, 2023 and of 3.62% to 6.14% as at December 31, 2022.

Long-term loans Payable. The fair value of loan payable which was discounted using prevailing market rate of 4.18% and 4.29% as at December 31, 2023 and 2022, 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 4.92% and 4.69% as at December 31, 2023 and 2022, respectively.

As at December 31, 2023 and 2022, there were no transfers between Level 1 and 2 fair value measurements.

33. 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 ₱487.4 million in 2023, ₱400.1 million in 2022 and ₱267.2 million in 2021 (see Note 22). Royalty receivables as at December 31, 2023 and 2022 amounted ₱176.9 million and ₱170.1 million, respectively (see Note 9).

34. Provisions

	2023	2022
Balance at beginning of year	₱47,073,871	₱35,679,548
Addition (see Note 29)	—	12,653,061
Reversal (see Note 29)	—	(1,258,738)
Balance at end of year	₱47,073,871	₱47,073,871

The Group's outstanding provisions consist mainly of provisions for legal actions and claims and other contingencies which are normal to the Group's business. These include estimates settlement amounts and other costs of claims made against the Group. As allowed by PAS 37, the Group does not provide further information on these provisions and contingencies in order not to impair the outcome of the litigations, claims and disputes.



35. Earnings (Loss) 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, 2023 and 2022, hence, diluted EPS is the same as the basic EPS.

The Group's EPS were computed as follows:

	2023	2022	2021
(a) Net income (loss)	₱1,079,446,570	₱874,402,081	₱122,980,158
(b) Weighted average number of shares outstanding	1,683,760,178	1,683,760,178	1,594,837,355
Basic/diluted EPS (a/b)	₱0.64	₱0.52	₱0.08

36. Notes to Consolidated Statements of Cash Flows

The following are the noncash activities for the years ended December 31, 2023 and 2022:

	2023			
	January 1	Net cash flows	Noncash changes	December 31
Rental deposits (a)	₱270,164,541	₱37,256,866	₱1,692,305	₱309,113,712
Long-term loans payable (b)	5,790,557,954	150,000,000	2,013,037	5,942,570,991
Contract liabilities (c)	74,672,181	67,084,402	6,185,379	147,941,962

	2022			
	January 1	Net cash flows	Noncash changes	December 31
Rental deposits (a)	₱589,287,521	(₱321,123,851)	₱2,000,871	₱270,164,541
Long-term loans payable (b)	3,740,557,954	2,050,000,000	–	5,790,557,954
Contract liabilities (c)	82,197,813	(10,737,004)	3,211,372	74,672,181

Details of the noncash changes are as follows:

- Pertains to accretion of interest expense and interest income on long-term rental deposits included in "Rental and other noncurrent assets" and long-term dealer's deposits included in "Dealer's deposits and other noncurrent liabilities", respectively.
- Pertains to amortization of debt issuance cost during the year amounting to ₱5.4 million and ₱2.1 million in 2023 and 2022, respectively.
- Pertains to the accretion of the significant financing component of contract liabilities during the year amounting to ₱6.2 million and ₱3.2 million in 2023 and 2022, respectively.



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

2023							
	January 1	Additions	Proceeds	Payments	Interest expense	Other movements	December 31
Lease liabilities*	₱1,700,018,174	₱482,385,920	₱-	(₱461,980,269)	₱115,030,091	(₱4,615,417)	₱1,830,838,499
Loans payable	5,790,557,954	-	700,000,000	(550,000,000)	-	2,013,037	5,942,570,991
Dividends	-	168,376,017	-	(168,376,017)	-	-	-
Accrued interest**	-	-	-	(238,206,151)	361,489,106	(123,282,955)	-
Total liabilities from financing activities	₱7,490,576,128	₱650,761,937	₱700,000,000	1,418,562,437	₱476,519,197	(₱125,885,335)	₱7,773,409,490

*Other movements pertain to the gain on lease concession and derecognition of lease liability

**Other movements pertain to interest accretion for PFRS 15

2022							
	January 1	Additions	Proceeds	Payments	Interest expense	Other movements	December 31
Lease liabilities*	₱1,480,736,520	₱610,225,027	₱-	(₱360,864,550)	₱102,828,224	(₱132,907,047)	₱1,700,018,174
Loans payable	3,740,557,954	-	2,100,000,000	(50,000,000)	-	-	5,790,557,954
Dividends	-	50,512,805	-	(50,512,805)	-	-	-
Accrued interest**	7,656,566	-	-	(221,614,458)	323,971,110	(110,013,218)	-
Total liabilities from financing activities	₱5,228,951,040	₱660,737,832	₱2,100,000,000	(₱682,991,813)	₱426,799,334	(₱242,920,265)	₱7,490,576,128

*Other movements pertain to the gain on lease concession and derecognition of lease liability

**Other movements pertain to interest accretion for PFRS 15



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, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, included in this Form 17-A, and have issued our report thereon dated April 15, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements 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, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-105-2022, November 7, 2022, valid until November 6, 2025

PTR No. 10082028, January 6, 2024, Makati City

April 15, 2024



**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, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 15, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Components of 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) 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 PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 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, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-105-2022, November 7, 2022, valid until November 6, 2025

PTR No. 10082028, January 6, 2024, Makati City

April 15, 2024



SHAKEY'S PIZZA ASIA VENTURES, INC.
Additional Requirements for Issuers of Securities to
the Public
Required by the Securities and Exchange
Commission
As at December 31, 2023

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SHAKEY’S PIZZA ASIA VENTURES, INC.
Schedule A - Financial Assets
As of December 31, 2023

HTM Investments	Name of Issuing Entity	Face Value	Amount Shown in Balance Sheet	Income Received and Accrued
Not applicable: The Company has no FVOCI or FPVL as at December 31, 2023.				
Total			-	-

SHAKEY'S PIZZA ASIA VENTURES, INC.
Schedule B - Amounts Receivable from Employees
As of December 31, 2023

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written-off	Current	Non-Current	Balance at end of Period
DBE Project Inc.	2,778,786	-	2,778,786	-	-	-	-
Century Pacific Group Inc.	3,082,080	7,766,842	7,766,842	-	3,082,080	-	3,082,080
Century Pacific Foods Inc.	9,359,643	26,857,813	26,241,597	-	9,975,859	-	9,975,859
The Pacific Meat Company Inc.	9,694,410	8,587,176	12,879,942	-	5,400,644	-	5,400,644
Receivables from employees	31,425,291	19,292,951	27,206,691	128,207	23,383,344	-	23,383,344
	P 56,339,210	P 62,504,782	P 76,873,858	P 128,207	P 41,841,927		P 41,841,927

**This consists of various small amount of receivable per employee.*

SHAKEY'S PIZZA ASIA VENTURES, INC.**Schedule C - Amounts Receivable from Related Parties which are Eliminated during
the Consolidation of Financial Statements
As of December 31, 2023**

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written-off	Current	Non Current	Balance at end of Period
Shakey's Seacrest Inc.	211,901,003	112,631,047	265,240,919	-	59,291,131	-	59,291,131
Shakey's International Ltd.	58,297,652	1,546,958	-	-	59,844,611	-	59,844,611
Shakey's Pizza Commerce Inc.	1,269,757,346	1,799,394,249	598,841,268	-	2,470,310,327	-	2,470,310,327
Bakemasters Inc.	34,037,954	1,663,269	33,862,236	-	1,838,987	-	1,838,987
Wow Brand Holdings Inc.	203,674,366	31,763,827	57,818,933	-	177,619,260	-	177,619,260
	P 1,777,668,322	P 1,946,999,349	P 955,763,355	P -	P 2,768,904,316	P -	P 2,768,904,316

SHAKEY'S PIZZA ASIA VENTURES, INC.
Schedule D - Intangible Assets
As of December 31, 2023

Description	Beginning Balance	Additions at Cost	Charged to Cost and Expenses	Charged to Other Accounts	Other Changes	Ending Balance
Trademarks	8,759,352,242	9,737,001	-	-	-	8,769,089,243
Softwares – net	249,428,715	52,909,939	34,784,407	-	-	267,554,247
Franchise Rights – net	6,253,328	-	949,634	-	-	5,303,694
Total	9,015,034,285	62,646,940	35,734,041			9,041,947,184

SHAKEY'S PIZZA ASIA VENTURES, INC.
Schedule E - Long Term Debt
As of December 31, 2023

Bank	Beginning Balance	Availment	Payment	Ending Balance	Current	Non Current
Omnibus Loan and Security Agreement-BDO Unibank, Inc.	P3,700,000,000		P50,000,000	P3,650,000,000	P50,000,000	P3,600,000,000
Amortized debt issue costs	(2,013,037)		(2,067,486)	(2,067,486)		
Unamortized debt issue costs	(7,429,009)			(5,361,523)	(2,123,996)	(3,237,527)
BPI Loan	1,600,000,000			1,600,000,000		1,600,000,000
	P5,290,557,954		P47,932,514	5,242,570,991	P47,876,004	5,194,694,987

SHAKEY'S PIZZA ASIA VENTURES, INC.

Schedule F.

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

December 31, 2023

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, 2023.		
	P - P	- -

SHAKEY'S PIZZA ASIA VENTURES, INC.
Schedule G. Guarantees of Securities of Other Issuers
December 31, 2023

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, 2023.				
		P	-	P
			-	

SHAKEY'S PIZZA ASIA VENTURES, INC.**Schedule H - Capital Stock****As of December 31, 2023**

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares reserved for options, warrants, conversion and other rights	Number of Shares Held By		
				Related Parties	Directors, Officers and Employees	Others
Common Shares	2,000,000,000	1,683,760,178		1,294,529,898	4,209,400	385,020,880

SHAKY'S PIZZA ASIA VENTURES INC.
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	2023	2022
ASSETS		
Current Assets		
Cash and Cash Equivalents	362,636,187	385,015,940
Trade and other receivables	4,108,926,116	2,425,371,829
Inventories	131,142,645	169,598,512
Prepaid and other current assets	272,450,227	616,296,572
Total Current Assets	4,875,155,175	3,596,282,853
Noncurrent Assets		
Investment in subsidiaries	8,521,958,629	8,521,958,629
Property and equipment - net	947,356,168	1,020,358,176
Right-of-use Assets	910,750,837	911,570,203
Intangible Assets	1,231,393,008	1,170,290,552
Other noncurrent assets	174,331,768	165,581,892
Deferred input value-added tax	3,279,272	8,015,159
Deferred tax assets	177,692,539	125,776,901
Total Noncurrent Assets	11,966,762,221	11,923,551,512
TOTAL ASSETS	16,841,917,396	15,519,834,365
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities	1,108,421,705	1,545,322,511
Short-term loans payable	700,000,000	500,000,000
Current portion of:		
Long-term loans payable	47,876,004	47,932,514
Lease liabilities	179,425,723	58,482,418
Contract liabilities	30,059,596	13,445,337
Income tax payable	20,084,297	-
Total Current Liabilities	2,085,867,325	2,165,182,780
Noncurrent Liabilities		
Loan payable - net of current portion	5,194,694,987	5,242,625,440
Contract liabilities - net of current portion	108,289,854	47,959,133
Accrued pension costs	113,620,101	83,365,397
Lease liability	957,762,345	1,076,037,499
Dealer's deposits and other noncurrent liabilities	392,925,660	146,154,383
Total Noncurrent Liabilities	6,767,292,947	6,596,141,852
Total Liabilities	8,853,160,272	8,761,324,632
Equity		
Capital stock	1,683,760,178	1,683,760,178
Additional Paid In Capital	2,451,116,470	2,451,116,470
Retained Earnings	3,823,824,951	2,594,937,323
Other components of equity	30,055,525	28,695,762
Total Equity	7,988,757,124	6,758,509,733
	16,841,917,396	15,519,834,365
	0	0

SHAKEY'S PIZZA ASIA VENTURES INC.
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	2023	2022
REVENUES FROM CONTRACTS WITH CUSTOMER	8,665,569,396	8,567,883,241
COSTS OF SALES	(7,213,564,175)	(6,657,078,192)
GROSS INCOME	1,452,005,221	1,910,805,049
GENERAL AND ADMINISTRATIVE EXPENSES	(1,283,679,178)	(1,208,286,776)
INTEREST EXPENSES	(324,582,026)	(300,712,861)
OTHER INCOME - Net	1,523,293,514	551,972,923
INCOME BEFORE INCOME TAX	1,367,037,531	953,778,335
PROVISION FOR (BENEFIT FROM) INCOME TAX		
Current	22,142,778	35,442,406
Deferred	(52,368,892)	92,345,747
	(30,226,114)	127,788,153
NET INCOME	1,397,263,645	825,990,182
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods (net of tax) -		
Actuarial loss on defined benefit obligation	1,813,017	51,029,284
Tax effect	(453,254)	(12,757,321)
TOTAL OTHER COMPREHENSIVE INCOME	1,359,763	38,271,963
TOTAL COMPREHENSIVE INCOME	1,398,623,408	864,262,145
Basic/Diluted Earnings Per Share	0.83	0.52

Annex A**Reconciliation of Retained Earnings
Available for Declaration**

As at December 31, 2023

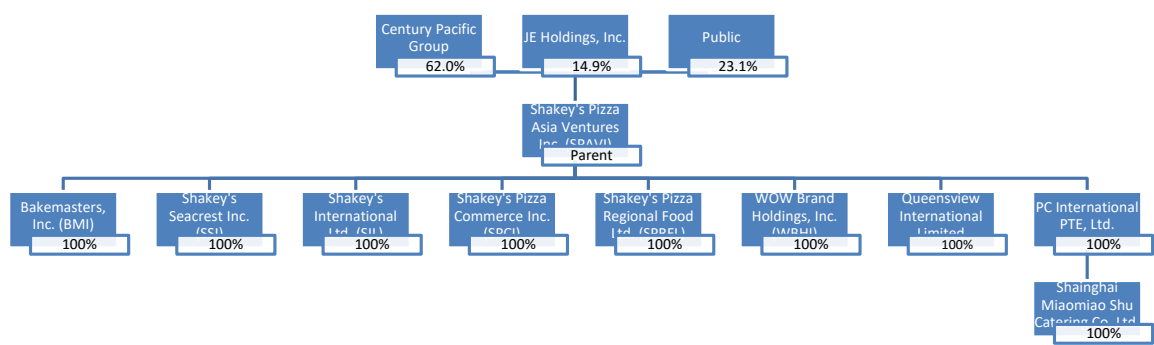
SHAKEY'S PIZZA ASIA VENTURES, INC.
WOW SHAKEY'S CENTER, KM 15 EAST
SERVICE ROAD COR. MARRIAN ROAD,
SAN MARTIN DE PORRES,
PARANAQUE CITY

Items	Amount
Unappropriated Retained Earnings, beginning	2,877,362,495
Adjustments:	
Deferred tax assets	(644,805,694)
Remeasurement of retirement benefit obligation - net of tax	(872,047)
Unappropriated Retained Earnings, as adjusted, beginning	2,587,069,832
Net Income based on the face of AFS	1,079,446,570
Less: Non-actual losses	-
Change in deferred tax assets	(363,037,130)
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	-
Net Income Actual/Realized	3,303,479,272
Adjustments:	
Dividend declarations during the year	(168,376,017)
Reversal of appropriations	-
Appropriation for the year	-
Unappropriated Retained Earnings, as adjusted, ending	3,135,103,255

SHAKEY'S PIZZA ASIA VENTURES INC.
FINANCIAL SOUNDNESS INDICATORS-FINANCIAL INDICATOR
As of December 31, 2023

Ratio	Formula	Current Year	Prior Year
Current ratio	<div> <div>Total Current Assets4,473,342,381</div> <div>Divide by: Total Current Liabilities2,948,806,361</div> <div>Current Ratio1.52</div> </div>	1.52x	1.37x
Quick/Acid test ratio	<div> <div>Total Current Assets4,473,342,381</div> <div>Less: Inventories(1,712,217,989)</div> <div>Prepayments and other Current Assets(635,187,293)</div> <div>Quick assets2,125,937,099</div> <div>Divide by: Total Current Liabilities2,948,806,361</div> <div>Quick/Acid test ratio0.72</div> </div>	0.72x	0.76x
Debt-to-equity ratio	<div> <div>Total Liabilities10,668,738,593</div> <div>Divide by: Total Equity7,959,209,416</div> <div>Debt-to-equity ratio1.34</div> </div>	1.34x	1.51x
Asset-to-equity ratio	<div> <div>Total Assets18,627,948,009</div> <div>Divide by: Total Equity7,959,209,416</div> <div>Asset-to-equity ratio2.34</div> </div>	2.34x	2.51x
Interest rate coverage ratio	<div> <div>EBIT1,605,434,878</div> <div>Divide by: Interest Expenses355,182,446</div> <div>Interest rate coverage ratio4.52</div> </div>	4.52x	4.39x
Working capital turnover	<div> <div>Net Sales14,126,091,765</div> <div>Divide by: Working capital</div> <div>Current Assets4,473,342,381</div> <div>Less: Current Liabilities(2,948,806,361)</div> <div>Working Capital1,524,536,020</div> <div>Working Capital Turnover9.27</div> </div>	9.27x	9.66x
Return on equity	<div> <div>Net Income1,079,446,570</div> <div>Divide by: Total Equity7,959,209,416</div> <div>Return on equity13.56%</div> </div>	13.56%	12.41%
Return on assets	<div> <div>Net Income1,079,446,570</div> <div>Divide by: Total Assets18,627,948,009</div> <div>Return on assets5.79%</div> </div>	5.79%	4.94%
Earnings per share	<div> <div>Net Income1,079,446,570</div> <div>Average No. of shares1,683,760,178</div> <div>Earnings per share0.64</div> </div>	0.64	0.52

SHAKEY'S PIZZA ASIA VENTURES INC.
CONGLOMERATE MAP
AS OF DECEMBER 31, 2023



[EXT] Your BIR AFS eSubmission uploads were received

eafs@bir.gov.ph <eafs@bir.gov.ph>

Mon 4/15/2024 11:25 PM

To: Tax Section <taxsection@shakeys.biz>

Cc: MPPINON@SHAKEY.BIZ <MPPINON@SHAKEY.BIZ>

Hi SHAKEY'S PIZZA ASIA VENTURES INC,

Valid file

- EAFS000163396AFSTY122023.pdf

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- <None>

Transaction Code: **AFS-0-CGAJ5FGD07EJD97D6NRPQNR1S09J7BAC5C**

Submission Date/Time: **Apr 15, 2024 11:24 PM**

Company TIN: **000-163-396**

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- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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ANNEX D

PARENT FINANCIAL STATEMENTS



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

The management of Shakey's Pizza Asia Ventures, Inc. (the Company) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein as at December 31, 2023 and 2022, 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 Company's ability to continue as a going concern, disclosing as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the 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

Manuel T. Del Barrio
Vice-President & Chief Finance Officer

Signed this 75 day of April, 2024.



Page 2 of Statement of Management's
Responsibility for Separate Financial Statements

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

SUBSCRIBE AND SWORN to before me this APR 15 2024 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
Manuel T. Del Barrio	P5309094B	Jul. 10, 2020	DFA Manila

Notary Public

Doc. No. 408
Page No. 82
Book No. xxxvii
Series of 2024.

ATTY. IRISH S. PRECION
Notary Public for Taguig City
Appointment No. 23 (2023-2024)
Roll No. 69284/05-01, 17 / BF No. 257478/12-29-23
PTR No. A-85-36-90-02-24/Taguig City
MCLE Compliance No. 104020215 valid until 04-14-26
Ground Floor FTI Old Admin. Bldg. FTI Complex, Taguig City
precionirishs@gmail.com / 09988534549

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of Shakey's Pizza Asia Ventures Inc. (the Company), which comprise the parent company statements of financial position as at December 31, 2023 and 2022, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including material accounting policy information.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

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 Parent Company 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 (Code of Ethics) together with the ethical requirements that are relevant to our audit of the parent company financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company 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 parent company 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 parent company 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 Company'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 Company'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 parent company 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 36 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Shakey's Pizza Asia Ventures Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-105-2022, November 7, 2022, valid until November 6, 2025

PTR No. 10082028, January 6, 2024, Makati City

April 15, 2024



SHAKEY'S PIZZA ASIA VENTURES INC.**PARENT COMPANY STATEMENTS OF FINANCIAL POSITION**

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash (Notes 7 and 31)	₱362,636,187	₱385,015,940
Trade and other receivables (Notes 8 and 31)	4,108,926,116	2,425,371,829
Inventories (Note 9)	131,142,645	169,598,512
Prepaid expenses and other current assets (Note 10)	272,450,227	616,296,572
Total Current Assets	4,875,155,175	3,596,282,853
Noncurrent Assets		
Investment in subsidiaries (Note 12)	8,521,958,629	8,521,958,629
Property and equipment (Note 13)	947,356,168	1,020,358,176
Right-of-use assets (Note 15)	910,750,837	911,570,203
Intangible assets (Note 14)	1,231,393,008	1,170,290,552
Deferred tax assets - net (Note 30)	177,692,539	125,776,901
Deferred input value - added tax	3,279,272	8,015,159
Rental deposits (Notes 16, 31 and 32)	174,331,768	165,581,892
Total Noncurrent Assets	11,966,762,221	11,923,551,512
TOTAL ASSETS	₱16,841,917,396	₱15,519,834,365
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans payable (Notes 19 and 31)	₱700,000,000	₱500,000,000
Current portion of:		
Long-term loans payable (Notes 20, 31 and 32)	47,876,004	47,932,514
Lease liabilities (Note 15)	179,425,723	58,482,418
Contract liabilities (Note 22)	30,059,596	13,445,337
Income tax payable	20,084,297	—
Accounts payable and other current liabilities (Notes 17 and 31)	1,108,421,705	1,545,322,511
Total Current Liabilities	2,085,867,325	2,165,182,780
Noncurrent Liabilities		
Noncurrent portion of:		
Long-term loans payable (Notes 20, 31 and 32)	5,194,694,987	5,242,625,440
Lease liabilities (Note 15)	957,762,345	1,076,037,499
Contract liabilities (Note 22)	108,289,854	47,959,133
Accrued pension costs (Note 27)	113,620,101	83,365,397
Dealer's deposits and other noncurrent liabilities (Note 31)	392,925,660	146,154,383
Total Noncurrent Liabilities	6,767,292,947	6,596,141,852
Total Liabilities	8,853,160,272	8,761,324,632
Equity		
Capital stock (Note 21)	1,683,760,178	1,683,760,178
Additional paid-in capital (Note 21)	2,451,116,470	2,451,116,470
Retained earnings (Note 21)	3,823,824,951	2,594,937,323
Other components of equity (Note 27)	30,055,525	28,695,762
Total Equity	7,988,757,124	6,758,509,733
TOTAL LIABILITIES AND EQUITY	₱16,841,917,396	₱15,519,834,365

See accompanying Notes to the Parent Company Financial Statements.



SHAKEY'S PIZZA ASIA VENTURES INC.**PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended December 31	
	2023	2022
REVENUE FROM CONTRACTS WITH CUSTOMERS (Notes 18, 22 and 33)	₱8,665,569,396	₱8,567,883,241
COSTS OF SALES (Notes 18 and 23)	(7,213,564,175)	(6,657,078,192)
GROSS INCOME	1,452,005,221	1,910,805,049
GENERAL AND ADMINISTRATIVE EXPENSES (Note 24)	(1,283,679,178)	(1,208,286,776)
INTEREST EXPENSE (Note 28)	(324,582,026)	(300,712,861)
DIVIDEND INCOME (Note 21)	1,507,729,781	510,191,144
INTEREST INCOME (Note 7)	111,473	175,137
OTHER INCOME - Net (Note 29)	18,232,989	40,600,240
FOREIGN EXCHANGE GAIN-Net	(2,780,729)	1,006,402
INCOME BEFORE INCOME TAX	1,367,037,531	953,778,335
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 30)		
Current	22,142,778	35,442,406
Deferred	(52,368,892)	92,345,747
	(30,226,114)	127,788,153
NET INCOME	1,397,263,645	825,990,182
OTHER COMPREHENSIVE INCOME		
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax) -		
Actuarial gain on defined benefit obligation (Note 27)	1,813,017	51,029,284
Tax effect (Note 27)	(453,254)	(12,757,321)
	1,359,763	38,271,963
TOTAL COMPREHENSIVE INCOME	₱1,398,623,408	₱864,262,145
Basic/Diluted Earnings Per Share (Note 34)	₱0.83	₱0.49

See accompanying Notes to the Parent Company Financial Statements.



SHAKEY'S PIZZA ASIA VENTURES INC.**PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	Capital Stock (Note 21)	Additional Paid-in Capital (Note 21)	Retained Earnings (Note 21)	Other Components of Equity (Note 27)	Total
Balances at December 31, 2022	₱1,683,760,178	₱2,451,116,470	₱2,594,937,323	₱28,695,762	₱6,758,509,733
Total comprehensive income	—	—	1,397,263,645	1,359,763	1,398,623,408
Cash dividends (Note 21)	—	—	(168,376,017)	—	(168,376,017)
Balances at December 31, 2023	₱1,683,760,178	₱2,451,116,470	₱3,823,824,951	₱30,055,525	₱7,988,757,124
Balances at December 31, 2021	₱1,683,760,178	₱2,451,116,470	₱1,819,459,947	(₱9,576,201)	₱5,944,760,394
Issuance of new shares	—	—	—	—	—
Total comprehensive income	—	—	825,990,182	38,271,963	864,262,145
Cash dividends (Note 21)	—	—	(50,512,806)	—	(50,512,806)
Balances at December 31, 2022	₱1,683,760,178	₱2,451,116,470	₱2,594,937,323	₱28,695,762	₱6,758,509,733

See accompanying Notes to the Parent Company Financial Statements.



SHAKEY'S PIZZA ASIA VENTURES INC.
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱1,367,037,531	₱953,778,335
Adjustments for:		
Dividend income	(1,507,729,781)	(510,191,144)
Depreciation and amortization (Note 26)	449,443,214	227,296,898
Interest expense (Note 28)	324,582,026	300,712,861
Movement in accrued pension costs	31,925,152	40,163,660
ROU - Amortization (Note 15)	—	213,568,316
Loss (gain) on:		
Pre-termination of leases (Notes 15 and 29)	1,081,551	(18,918,131)
Disposal of property and equipment (Note 29)	(567,939)	(172,237)
Interest income from accretion (Notes 16 and 29)	(1,692,305)	(2,000,871)
Unrealized foreign exchange loss (gain) - net	218,979	(1,006,402)
Fair value gain on financial assets at fair value through profit or loss (FVPL) (Note 29)	—	(404,374)
Interest income	111,473	(175,137)
Income before working capital changes	664,409,901	1,202,651,774
Decrease (increase) in:		
Trade and other receivables	(735,780,091)	(903,621,567)
Inventories	38,455,867	206,717,920
Prepaid expenses and other current assets	343,846,345	(541,416,439)
Increase (decrease) in:		
Accounts payable and other current liabilities	(436,900,806)	621,632,965
Contract liabilities (Notes 22)	71,299,762	(8,330,732)
Net cash generated from operations	(54,669,022)	577,633,921
Income taxes paid (including creditable withholding taxes)	(2,058,481)	(27,435,273)
Interest received	(111,473)	175,137
Dividend received	559,955,585	—
Net cash provided by operating activities	503,116,609	550,373,785
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
Property and equipment (Note 13)	(153,616,506)	(264,123,747)
Software (Note 14)	(73,379,348)	—
Investment in subsidiaries	—	(2,063,923,181)
Trademark (Note 14)	—	(405,000,000)
Franchise right (Note 14)	—	(2,884,239)
Proceeds from:		
Disposals of property and equipment	14,632,527	191,893
Redemption of financial assets at FVPL	—	300,404,374
Increase in dealers' deposits and other noncurrent liabilities	246,771,277	62,655,499
Decrease (increase):		
Deferred input value added tax	4,735,887	4,736,874
Advances to third party (Note 16)	—	400,000,000
Payment of rental deposits (Note 36)	(10,442,181)	(7,511,901)
Net cash provided by (used in) investing activities	28,701,656	(1,975,454,428)

(Forward)



	Years Ended December 31	
	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES (Note 36)		
Proceeds from:		
Short-term loans (Note 19)	₱700,000,000	₱500,000,000
Long-term loans (Note 20)	–	3,642,625,440
Payments of:		
Short-term loans	(500,000,000)	–
Interest	(251,899,064)	(220,819,029)
Lease liabilities (Note 15)	(283,703,959)	(279,407,588)
Long-term loans	(50,000,000)	(50,000,000)
Dividends (Note 21)	(168,376,017)	(50,512,806)
Net cash provided by (used in) financing activities	(553,979,040)	3,541,886,017
NET INCREASE (DECREASE) IN CASH	(22,160,775)	74,179,934
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(218,979)	1,006,402
CASH AT BEGINNING OF YEAR	385,015,940	309,829,604
CASH AT END OF YEAR (Note 7)	₱362,636,187	₱385,015,940

See accompanying Notes to the Parent Company Financial Statements.



SHAKEY'S PIZZA ASIA VENTURES INC.

NOTES TO THE PARENT COMPANY 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 Parent Company Financial Statements

The parent company financial statements were approved and authorized for issuance by the Board of Directors (BOD) on April 15, 2024.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The parent company financial statements have been prepared on a historical cost basis, except for investment in financial assets at fair value through profit or loss (FVPL) which is carried at fair value. The parent company financial statements are presented in Philippine peso, which is the Parent Company's functional currency.

The Parent Company prepares and issues consolidated financial statements for the same period as the parent company financial statements in accordance with PFRS 10, *Consolidated Financial Statements*. The consolidated financial statements of the Company are filed to the SEC and may be obtained from the Company's registered office address.

Statement of Compliance

The parent company financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

3. Changes in Accounting Policies and Disclosures

The Company's accounting policies are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and



- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the parent company financial statements. The amendments have been considered under "Material Accounting and Financial Reporting Policies" in Note 4.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

- Amendments to PAS 12 *International Tax Reform – Pillar Two Model Rules*

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023.

The Company adopted and applied the exceptions introduced by PAS 12. The current income tax expense related to Pillar Two income taxes amounted to nil in 2023.

As at April 10, 2024, the Company is in the process of gathering information and assessing the potential exposure arising from the Pillar Two legislation.

Standards Issued but Not Yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its parent company financial statements. The Company intends to adopt the following pronouncements when they become effective.



Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

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**

Financial Instruments

Financial Assets

The Company's financial assets are classified as financial assets at amortized cost. The Company's cash, trade and other receivables and rental and other deposits included in "Rental deposits" in the consolidated statements of financial position (see Notes 7, 8 and 16) are included in this category. For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Company considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering contractual cash flows.

Financial liabilities

The Company'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 15, 17, 19 and 20), 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 Company's profit or loss.

Debt Issue Costs

Debt issue costs are deducted against long-term debt and are amortized over the terms of the related borrowings using the effective interest method.

Prepayment Option

If the Parent Company revises its estimates of payments or receipts, the Parent Company 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 statement of comprehensive income.

Offsetting of Financial Instruments

Inventories

Inventories are stated at lower of cost and net realizable value. Cost is determined using the moving average method. Net realizable value is the estimated selling price less estimated costs necessary to make the sale.

Investment in Subsidiaries

Investment in subsidiaries is accounted under the cost method.

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
Transportation equipment	5-7
Maintenance tools	3-10
Glasswares and utensils	2

Leasehold improvements are amortized based on the lower of the estimated useful life of 2-10 years or the lease term which considers the enforceability of renewal options and limits on the use of the leasehold improvement using PFRS 16.

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 are 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 right	7

Intangible assets with indefinite useful lives, such as trademark, 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. Intangible asset 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 statement of comprehensive income.

Impairment of Nonfinancial Assets

The Group's property, plant 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.

Goodwill and trademarks with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Dealers' Deposits

Dealers' deposits, included as part of "Dealer's deposits and other noncurrent liabilities" account in the parent company statement of financial position, 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 are transferred to the customer at an amount that reflects the consideration to which the Parent Company expects to be entitled in exchange for those goods or services. The Parent Company assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent. The Parent Company has concluded that it is acting as principal in majority of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

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



Sale of Goods. Revenue from merchandise sales consists of revenue from sale of goods and equipment. Transaction price of merchandise sales, which excludes discounts, returns, rebates and sales taxes, is normally received and recorded 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 Parent Company 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 parent company statement of comprehensive income.

Other franchise revenues consisting of royalty fees and various reimbursements from franchisees are recognized when earned.

Interest Income. Revenue is recognized as the interest accrues, using the effective interest rate 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

Contract Assets. A contract asset is a conditional right to consideration in exchange for goods or services transferred to the customer. If the Parent Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. The Parent Company has no contract assets as at December 31, 2023 and 2022.

Trade Receivables. A receivable represents the Parent Company'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 Parent Company has received consideration (or an amount of consideration) from the customer. If a customer pays consideration before the Parent Company 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 Parent Company performs its obligation under the contract. Further, the Parent Company 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 the Parent Company'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 parent company statement of comprehensive income in the period these are incurred.



Leases

The Parent Company 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 Parent Company 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 Parent Company 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.

Right-of-use assets are subject to impairment. Refer to the accounting policies in section impairment of nonfinancial assets.

Lease liabilities. At the commencement date of the lease, the Parent Company 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 Parent Company and payments of penalties for terminating a lease, if the lease term reflects the Parent Company 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 Parent Company 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 Parent Company applies the short-term lease recognition exemption to its short-term leases (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 (i.e., below ₱250,000). 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.

As a practical expedient, a lessee may elect not to assess whether a rent concession occurring as a direct consequence of Covid-19 pandemic is a lease modification and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and,
- There is no substantive change to other terms and conditions of the lease.

Rent concession received from lessors are accounted for as negative variable lease payments in profit or loss.

Pension Costs

The Parent Company has a funded, noncontributory defined benefit retirement plan covering substantially all its qualified employees. The plan requires contributions to be made to a parent company 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 parent company 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.

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 Company's current tax expense is calculated using 25% regular corporate income tax (RCIT) rate in 2023 and 2022 or 2% and 1% minimum corporate income tax (MCIT) rate in 2023 and 2022, respectively, whichever is higher.



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 associate 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, plant and equipment, whichever is shorter, in accordance with the Bureau of Internal Revenue (BIR) regulation.

Earnings (Loss) Per Share (EPS)

Basic EPS is computed based on weighted average number of issued and outstanding common shares during each year after giving retroactive effect to stock dividends declared during the year.

Segment Reporting

The Parent Company's operating businesses are organized and managed separately according to the nature of the products and services provided, with representing a strategic business unit that offers different products. Financial information on business segments is presented in Note 6 to the parent company 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 parent company 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 a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments

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

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

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

- the franchise agreement requires, or the franchisee reasonably expects that the Parent Company 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 Parent Company's activities;
- those activities do not result in the transfer of a good or service to the franchisee as those activities occur.

The Parent Company determined that it has met all of the criteria mentioned above and concluded that it provides its franchisees with a right to access the Parent Company'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.

Determination of lease term of contracts with renewal and termination options - Company as a lessee. The Parent Company has several lease contracts that include extension and termination options. The Parent Company applies judgment 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 Parent Company 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).

As at December 31, 2023 and 2022, the Parent Company's right-of-use assets amounted to ₱910.8 million and ₱911.6 million, respectively, while its lease liabilities amounted to ₱1,137.2 million and ₱1,134.5 million, respectively. For the years ended December 31, 2023 and 2022, the Parent Company recognized amortization of right-of use assets amounting to ₱214.9 million and ₱213.6 million, respectively, and interest expense on lease liabilities amounting to ₱75.2 million and ₱80.6 million, respectively (see Note 15).

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at reporting date 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 Parent Company based its assumptions and estimates on parameters available when the parent company 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 Parent Company. Such changes are reflected in the assumptions when they occur.

Leases - Estimating the incremental borrowing rate. The Parent Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Parent Company 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 Parent Company '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 Parent Company 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, 2023 and 2022, the Parent Company's right-of-use assets amounted to ₱910.8 million and ₱911.6 ₱million, respectively, while its lease liabilities amounted to ₱1,137.2 million and ₱1,134.5 million, respectively (see Note 15).



Determination of Fair Value of Financial Instruments. Where the fair value of financial assets and liabilities recorded in the parent company 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 32.

Impairment of Trade and Other Receivables and Rental and Other Deposits

The Parent Company uses a provision matrix to calculate ECLs for its trade and other receivables and rental and other deposits. 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 Parent Company's historical observed default rates. The Parent Company 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 Parent Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Parent Company's receivables is disclosed in Note 8.

Other than the considerations on the impact of COVID-19 on macroeconomic factors used as inputs to the ECL calculation, there have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

The carrying value of trade and other receivables amounted to ₱4,108.9 million and ₱2,425.4 million as at December 31, 2023 and 2022, respectively (see Note 8). Allowance for ECL amounted to ₱5.5 million as of December 31, 2023 and ₱4.9 million and as of December 31, 2022. Provision for ECL was recognized amounted to ₱5.6 million in 2023 and nil in 2022. Reversal of allowance for ECL amounted to ₱5.0 million in 2023 and none in 2022 (see Notes 8).

The carrying value of rental and other deposits amounted to ₱174.3 million and ₱165.6 million as at December 31, 2023 and 2022, respectively (see Note 16). Allowance for unrecoverable deposits of rental and other deposits amounted to ₱3.3 million as at December 31, 2023 and 2022 (see Note 16).

Evaluation of Net Realizable Value of Inventories. The Parent Company writes down the cost of inventories whenever net realizable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in prices level or other causes such as the impact of COVID-19 pandemic. 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 parent company statement of comprehensive income.

The carrying values of inventories amounted to ₱131.1 million and ₱169.6 million, net of allowance for inventory obsolescence of ₱4.8 million and ₱4.3 million for the years ended December 31, 2023 and 2022, respectively. (see Note 9).



Determination of Impairment of Nonfinancial Assets. Impairment review is performed when certain impairment indicators are present. Management considered the impact of COVID-19 in its impairment assessment on the Parent Company's Property and equipment, software, franchise right and right-of-use assets and has identified the related lease pre-termination costs, if any.

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 Parent Company to make estimates and assumptions that can materially affect the parent company financial statements.

Based on the assessment of management, the Parent Company's property and equipment, right-of-use assets, software and franchise right do not have any indication of impairment as at December 31, 2023 and 2022. No impairment loss was recognized for the years ended December 31, 2023 and 2022. The carrying value of nonfinancial assets are as follows:

	2023	2022
Property and equipment (see Note 13)	₱947,356,168	₱1,020,358,176
Software (see Note 14)	247,911,577	195,596,485
Franchise right (see Note 14)	5,303,694	6,253,328
Right-of-use assets (see Note 15)	910,750,837	911,570,203
	₱2,111,322,276	₱2,133,778,192

Recoverability Intangible Assets with Indefinite Life. The Parent Company performs recoverability testing annually or more frequently when there are indications of impairment for goodwill and trademark 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 trademark with indefinite life are allocated. Estimating the recoverable amount of the CGU involves significant assumptions about the future results of the business such as long-term revenue growth rate, operating expenses, gross margin and discount rate which were applied to cash flow forecasts. In addition, the assumptions are also subjected to a higher level of estimation uncertainty. The cash flow forecasts were based on financial budgets approved by the senior management covering a five-year period.

The impairment on trademark is determined by comparing: (a) the carrying amount of the cash-generating unit; and (b) 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 trademark with indefinite life are as follows:

a. Gross Revenue

On the average, gross revenue of the CGU over the next five years were 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 5.8% perpetuity growth rate was assumed at the end of the five-year forecast period for Shakey's Pizza Asia Ventures, Bakemasters, Inc., and Wow Brand Holdings, Inc. while a 2% perpetuity growth rate was used for Potato Corner.



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 Parent Company'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 discount rates applied to the cash flow projections ranges from 11.0% to 15.4% in 2023 and 10.9% to 14.3% 2022.

The carrying amount of trademark with indefinite life as of December 31, 2023 and 2022 amounted to ₱978.2 million and ₱968.4 million, respectively (see Note 14).

The recoverable amount of the CGUs to which the trademark with indefinite lives are allocated is greater than its carrying amount. No impairment loss was recognized on trademark with indefinite life for the years ended December 31, 2023 and 2022.

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 amounted to ₱113.6 million and ₱83.4 million as at December 31, 2023 and 2022, respectively (see Note 27).

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 increases and pension increases are based on expected future inflation rates in the Philippines.

Further details about the assumptions used are provided in Note 27.

Recoverability of Deferred Tax Assets. The Parent Company performs an annual evaluation of the realizability of deferred tax assets in determining the portion of deferred tax assets which should be recognized. The Parent Company'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 Parent Company's past results and future expectations on revenue and expenses. The effect of COVID-19 pandemic on the macroeconomic factors are also used in developing the assumptions.

Deferred tax assets recognized amounted to ₱403.4 million and ₱352.5 million as at December 31, 2023 and 2022, respectively (see Note 30).



Evaluation of Claims Under Legal Contingencies. The Parent Company is involved in certain legal actions and claims. The Parent Company's estimate of the probable costs for the resolution of possible legal actions and other claims has been developed in consultation with outside legal counsel handling the Parent Company's defense in these matters and is based upon thorough analysis of potential results. Management believes that the ultimate liability or loss recorded in the parent company financial statements with respect to such obligations, claims and disputes is adequate.

The Parent Company did not recognize any provision and reversal for legal and other contingencies in 2023 and 2022.

6. Segment Information

For management purposes, the Parent Company is organized into two business activities - Restaurant sales, and franchise and royalty fees. This segmentation is the basis upon which the Company 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 the use of the Shakey's, Peri-Peri's and "Potato Corner" brands.

The Parent Company'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 parent company financial statements.

The Parent Company's performance is evaluated based on 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 EBITDA to net income:

	Years Ended December 31	
	2023	2022
EBITDA	₱2,140,951,297	₱1,717,401,435
Depreciation and amortization (Note 26)	(449,443,214)	(463,085,376)
Interest expense (Note 28)	(324,582,026)	(300,712,861)
Benefit from (provision for) income tax (Note 30)	30,226,114	(127,788,153)
Interest income	111,473	175,137
Net income	₱1,397,263,645	₱825,990,182



Business Segment Data

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

	Restaurant Sales		Franchise and Royalty Fee		Total	
	2023	2022	2023	2022	2023	2022
Revenue	₱8,049,747,652	₱8,110,239,153	₱615,821,744	₱457,644,088	₱8,665,569,396	₱8,567,883,241
Net income	₱941,042,555	₱ 485,411,870	₱456,221,090	₱340,578,312	₱1,397,263,645	₱825,990,182
Provision for income tax	(184,181,550)	13,377,130	153,955,436	114,411,023	(30,226,114)	127,788,153
Interest expense	318,936,808	298,058,107	5,645,218	2,654,754	324,582,026	300,712,861
Interest income	(111,473)	(175,137)	—	—	(111,473)	(175,137)
Depreciation and amortization	449,443,213	463,085,376	—	—	449,443,213	463,085,376
EBITDA	₱1,525,129,553	₱1,259,757,346	₱615,821,744	₱457,644,089	₱2,140,951,297	₱1,717,401,435
EBITDA Margin					24.71%	20.04%
Assets and Liabilities						
Operating assets	₱8,142,266,228	₱6,872,098,835	₱—	₱—	₱8,142,266,228	₱6,872,098,835
Investment in subsidiaries	8,521,958,629	8,521,958,629	—	—	8,521,958,629	8,521,958,629
Deferred tax assets	177,692,539	125,776,901	—	—	177,692,539	125,776,901
Total assets	₱16,841,917,396	₱15,519,834,365	₱—	₱—	₱16,841,917,396	₱15,519,834,365
Operating liabilities	₱2,910,589,281	₱2,970,766,678	₱—	₱—	₱2,910,589,281	₱2,970,766,678
Interest-bearing loans and borrowings	5,942,570,991	5,790,557,954	—	—	5,942,570,991	5,790,557,954
Total liabilities	₱8,853,160,272	₱8,761,324,632	₱—	₱—	₱8,853,160,272	₱8,761,324,632



7. Cash

	2023	2022
Cash on hand	₱50,540,116	₱73,039,974
Cash in banks	312,096,071	311,975,966
	₱362,636,187	₱385,015,940

Cash in banks earn interest at the respective bank deposit rates. Interest income on cash in banks amounted to ₱0.1 million and ₱0.2 million for the years ended December 31, 2023 and 2022, respectively.

8. Trade and Other Receivables

	2023	2022
Trade:		
Stores	₱406,699,367	₱256,875,221
Related parties (see Note 18)	1,826,690,609	1,131,269,004
Receivable to third parties	500,241,191	–
Receivable from National Advertising Fund (NAF)	51,829,287	50,225,215
Royalty receivable	61,680,414	170,138,255
Receivable from franchisees	98,937,578	63,775,172
Receivables from employees	15,762,896	21,242,652
Dividend receivable (see Note 18)	947,774,196	510,191,144
Others:		
Third parties	204,799,044	79,491,650
Related parties (see Note 18)	–	147,078,190
	4,114,414,582	2,430,286,503
Less allowance for ECL	5,488,466	4,914,674
	₱4,108,926,116	₱2,425,371,829

Below are the terms and conditions of the above assets:

- Trade receivables are non-interest bearing and are normally collectible within 10 to 30 days.
- Royalty receivable is being collected from dealers on the 20th day of the following month.
- Receivable from NAF pertains to reimbursable advertising and promotion expenses from dealers which will be applied on future dealer remittances.
- Receivable from franchisees pertains to receivables for transactions other than sale of goods such as management fees, freight and gas expenses, are non-interest bearing and generally have 30 to 45 days' term.
- Receivables from employees, which represent mainly salary loan, are interest-free and are being collected through salary deduction for a period ranging from 6 months to 1 year.
- Other receivables consist mainly of receivables from cooperatives and freight charges which are non-interest bearing and generally have 30 to 45 days' term.
- For terms and conditions of related party receivables, refer to Note 18.



The Parent Company used the simplified provision matrix approach in estimating the expected credit losses on trade and other receivables. The movements of allowance for ECL are as follows::

	2023			2022		
	Trade and Others	Receivables from Employees	Total	Trade and Others	Receivables from Employees	Total
Balance at beginning of year	₱3,765,624	₱1,149,050	₱4,914,674	₱3,765,624	₱1,149,050	₱4,914,674
Provision (see Note 24)	3,575,124	2,041,548	5,616,672	–	–	–
Reversals	(3,770,043)	(1,272,837)	(5,042,880)	–	–	–
Balance at year-end	₱3,570,705	₱1,917,761	₱5,488,466	₱3,765,624	₱1,149,050	₱4,914,674

9. Inventories

Merchandise inventories at NRV amounted to ₱131.1 million and ₱169.6 million as at December 31, 2023 and 2022, respectively, while the cost of merchandise amounted to ₱135.9 million and ₱173.9 million and as at December 31, 2023 and 2022, respectively.

The cost of inventories charged to Cost of sales amounting to ₱4,813.8 million and ₱4,547.8 million was recognized under cost of sales in the parent company statement of comprehensive income for the years ended December 31, 2023 and 2022, respectively (see Note 23).

Allowance for inventory obsolescence amounted to ₱4.8 million and ₱4.3 million for the years ended December 31, 2023 and 2022, respectively.

Provision for inventory obsolescence recognized in 2023 amounted to ₱0.5 million and nil in 2022.

10. Prepaid Expenses and Other Current Assets

	2023	2022
Advances to suppliers	₱207,066,948	₱549,419,458
Input VAT	–	13,415,364
Prepaid expenses	41,657,712	44,757,785
Prepaid taxes	23,725,567	8,703,965
	₱272,450,227	₱616,296,572

Advances to suppliers represent payments for items purchased or goods yet to be delivered or services to be rendered.

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

11. Financial Assets at FVPL

The Company's investments in financial assets at FVPL consist of UITF, which have no holding period and are callable any time by the Issuer. The financial assets at FVPL is nil as at December 31, 2023 and 2022. The balance amounting to ₱300.0 million was fully redeemed in 2022.

Fair value gain on financial assets at FVPL included in "Other income" in the parent company financial statements amounted to nil in 2023 and ₱0.4 million in 2022 (see Note 29).



12. Investment in Subsidiaries

The following are the Parent Company's investment in shares of stocks carried at cost:

Company	Place of Incorporation	Principal Activities	Functional Currency	Effective interest		Amount	
				2023	2022	2023	2022
SIL	Hong Kong	Holding company for trademark rights of Shakey's in the Middle East, Asia (except Japan and Malaysia), Australia and Oceania.	Hong Kong Dollar (HKD)	100%	100%	₱3,500,000,000	₱3,500,000,000
BMI	Philippines	Manufacturing and distribution of bread, pastries and other confectionery products	Philippine Peso (PHP)	100%	100%	1,397,535,450	1,397,535,450
SSI	Philippines	Holding company for trademark and other intellectual property rights of Shakey's in the Philippines	PHP	100%	100%	1,285,500,000	1,285,500,000
SPCI	Philippines	Buying, selling, distributing and marketing, at wholesale or retail of goods, commodities and merchandise	PHP	100%	100%	24,999,995	24,999,995
SPRFL	Hong Kong	Holding company for sublicense of Shakey's brand in the Middle East.	HKD	100%	100%	8	8
WBHI	Philippines	Restaurant company of Peri-Peri Charcoal & Sauce Bar and franchising and operation of Potato Corner branches in the Philippines	PHP	100%	100%	249,999,995	249,999,995
PCIL	Singapore	Franchising and operation of Potato Corner branches in Singapore.	SGD	100%	100%	164,552,077	164,552,077
QIL	British Virgin Islands	Holding company for trademarks rights of Potato Corner	US Dollar	100%	100%	1,899,371,104	1,899,371,104
						₱8,521,958,629	₱8,521,958,629

On March 5, 2022, the SPAVI Group entered into various purchase agreements (the "Agreements") with Cinco Group for the assets and intellectual property related to the PC business both domestically and internationally. The agreements also include purchase of 100% shares in PCIL and QIL (collectively "the PC offshore entities"). The agreements were considered a linked transactions and accounted as one business combination at the Group's consolidated financial statements. The table above shows the movement in the investment account related to this transaction.



The movements of the investment in subsidiaries are as follows:

	2023	2022
Beginning of year	₱8,521,958,629	₱6,458,035,448
Additions	—	2,063,923,181
End of year	₱8,521,958,629	₱8,521,958,629



13. Property and Equipment

	Leasehold Improvements	Furniture, Fixtures and Equipment	Transportation Equipment	Maintenance Tools	Glasswares and Utensils	Building	Construction in - progress	Total
Cost								
At December 31, 2021	₱1,095,608,448	₱1,130,592,751	₱23,574,383	₱26,038,151	₱17,808,328	₱261,146,377	₱92,897,435	₱2,647,665,873
Additions	109,419,527	69,328,976	10,005,446	12,640,449	3,440,189	201,487	59,087,673	264,123,747
Disposals	(700,040)	(1,678,669)	(243,481)	—	—	(165,153)	—	(2,787,343)
Reclassifications	—	—	—	—	—	—	—	—
At December 31, 2022	1,204,327,935	1,198,243,058	33,336,348	38,678,600	21,248,517	261,182,711	151,985,108	2,909,002,277
Additions	51,113,433	84,690,186	7,983,536	8,672,564	1,156,787	—	—	153,616,506
Disposals	(34,900,814)	(18,236,699)	—	(436,539)	(1,359,871)	(15,680,772)	—	(70,614,695)
Reclassifications	87,529,089	38,184,571	—	5,619,558	—	—	(131,333,218)	—
Balance at December 31, 2023	₱1,308,069,643	₱1,302,881,116	₱41,319,884	₱52,534,183	₱21,045,433	₱245,501,939	₱20,651,890	₱2,992,004,088
Accumulated Depreciation and Amortization								
At December 31, 2021	₱775,319,389	₱768,224,153	₱16,344,738	₱21,420,443	₱17,337,436	₱65,468,731	₱—	₱1,664,114,890
Depreciation and amortization (see Note 26)	77,880,477	117,655,967	3,749,297	9,802,474	1,383,572	16,825,111	—	227,296,898
Disposals	(694,059)	(1,664,992)	(243,482)	—	—	(165,154)	—	(2,767,687)
At December 31, 2022	852,505,807	884,215,128	19,850,553	31,222,917	18,721,008	82,128,688	—	1,888,644,101
Depreciation and amortization (see Note 26)	78,673,695	99,719,349	3,893,449	12,963,196	2,651,748	14,652,489	—	212,553,926
Disposals	(29,116,067)	(18,236,699)	—	(157,091)	(1,199,864)	(7,840,386)	—	(56,550,107)
Balance at December 31, 2023	902,063,435	965,697,778	23,744,002	44,029,022	20,172,892	88,940,791	—	2,044,647,920
Net Book Value								
Balance at December 31, 2022	₱351,822,128	₱314,027,930	₱13,485,795	₱7,455,683	₱2,527,509	₱179,054,023	₱151,985,108	₱1,020,358,176
Balance at December 31, 2023	406,006,208	337,183,338	17,575,882	8,505,161	872,541	156,561,148	20,651,890	947,356,168

There are no idle assets as at December 31, 2023 and 2022. The Parent Company has no property and equipment that are used as collateral for existing loans payable.

Net book value of property and equipment transferred to franchisees as part of the franchising agreement amounted to ₱20.9 million in 2023 and ₱4.6 million in 2022.



14. Intangible Assets

	2023	2022
Trademark	₱978,177,737	₱968,440,738
Software	247,911,577	195,596,485
Franchise right	5,303,694	6,253,329
	₱1,231,393,008	₱1,170,290,552

Trademark amounting to ₱562.2 million pertains to the Parent Company's acquisition of the Peri-Peri business in 2019.

On August 24, 2020, the Parent Company entered into a master franchise agreement for a consideration of ₱5.0 million (\$0.1 million) with Supertea (Int) Pte. Ltd. (Supertea), whereby Supertea granted the Group the following:

- 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 exclusive right and license, subject to the fulfillment of certain conditions, to grant franchisees for R&B Tea Outlet to third parties (Sub-Franchisees) by entering into sub-franchise agreements in the form approved and/or provided by Supertea in writing; and
- the non-exclusive right and license to use the Intellectual Property strictly in connection with the aforesaid.

The license does not include the right to sell, provide or distribute any products or services through channels other than the R&B Outlets, or selected outlets as set out in the master franchise agreement.

The master franchise agreement is effective from August 20, 2020 and continue for the initial term of seven (7) years, unless otherwise terminated or renewed.

On November 17, 2021, the Parent Company executed a deed of assignment with DBE Project, Inc. transferring the Project Pie Design Build Eat trademark for a consideration of ₱1.2 million.

On March 5, 2022, the Parent Company (the "Assignee") executed a deed of assignment with Cinco Corporation (the "Assignor"). The assignor and PCIL (the "Licensee") are parties to a deed of trademark license. The assignor granted its consent for the license to use the "Potato Corner" trademark, including all logotype and stylized versions, composite marks and other formatives thereof, in connection with the Potato Corner business which it shall offer for franchise in Singapore. The deed of assignment between the assignor and assignee transferred the Potato Corner trademark to the Parent Company. The increase in trademark as at December 31, 2022 pertains to the acquisition cost of the trademark acquired on March 5, 2022.

Trademarks represent significant intellectual property rights for corporations and businesses. They provide businesses with a distinctive identity and prevent others from using similar marks that may confuse consumers. The increase of trademark amounting to ₱10 million as of December 31, 2023 is attributed to the registration of these trademarks for international territories.



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

	Software	Franchise Right
Cost		
At December 31, 2021	₱255,277,661	₱4,964,977
Additions	7,700,296	2,884,236
Balance at December 31, 2022	262,977,957	7,849,213
Additions	73,379,348	—
Balance at December 31, 2023	336,357,305	7,849,213
Accumulated Amortization		
At December 31, 2021	45,773,813	886,603
Amortization (see Note 26)	21,607,659	709,282
At December 31, 2022	67,381,472	1,595,885
Amortization (see Note 26)	21,064,256	949,634
Balance at December 31, 2023	88,445,728	2,545,519
Net Book Value		
Balance at December 31, 2022	₱195,596,485	₱6,253,329
Balance at December 31, 2023	247,911,577	5,303,694

15. Right-of-Use Assets and Lease Liabilities

Parent Company as a lessee

The Parent Company has lease contracts for land for the use of its office spaces and stores. Leases of co-owned stores usually has terms of 3 to 15 years. The Parent Company's obligations under its leases are secured by the lessor's title to the leased assets.

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

The rollforward analysis of this account follows:

	2023	2022
Cost		
Balance at beginning of year	₱ 1,744,796,711	₱1,622,992,066
Additions	215,137,269	267,805,704
Pre-termination	(82,988,194)	(146,001,059)
Balance at end of year	1,876,945,786	1,744,796,711
Accumulated Amortization		
Balance at beginning of year	833,226,508	663,598,746
Amortization (see Note 26)	214,875,398	213,568,316
Pre-termination	(81,906,643)	(43,490,554)
Balance at end of year	966,194,949	833,226,508
Net Book Value	₱910,750,837	₱911,570,203



The rollforward analysis of lease liabilities follows:

	2023	2022
Balance at beginning of year	₱ 1,134,519,917	₱1,186,537,591
Additions	211,171,417	267,805,704
Interest expense (see Note 28)	75,200,693	80,562,846
Payments	(283,703,959)	(279,407,588)
Pre-termination	—	(120,978,636)
Balance at end of year	1,137,188,068	1,134,519,917
Less current portion of lease liabilities	179,425,723	58,482,418
Lease liabilities - net of current portion	₱957,762,345	₱1,076,037,499

The Parent Company has lease contracts for company-owned stores that contains variable payments based on the gross sales. The following provides information on the Parent Company's variable lease payments, including the magnitude in relation to fixed payments:

As at December 31, 2023			
	Fixed Payments	Variable Payments	Total
Fixed	₱204,423,073	₱—	₱204,423,073
Variable rent with minimum payment	155,607,392	89,669,140	245,276,532
Variable rent only		9,310,431	9,310,431
	₱360,030,466	₱98,979,571	₱459,010,036

As at December 31, 2022			
	Fixed Payments	Variable Payments	Total
Fixed	₱205,432,971	₱—	₱205,432,971
Variable rent with minimum payment	96,424,533	84,115,027	180,539,560
Variable rent only	—	2,733,420	2,733,420
	₱301,857,504	₱86,848,447	₱388,705,951

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

	2023	2022
1 year	₱232,955,853	₱252,179,539
more than 1 years to 2 years	234,331,148	209,742,313
more than 2 years to 3 years	217,787,324	179,963,865
more than 3 years to 4 years	213,748,442	171,296,104
more than 5 years	816,052,052	866,838,084

Rent expense on short-term leases and leases of low-value assets amounted to ₱190.1 million and ₱113.1 million as of December 31, 2023 and 2022, respectively (see Notes 23)



16. Rental Deposits

The carrying amount of rental deposits, net of allowance for unrecoverable deposits (P3.30 million in 2023 and 2022) amounted to P174.33 million and P165.58 million as at December 31, 2023 and 2022, respectively.

Advances to third party represent the Parent Company's initial payment for future investments. These were realized upon acquisition of the Potato corner business in 2022 (see Notes 12 and 14) .

The Parent Company's rental deposits are refundable at the end of the lease term which range from three years to 15 years. Accordingly, rental deposits are discounted based on comparable rates for similar financial instruments with rates ranging from and 1.15% to 8.56% ,1.08% to 4.95% and 8% to 25% for the years ended December 31, 2023, 2022 and 2021, respectively. 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.

The Parent Company's rental deposits are refundable at the end of the lease term which range from three years to 15 years. Accordingly, rental deposits are discounted based on comparable rates for similar financial instruments with rates ranging from and 1.12% to 4.1%.

The Parent Company uses a provision matrix to calculate ECLs for rental and other deposits. There were no provisions for unrecoverable deposits in 2023 and 2022.

Accretion income on rental deposits amounted to P1.70 million and P2.0 million in 2023 and 2022 (see Note 29).

17. Accounts Payable and Other Current Liabilities

	2023	2022
Trade:		
Third parties	P508,856,098	P826,405,914
Related parties (see Note 18)	193,996,846	57,084,107
Nontrade:		
Third parties	74,088,402	34,017,572
Related parties (see Note 18)	127,074,649	308,256,346
Accrued expenses:		
Suppliers	30,084,220	146,000,683
Utilities	31,533,587	48,513,378
Salaries and wages	15,708,143	19,551,233
Customer's loyalty program	31,014,603	15,635,843
Output Vat - net	56,800,696	—
Others	39,264,461	89,857,435
	P1,108,421,705	P1,545,322,511

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 of payable to contractors and employment agencies and are normally settled in 30 to 90 days' term.



- Accrued expenses are accrual of rent expense of stores, utilities, employee benefits and incentives, freight, commissions and storage costs which are normally settled in 30 to 90 days' term.
- Customers loyalty pertain to accumulated points which are generally applied to customer purchases within the next financial year. Revenue is recognized upon actual usage or expiration whichever comes first.
- Other payables are normally settled in 15 to 45 days' term.
- For terms and conditions of related party receivables, refer to Note 18.

Other payables consist of the following:

	2023	2022
Customers' deposits	₱5,999,914	₱63,782,370
Withholding tax payable	8,657,139	12,029,727
Fun certificates payable	10,985,044	9,549,881
Advertising fund payable	13,428,658	—
Others	193,707	4,495,457
	₱39,264,462	₱89,857,435

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 Parent Company; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Parent Company that gives them significant influence over the Parent Company 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) refers 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 Parent Company's total assets based on its latest audited 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 meets 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, 2023 and 2022, the Parent Company 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 Parent Company, in the normal course of business, has significant transactions with the following companies which have common members of BOD and stockholders as the Parent Company:

Category	Nature	Year	Amount/ Volume of transaction	Outstanding Balance		Terms	Conditions
				Receivable (see Note 8)	Payable (see Note 17)		
Century Pacific Group Inc. (CPGI, Ultimate Parent Company)							
Advances	Cash advances for working capital purposes	2023				30-day; non-interest bearing	Unsecured
		2022	₱722,511	₱—	₱—		
					—		
Bakemasters, Inc. (BMI)							
Trade sales and service income	Sale of goods at prices (normally on cost plus basis) mutually agreed upon by both parties	2023	1,663,269	1,838,987	—	30-day; non-interest bearing	Unsecured; not impaired
		2022	5,078,710	34,037,954	—		
Purchases	Purchase of raw materials and goods and rental storage at agreed prices usually on a cost-plus basis	2023	—	—	—	30-day; non-interest bearing	Unsecured
		2022	279,693,826	—	42,925,689		
Advances	Advance payment for purchases of goods	2023	—	—	—	30-day; non-interest bearing	Unsecured; not impaired
		2022	—	—	—		
Shakey's International Limited (SIL)							
Management fee income	Provides services (normally on cost plus basis) mutually agreed upon by both parties to manage the onshore transactions of SIL	2023	1,546,959	59,844,611	—	30-day; non-interest bearing	Unsecured; not impaired
		2022	5,409,812	58,297,652	—		

(Forward)



Category	Nature	Year	Amount/ Volume of transaction	Outstanding Balance		Terms	Conditions
				Receivable (see Note 8)	Payable (see Note 17)		
Shakey's Pizza Regional Food Limited (SPRFL)							
Trade sales and service income	Sale of goods at prices (normally on cost plus basis) mutually agreed upon by both.	2023	₱2,431,286	₱2,517,139	₱–	30-day; non-interest bearing	Unsecured; not impaired
		2022	₱–	₱101,750	₱–	30-day; non-interest bearing	Unsecured; not impaired
Collection	Pertains remittances of SPRFL’s customers that are initially collected by SPAVI due to unavailability of SPRFL’s bank account.	2023	–	–	21,496,995	30-day; non-interest bearing	Unsecured; not impaired
		2022	–	–	21,598,745		
Shakey’s Seacrest Inc. (SSI)							
License fee	Annual remittance of royalty fee amounting to 3% of net system wide sales	2023	213,116,893	–	113,685,609	360-day; non-interest bearing	Unsecured
		2022	255,052,172	–	283,478,898		
Service income	Provides services (normally on cost plus basis) mutually agreed upon by both parties to manage the transactions of SPCI	2023	2,504,326	2,270,306	–	30-day; non-interest bearing	Unsecured; not impaired
		2022	–	8,369,646	–		
Rental income	Rental income on property lease	2023	60,000	42,800	–	30-day; non-interest bearing	Unsecured; not impaired
		2022	60,000	42,800	–		
Advances	Cash advances for working capital purposes	2023	–	–	–	30-day; non-interest bearing	Unsecured
		2022	–	1,100,174	2,772,562		
Dividend Income	Receipt of cash dividends from a subsidiary	2023	110,066,721	56,978,025	–		
		2022	203,488,558	203,488,558	–		
Shakey’s Pizza Commerce, Inc. (SPCI)							
Sales	Sale of goods at prices (normally on cost plus basis) mutually agreed upon by both parties	2023	896,025,974	1,566,942,053	–	30-day; non-interest bearing	Unsecured; not impaired
		2022	690,634,755	963,054,759	–		
Service income	Provides services (normally on cost plus basis) mutually agreed upon by both parties to manage the transactions of SPCI	2023	12,573,154	12,573,154	–	30-day; non-interest bearing	Unsecured; not impaired
		2022	–	–	–		

(Forward)



Category	Nature	Year	Amount/ Volume of transaction	Outstanding Balance		Terms	Conditions
				Receivable (see Note 8)	Payable (see Note 17)		
Advances	Pertains to advances for purchase of inventories	2023	P=	P=	P=	30-day; non-interest bearing	Unsecured; not impaired
		2022	P=	P=	P=		
Rental income	Rental income on property lease	2023	—	—	—	30-day; non-interest bearing	Unsecured; not impaired
		2022	30,000	—	—		
Purchases	Purchase of raw materials and goods at agreed prices usually on a cost- plus basis	2023	827,339,278	—	55,750,684	30-day; non-interest bearing	Unsecured; not impaired
		2022	702,045,912	—	742,954,814		
Dividend income	Receipt of cash dividends from a subsidiary	2023	890,795,121	890,795,121	—	30-day; non-interest bearing	Unsecured; not impaired
		2022	306,702,585	306,702,585	—		
Service Fee	Provides services (normally on cost plus basis) mutually agreed upon by both parties to manage the transactions of SPCI	2023	69,146,113	—	69,146,113	30-day; non-interest bearing	Unsecured; not impaired
		2022	—	—	—		
Wow Brand Holdings, Inc. (WBHI)							
License fee	Annual remittance of royalty fee amounting to 6% of net system wide sales	2023	—	163,811,431	—	30-day; non-interest bearing	Unsecured; not impaired
		2022	633,914,334	138,911,656	—		
Service income	Provide services mutually agreed upon by both parties to manage the transactions of WBHI	2023	—	—	—	30-day; non-interest bearing	Unsecured; not impaired
		2022	—	54,532,449	—		
Rental income	Rental income on property lease	2023	3,577,568	13,807,828	—	30-day; non-interest bearing	Unsecured; not impaired
		2022	—	10,230,260	—		
Advances	Pertains to cash advances in relation to the acquisition of Peri-Peri Business	2023	28,186,258	—	28,186,258	30-day; non-interest bearing	Unsecured; not impaired
		2022	—	—	—		
Purchases	Purchase of raw materials and goods at agreed prices usually on a cost-plus basis	2023	4,855,337	—	4,855,337	30-day; non-interest bearing	Unsecured; not impaired
		2022	—	—	—		
(Forward)							



Category	Nature	Year	Amount/ Volume of transaction	Outstanding Balance		Terms	Conditions
				Receivable (see Note 8)	Payable (see Note 17)		
Service fee	Provides services (normally on cost plus basis) mutually agreed upon by both parties to manage the transactions of SPCI	2023	₱7,632,149	₱-	₱7,632,149	30-day; non-interest bearing	Unsecured; not impaired
		2022	₱-	₱-	₱-		
The Pacific Meat Company Inc. (PMCI) (v)							
Trade sales and service income	Sale of goods at prices (normally on cost plus basis) mutually agreed upon by both parties	2023	70,135	3,043,350		30-day; non-interest bearing	Unsecured; not impaired
		2022	3,158,573	2,973,214	-		
Purchases	Purchase of raw materials and goods at agreed prices usually on a cost-plus basis	2023	-	-	19,705,215	30-day; non-interest bearing	Unsecured; not impaired
		2022	141,140,173	-	38,792,440		
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	2023	₱-	₱-	₱-	30-day; non-interest bearing	Unsecured; not impaired
		2022	-	431,120	-		
Purchases	Purchase of raw materials and goods at agreed prices usually on a cost-plus basis	2023	-	-	-	30-day; non-interest bearing	Unsecured; not impaired
		2022	-	-	293,488		
Snow Mountain dairy Corporation (SMDC)							
Purchases	Purchase of raw materials and goods at agreed prices usually on a cost-plus basis	2023	-	-	-	30-day; non-interest bearing	Unsecured; not impaired
		2022	-	-	-		
Century Pacific Food Inc. (CPFI)							
Trade sales and service income	Sale of goods at prices (normally on cost plus basis) mutually agreed upon by both parties	2023	-	-	-	30-day; non-interest bearing	Unsecured; not impaired
		2022	374,276	-	-		
Purchases	Purchase of raw materials and goods at agreed prices usually on a cost-plus basis	2023	-	-	613,134	30-day; non-interest bearing	Unsecured; not impaired
		2022	8,029,623	-	1,732,971		
		2023	-	₱2,774,464,806	₱321,071,495		
		2022	-	1,788,538,338	1,134,662,260		



Compensation of Key Management Personnel

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

	2023	2022
Salaries	₱136,624,017	₱131,728,491
Pension costs	55,643,464	40,163,660
	₱192,267,481	₱171,892,151

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

19. Short-term Loans Payable

The outstanding balance of the short-term loans is as follows:

	2023	2022
Balance at beginning of year	₱500,000,000	₱—
Payments	(500,000,000)	—
Additions	700,000,000	500,000,000
Balance at end of year	₱700,000,000	₱500,000,000

The Parent Company availed of several short-term loans amounting to ₱1,500.0 million with interest ranging from 3.50% to 5.50% annum in 2020.

In 2022, the Parent Company availed a short-term loan from the Bank of the Philippine Islands amounting to ₱500.0 million with a 2.30% effective interest rate per annum.

In 2023, The Parent Company utilized multiple short-term loans from Bank of the Philippines Islands, totaling to P700 million, with annual interest rates ranging from 5.58% to 6.25% per annum.

Interest expense pertaining to short-term loans amounting to ₱25.5 million and ₱30.9 million recognized for the years ended December 31, 2023 and 2022, respectively (see Note 28).

20. Long-term Loans Payable

On June 8, 2016, the Parent Company entered into an Omnibus Loan and Security Agreement (OLSA) with BDO Unibank, Inc. (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 Parent Company 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 Parent Company 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.

So long as any portion of the loan is outstanding and until payment in full of all amounts payable by the Parent Company under the loan documents are made, the Parent Company covenants and 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 is at all times maintained in accordance with the agreement. As at December 31, 2023 and 2022, the balances of DSRA has 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, 2023 and 2022, the Parent Company is in compliance with the aforementioned covenants.

Bank of the Philippines Islands (BPI) Loan

On February 24, 2022, the Parent Company 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 years from March 2, 2022 (the value date). The loan has an effective interest rate of 4.3% payable monthly until paid in full.

The loan agreement also contains a prepayment provision which allows the Parent Company to make optional prepayments in the amount of ₱320.0 million on March 2, 2025, ₱8.0 million on March 2, 2026, and a final payment of ₱1,232.0 million on maturity date.

The Parent Company is not subject to any loan covenants from BPI loan.

The breakdown of the loan is as follows:

	2023	2022
BDO loan -principal	₱3,647,932,514	₱3,697,986,963
Less unamortized debt issue costs	(5,361,523)	(7,429,009)
BDO loan – net of unamortized debt issue costs	3,642,570,991	3,690,557,954
BPI loan	1,600,000,000	1,600,000,000
Total	5,242,570,991	5,290,557,954
Less current portion of long-term loan payable	47,876,004	47,932,514
Noncurrent portion	₱5,194,694,987	₱ 5,242,625,440

Interest expense pertaining to long-term loan amounting to ₱212.9 million and ₱184.5 million was recognized for the years ended December 31, 2023 and 2022, respectively (see Note 28).

21. Equity

Capital Stock

The details are as follows:

	Number of shares	Amount
Authorized capital stock - ₱1 par value:	2,000,000,000	₱2,000,000,000

Issued and outstanding capital stock - ₱1 par value:

	2023		2022	
	Number of shares	Amount	Number of shares	Amount
Balance at beginning and end of year	1,683,760,178	₱1,683,760,178	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
	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 as at December 31, 2023 and 2022 are held by 41 equity holders.

APIC

Amount received in excess of the par values of the shares issued amounting to ₱2,451.1 million was recognized as "APIC" in the parent company statements of changes in equity as at December 31, 2023 and 2022.

Retained Earnings

Details of cash dividends declared in 2023 and 2022 are as follows:

Date of Declaration	Dividend		Record Date
	Rate (per share)	Amount	
July 15, 2022	₱0.03	₱50,512,805	July 4, 2022
June 20, 2023	0.10	168,376,017	July 31, 2023

There are no outstanding dividends payable as at December 31, 2023 and 2022. Cash dividend declared and paid amounted to ₱163.3 million in 2023 and ₱50.5 million in 2022.

22. Revenues from Contracts with Customers

Set out below is the disaggregation of the Parent Company's revenue from contracts with customers:

	2023	2022
Revenue from contracts with customers:		
Restaurant sales	₱5,520,444,702	₱5,574,648,499
Sale of goods	2,577,768,823	2,540,301,954
Royalty and franchise fees	567,355,871	452,932,788
	₱8,665,569,396	₱8,567,883,241
Timing of recognition:		
Goods transferred at a point in time	₱8,633,401,628	₱8,551,452,509
Services transferred over time	32,167,768	16,430,732
	₱8,665,569,396	₱8,567,883,241



Contract liabilities

Below are the details of contract liabilities:

	2023	2022
Initial franchise fee	₱138,349,450	₱61,404,470
Less current portion	30,059,596	13,445,337
Noncurrent portion	₱108,289,854	₱47,959,133

Movements of contract liabilities arising from initial franchise fees as at and for the year ended December 31, 2023 and 2022 are as follows:

	2023	2022
Beginning balance	₱61,404,470	₱67,123,504
Amortization of initial franchise fees	(32,167,768)	(16,430,732)
Initial franchise fees received	103,467,530	8,100,000
Accretion of interest expense	5,645,218	2,611,700
Ending balance	₱138,349,450	₱61,404,470

As at December 31, 2023, the amount of initial franchise fees allocated to remaining performance obligations, the amount of accretion of interest expense in the succeeding years, and the amount of contract liability 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	₱30,059,596	₱6,077,712	₱36,137,308
More than one year	108,289,854	9,979,443	118,269,297
	₱138,349,450	₱16,057,155	₱154,406,606

23. Cost of Sales

	2023	2022
Inventory costs (see Note 9)	₱4,813,830,347	₱4,547,810,629
Salaries, wages, and benefits (see Note 25)	659,917,448	563,116,308
Depreciation and amortization (see Note 26)	411,669,553	425,156,154
Utilities	356,554,020	315,047,711
Rent	190,144,821	113,093,790
Outside services	171,648,272	144,834,687
Supplies	160,997,690	124,102,173
Delivery call fees	136,956,880	145,220,187
Gas expenses	116,278,022	111,544,442
Repairs and maintenance	53,812,618	41,760,483
Card charges	34,800,157	30,957,571
Pension costs (see Notes 25 and 27)	14,596,106	15,671,747
Dues and subscription	10,341,176	4,005,890
Commissary costs	7,752,978	4,822,778
Other	74,264,087	69,933,643
	₱7,213,564,175	₱6,657,078,192



24. General and Administrative Expenses

	2023	2022
Salaries, wages and benefits (see Note 25)	₱363,145,345	₱272,774,898
Advertising and promotions	256,759,915	232,104,580
License fees (see Notes 18 and 33)	156,751,056	259,459,911
Outside services	153,267,878	149,871,915
Taxes and licenses	102,565,324	84,822,251
Transportation and travel	47,740,980	36,105,361
Depreciation and amortization (see Note 26)	37,773,661	37,929,222
Supplies	37,097,121	34,268,121
Utilities	20,736,711	19,878,150
Pension costs (see Notes 25 and 27)	17,329,046	24,491,913
Gas expenses	12,245,557	14,591,076
Insurance	7,079,414	5,718,720
Directors' fees	1,652,632	1,378,947
Others	69,534,539	34,891,711
	₱1,283,679,178	₱1,208,286,776

25. Personnel Expenses

	2023	2022
Salaries, wages, bonuses and allowances		
Cost of sales (see Note 23)	₱633,203,425	₱543,037,822
General and administrative expense (see Note 24)	345,964,167	262,065,556
SSS, Pag-ibig, Medicare and other contributions		
Cost of sales (see Note 23)	26,714,023	20,078,486
General and administrative expense (see Note 24)	17,181,178	10,709,342
Retirement costs		
Cost of sales (see Notes 23 and 27)	14,596,106	15,671,747
General and administrative expense (see Notes 24 and 27)	17,329,046	24,491,913
	₱1,054,987,945	₱876,054,866

26. Depreciation and Amortization

	2023	2022
Property and equipment:		
Cost of sales (see Notes 13 and 23)	₱196,794,155	₱211,587,835
General and administrative expense (see Notes 13 and 24)	15,759,771	15,709,063
Software -		
General and administrative expense (see Notes 14 and 24)	21,064,256	21,510,874

(Forward)



	2023	2022
Right-of-use asset -		
Cost of sales (see Notes 15 and 23)	₱214,875,398	₱213,568,316
Franchise right -		
General and administrative expense (see Note 24)	949,634	709,288
	₱449,443,214	₱463,085,376

27. Pension

The Parent Company has a funded, noncontributory defined benefit pension plan covering substantially all its qualified employees. The benefits are based on years of service and percentage of compensation during the last year of employment.

The following tables summarize the components of net pension costs in the parent company statements of comprehensive income as of December 31, 2023 and 2022 and accrued pension costs in the parent company statements of financial position as at December 31, 2023 and 2022. The latest actuarial valuation is as at December 31, 2023.

	2023	2022
Pension costs:		
Current service cost	₱25,989,536	₱35,461,532
Net interest cost	15,617,460	12,031,427
Expected return on plan assets	(9,681,844)	(7,329,299)
	₱31,925,152	₱40,163,660
Accrued pension costs		
Present value of benefit obligation (PVBO)	₱248,618,398	₱219,346,354
Fair value of plan assets (FVPA)	(134,998,297)	(135,980,957)
	₱113,620,101	₱83,365,397

Movements in the PVBO are as follows:

	2023	2022
Balance at beginning of year	₱219,346,354	₱241,110,752
Current service cost	25,989,536	35,461,532
Interest cost	15,617,460	12,031,427
Benefits paid	(7,131,584)	(12,426,777)
Net actuarial gain	(5,345,937)	(56,830,580)
Transfer from affiliate	142,569	—
Balance at end of year	₱248,618,398	₱219,346,354



Movements in the FVPA are as follows:

	2023	2022
Balance at beginning of year	₱135,980,957	₱146,879,731
Contributions	—	—
Benefits paid	(7,131,584)	(12,426,777)
Interest income	9,681,844	7,329,299
Net actuarial loss	(3,532,920)	(5,801,296)
Balance at end of year	₱134,998,297	₱135,980,957

Movements in accrued pension costs are as follows:

	2023	2022
Balance at beginning of year	₱83,365,397	₱94,231,021
Pension costs	31,925,152	40,163,660
Contributions	—	—
Transfer from affiliate	142,569	—
Actuarial gain	(1,813,017)	(51,029,284)
Balance at end of year	₱113,620,101	₱83,365,397

Amount recognized in OCI are as follows:

	2023	2022
Actuarial loss - PVBO	₱1,813,017	₱51,029,284
Actuarial gain - FVPA	—	—
Deferred tax	(453,254)	(12,757,321)
Total	₱1,359,763	₱38,271,963

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

	2023	2022
Investments		
Government securities	₱83,173,235	₱81,099,368
Stocks and other securities	33,038,811	32,148,310
Deposit in banks	397	1,602
Other securities	17,908,880	22,043,731
Other asset:	134,121,323	135,293,011
Receivables	939,130	792,043
Total assets	135,060,453	136,085,054
Fees payable	(62,156)	(104,097)
Net asset value	₱134,998,297	₱135,980,957

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 Parent Company'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 risk of the plans.



The principal assumptions used in determining retirement benefit costs as at January 1, 2023, 2022 and 2021 were as follows:

	2023	2022
Discount rate	7.12%	4.99%
Rate of compensation increase	5%	5%

The discount rates and salary increase rates used in determining the retirement benefit obligation as of December 31, 2023 are 6.09% 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 if all other assumptions were held constant:

	2023		2022	
	Increase (decrease)	Amount	Increase (decrease)	Amount
Discount rates	0.5% (0.5%)	(P6,230,075) 7,460,155	0.5% (0.5%)	(P5,623,147) 6,783,888
Salary increase rate	1.0% (1.0%)	16,693,962 (11,474,621)	1.0% (1.0%)	15,201,552 (10,259,278)

Shown below is the schedule of expected future benefit payments:

1 year and less	P4,433,948	P4,279,095
More than 1 year to 5 years	16,936,881	5,858,556
More than 5 year to 10 years	87,821,378	90,378,387
More than 10 year to 15 years	168,276,812	126,061,036
More than 15 year to 20 years	323,923,017	390,946,887
More than 20 years	5,263,456,332	6,002,282,394
	P5,864,848,368	P6,619,806,355

The Parent Company expects to contribute of P37.9 million to its retirement fund in 2024.

The plan contributions are based on the actuarial present value of valuation accumulated plan benefits and fair value of plan assets are determined using an independent actuarial. The net defined benefit cost and the contributions to the plan are specifically identifiable, such that, the Company's PVBO pertains only to the benefit of the Parent Company's employees and the FVPA, pertains only to the contributions made by the Parent Company. The Parent Company 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.

28. Interest Expense

	2023	2022
Long-term loan payables (see Note 20)	P212,864,548	P184,531,045
Lease liabilities (see Note 15)	75,200,693	80,562,846
Short-term loan payables (see Note 19)	25,510,044	30,896,730
Contract liabilities (see Note 22)	5,645,218	2,654,754
Debt issue cost	5,361,523	2,067,486
	P324,582,026	P300,712,861



29. Other Income – Net

	2023	2022
Service fee	₱12,891,243	₱9,132,142
Expired points from loyalty points	8,279,340	11,569,669
Gain (loss) on:		
Disposal of inventory	(6,285,730)	(9,938,870)
Realized gain from institutional cash reserve fund	1,922,393	793,826
Income from accretion of deposits (see Note 16)	1,692,305	2,000,871
Gain (loss) on:		
Pre-termination of leases	(1,081,551)	18,918,131
Disposal of property and equipment	567,939	172,237
Other income from franchisees	409,443	6,299,868
Fair value gain on financial assets at FVPL (see Note 11)	–	404,374
Others - net	(162,393)	1,247,992
	₱18,232,989	₱40,600,240

Other pertain mostly to cash overages, fees charged by the Parent Company 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.

30. Income Taxes

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

	2023	2022
Deferred tax assets:		
Lease liabilities	₱284,297,017	₱283,629,979
Difference in depreciation due to adoption of lease standard	18,379,806	31,551,183
Accrued pension costs	28,405,025	20,841,349
Contract liabilities	28,053,584	6,543,943
Accrued bonus and other expense	3,452,272	4,543,819
Unamortized past service cost	1,215,518	1,855,309
Allowance for:		
Expected credit losses	1,372,116	1,228,669
Inventory obsolescence	1,190,628	1,064,150
Unrecoverable deposits	824,323	824,323
Accrued loyalty points fund	2,542,031	407,102
Unrealized Forex Loss	135,006	–
MCIT	22,142,778	–
Debt Issuance Cost	–	–
NOLCO	11,346,647	–
	403,356,752	352,489,826
Deferred tax liabilities:		
ROU Asset	224,323,832	224,604,073
Debt issuance cost	1,340,381	1,857,252
Unrealized foreign exchange gain	–	251,600
	225,664,213	226,712,925
	₱177,692,539	₱125,776,901



The deferred tax assets were measured using the appropriate corporate income tax rate on the year these are expected to be reversed.

As at December 31, 2023, the Company has incurred NOLCO in taxable year 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Availment Period	Amount	Applied in Previous Year/s	NOLCO		
				Expired	Applied in Current Year	Unapplied
2023	2024-2026	₱45,386,589	₱—	₱—	₱—	₱45,386,589

The details of the MCIT as at December 31, 2023, of which excess over regular corporate income tax (RCIT) shall be carried forward and credited against RCIT for three (3) immediately succeeding taxable year, is as follows:

Year Incurred	Availment Period	Amount	MCIT			
			Applied in Previous Year/s	Expired	Applied in Current Year	Unapplied
2023	2024-2026	₱22,142,778	₱—	₱—	₱—	₱22,142,778

The provision for current income tax represents RCIT, MCIT and final withholding taxes on interest income are as follows:

	2023	2022
RCIT	₱—	₱35,200,165
MCIT	22,142,778	—
Final withholding taxes	—	242,241
	₱22,142,778	₱35,442,406

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

	2023	2022
Provision for (benefit from) income tax computed at 25% statutory income tax rate	₱341,759,383	₱238,444,584
Tax effects of:		
Dividend income subjected to final tax	(376,932,445)	(127,547,786)
Nontaxable income already subjected to final tax in prior years	—	(3,596,370)
Interest income already subjected to final tax	(508,466)	(242,241)
Nondeductible OPEX for MCIT computation purposes	405,136,135	—
Difference in tax rate for MCIT	(346,903,524)	—
Other nondeductible expenses - net	1,339,787	20,729,966
Change in tax rate	(54,116,984)	—
Provision for (benefit from) income tax	(₱30,226,114)	₱127,788,153



31. Financial Risk Management Objectives and Policies

The Parent Company's principal financial instruments comprise cash, financial assets at FVPL, trade and other receivables and loans payable. The main purpose of these financial instruments is to finance the Parent Company's operations. The Parent Company has various other financial assets and liabilities such as rental deposit, accounts payable and other current liabilities arising directly from operations and dividends payable.

The main risks arising from the Parent Company's financial instruments are credit risk, liquidity risk and equity price risk on financial assets at FVPL investment. 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 Parent Company will incur a loss because its customers or counterparties failed to discharge their contractual obligations. The Parent Company manages and controls credit risk by trading only with recognized, creditworthy third parties. It is the Parent Company'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 Parent Company's exposure to bad debts is not significant.

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

	2023	2022
Cash*	₱312,096,071	₱311,975,966
Trade and other receivables	4,108,926,116	2,425,371,829
Rental deposits	174,331,768	165,581,892
Total credit risk exposure	₱4,595,353,955	₱2,902,929,687

*Excluding cash on hand.

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

	2023					
	Neither Past Due nor Impaired	Past Due but not Impaired			Impaired	Total
		1-180 Days	Over 360 days	Subtotal		
Cash*	₱312,096,071	₱-	₱-	₱-	₱-	₱312,096,071
Trade and other receivables	1,709,518,047	1,636,735,581	768,160,914	2,404,896,495	5,488,426	4,108,926,116
Rental deposits	139,794,071	-	37,834,990	-	3,297,293	174,331,768
	₱2,161,408,189	₱1,636,735,581	₱805,995,903	₱2,404,896,494	₱8,785,719	₱4,595,353,955

*Excluding cash on hand.

	2022					
	Neither Past Due nor Impaired	Past Due but not Impaired			Impaired	Total
		1-180 Days	Over 360 days	Subtotal		
Cash*	₱311,975,966	₱-	₱-	₱-	₱-	₱311,975,966
Trade and other receivables	1,971,499,515	448,957,640	-	448,957,640	4,914,674	2,425,371,829
Rental deposits	162,284,599	-	-	-	3,297,293	165,581,892
	₱2,445,760,080	₱448,957,640	₱-	₱448,957,640	₱8,211,967	₱2,902,929,687

*Excluding cash on hand.

"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 table below shows the credit quality of the Parent Company's neither past due nor impaired financial assets based on their historical experience with the corresponding debtors:

	2023			
	Stage 1	Stage 2	Stage 3	Total
Cash*	₱312,096,071	₱—	₱—	₱312,096,071
Trade and other receivables:	—	3,342,312,968	761,124,682	4,103,437,650
Rental deposits	—	—	174,331,768	174,331,768
	₱312,096,071	₱3,342,312,968	₱953,456,450	₱4,589,865,489

*Excluding cash on hand.

	2022			
	Stage 1	Stage 2	Stage 3	Total
Cash*	₱11,975,966	₱—	₱—	₱11,975,966
Trade and other receivables:	—	1,971,499,515	448,957,640	2,420,457,155
Rental deposits	—	—	162,284,599	162,284,599
	₱385,015,940	₱1,971,499,515	₱611,242,239	₱2,894,717,720

*Excluding cash on hand.

Financial assets classified as “high grade” are those cash 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 Parent Company may encounter difficulties in raising funds to meet or settle its obligations at a reasonable price.

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

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

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

	2023					
	Due and Demandable	< 90 Days	91–180 Days	181–365 Days	Over 365 Days	Total
Cash	₱362,636,187	₱—	₱—	₱—	₱—	₱362,636,187
Trade and other receivables	1,344,780,564	743,395,744	2,017,910,369.85	—	8,327,904	4,114,414,582
Rental and other deposits	139,794,071	—	—	—	37,834,990	174,331,768
Accounts payable and other current liabilities:						
Trade payables	—	702,852,943	—	—	—	702,852,943
Nontrade payables	—	201,163,051	—	—	—	201,163,051
Accrued expenses	—	108,181,008	—	—	—	108,181,008
Other payables*	—	30,607,323	—	—	—	30,607,323
Dealers' deposit and other noncurrent liabilities	—	—	—	—	392,925,660	392,925,660
Short-term loans payable**	—	6,775,000	6,775,000	703,833,333	—	717,383,333
Long-term loans payable**	—	6,262,025	51,218,496	51,034,040	3,661,590,458	3,770,105,019
		1,055,841,350	57,993,496	754,867,373	4,054,516,118	5,923,218,337
Liquidity gap	₱	₱	₱	₱	₱	₱

*Excluding statutory payables.

**Including future interest payments



	2022					
	Due and Demandable	< 90 Days	91–180 Days	181–365 Days	Over 365 Days	Total
Cash	₱385,015,940	₱–	₱–	₱–	₱–	₱385,015,940
Trade and other receivables	794,329,786	439,106,125	1,191,931,498	–	4,919,094	2,430,286,503
Rental and other deposits	165,581,892	–	–	–	3,297,293	168,879,185
	1,344,927,618	439,106,125	1,191,931,498	–	8,216,387	2,984,181,628
Accounts payable and other current liabilities:						
Trade payables	–	883,490,021	–	–	–	883,490,021
Nontrade payables	–	342,273,918	–	–	–	342,273,918
Accrued expenses	–	229,701,137	–	–	–	229,701,137
Other payables*	–	77,827,708	–	–	–	77,827,708
Dealers' deposit and other noncurrent liabilities	–	–	–	–	146,154,383	146,154,383
Short-term loans payable**	–	9,500,000	9,500,000	1,058,854,167	–	1,077,854,167
Long-term loans payable**	–	7,031,250	32,031,250	38,968,750	3,850,312,500	3,928,343,750
	–	1,549,824,034	41,531,250	1,097,822,917	3,996,466,880	6,685,645,084
Liquidity gap	₱1,344,927,618	(1,110,717,909)	₱1,150,400,248	(₱1,097,822,917)	(₱3,988,250,496)	(₱3,701,463,456)

*excluding statutory payables.

**Including future interest payments.

Capital Management

The primary objective of the Parent Company's capital management is to safeguard the Parent Company'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 Parent Company manages its capital structure and adjusts it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Parent Company adjusts the dividend payment to stockholders, return capital to stockholders or issue new shares. The Parent Company's debt-to-equity ratio is as follows:

	2023	2022
Total liabilities	₱8,853,160,272	₱8,761,324,632
Total equity	7,988,757,124	6,758,509,733
	1.11:1	1.30:1

32. 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, advances to related parties, 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 Parent Company's financial instruments other than those described above:

As at December 31, 2023				
		Fair Value		
		Carrying Value	Level 1 Quoted	Level 2 Significant Observable Input
	Date of Valuation			
Assets for which fair values are disclosed:				
Rental deposits	December 31, 2023	₱174,331,768	₱—	₱180,991,242
		₱174,331,768	₱—	₱180,991,242
Liabilities for which fair values are disclosed:				
Loan payable	December 31, 2023	₱5,242,570,991	₱—	₱5,457,516,402
Dealers’ deposits	December 31, 2023	392,925,662		384,556,345
		₱6,335,496,653	₱—	₱5,842,072,747
As at December 31, 2022				
		Fair Value		
		Carrying Value	Level 1 Quoted	Level 2 Significant Observable Input
	Date of Valuation			
Assets for which fair values are disclosed:				
Rental deposits	December 31, 2022	165,581,892	₱—	167,472,175
Liabilities for which fair values are disclosed:				
Loan payable	December 31, 2022	₱5,290,557,954	₱—	₱6,334,150,117
Dealers’ deposits	December 31, 2022	146,154,383	—	141,565,135
		₱5,450,638,694	₱—	₱6,464,167,866

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 1.65% to 8.56% as at December 31, 2023 and 3.62% to 6.14% as at December 31, 2022, respectively. Fair value category is Level 2, significant observable inputs.

Loans Payable. The fair value of loan payable which was discounted using prevailing market rate of 4.18 % and 4.29 % as at December 31, 2023 and 2022, respectively. 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 4.92% and 4.69% as at December 31, 2023 and 2022, respectively. Fair value category is Level 2, significant observable inputs.

As at December 31, 2023 and 2022, there were no transfers between Level 1 and 2 fair value measurements.



33. Commitments

Trademark Licensing and Franchise Agreements

The Parent Company has existing Trademark Licensing and Franchise Agreements with independent franchisees to operate restaurant outlets under the “Shakey’s” “Peri-Peri” and “Supertea” concept and trade names. 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 and advertising rendered by the Parent Company.

Royalty and franchise fees amounted to ₱567.4 million in 2023 and ₱452.9 million in 2022 (see Note 22). As at December 31, 2023 and 2022, royalty receivable amounted to ₱61.7 million and ₱170.1 million, respectively (see Note 8).

Territorial Licensing Agreement

The Parent Company has a territorial licensing agreement with SSI, the licensor, for the exclusive right to license other individuals and/or establishments to use the “Shakey’s” brand name, method and concept of the licensor in the production, merchandising, packaging and sale of certain food products in the Philippines. In consideration for the exclusive territorial license, the Parent Company is liable to the licensor for a license fee based on sales of each of the dealers of the Parent Company. The agreement, which was drawn on August 1, 2017, is renewable at the option of the Parent Company, from term to term, each term being a period of ten (10) years under the same terms and conditions.

SPAVI is required to pay annual license fees to SSI amounting to 1.5% of net system wide sales. On December 1, 2020, SSI waived its 1.5% monthly license fee to SPAVI for the entire year of 2020 and the year after until 2023. On the other hand, SPAVI waived the rental fees of SSI for the entire year of 2020 and the year after until 2023. These initiatives aim to mitigate the COVID-19 pandemic’s adverse impact on the restaurant business of SPAVI (see Note 18).

Outstanding balance of incurred license fees amounted to ₱113.7 million and ₱283.5 million as at December 31, 2023 and 2022, respectively (see Note 18).

34. 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 for the years ended December 31, 2023 and 2022, hence, diluted EPS is the same as the basic EPS.

The Parent Company’s EPS were computed as follows:

	2023	2022
(a) Net income	₱1,397,263,645	₱825,990,182
(b) Weighted average number of shares outstanding	1,683,760,178	1,683,760,178
Basic/ diluted EPS (a/b)	₱0.83	₱0.49



35. Notes to the Parent Company Statements of Cash Flows

The following are the noncash activities for the years ended December 31, 2023 and 2022:

	2023			
	January 1	Net cash flows	Noncash changes	December 31
Rental and other				
noncurrent assets (a)	₱165,581,892	₱–	₱1,692,305	₱174,331,768
Loans payable (b)	5,790,557,954	150,000,000	2,013,037	5,942,570,991
Contract liabilities (a)	61,404,470	71,299,762	5,645,218	138,349,450
Lease liabilities (c)	1,134,519,917	(208,503,266)	211,171,416	1,137,188,067

	2022			
	January 1	Net cash flows	Noncash changes	December 31
Rental and other				
noncurrent assets (a)	₱156,069,120	₱7,511,901	₱2,000,871	₱165,581,892
Loans payable (b)	3,740,557,954	2,050,000,000	–	5,790,557,954
Contract liabilities (a)	67,123,504	(8,330,733)	2,611,699	61,404,470
Lease liabilities (c)	1,186,537,591	(279,407,588)	227,389,914	1,134,519,917

Details of the noncash changes are as follows:

- (a) Pertains to accretion of interest expense on long term rental and other deposits and contract liabilities.
- (b) Pertains to amortization of debt issue costs
- (c) Changes are presented under Note 15.

The changes in the Parent Company's liabilities arising from financing activities are as follows:

	2023						
	January 1	Additions	Proceeds	Payments	Interest expense	Other movements	December 31
Lease liabilities*	₱1,134,519,917	₱211,171,416	₱–	(₱283,703,959)	₱75,200,693	₱–	₱1,137,188,067
Loans payable	5,790,557,954	–	700,000,000	(550,000,000)	–	2,013,037	5,942,570,991
Dividends	–	168,376,017	–	(168,376,017)	–	–	–
Accrued interest**	–	–	–	(251,899,064)	324,582,026	(72,682,962)	–
Total liabilities from financing activities	₱6,925,077,871	₱379,547,433	₱700,000,000	(₱1,253,979,040)	₱399,782,719	(₱70,669,925)	₱7,079,759,058

	2022						
	January 1	Additions	Proceeds	Payments	Interest expense	Other movements	December 31
Lease liabilities*	₱1,186,537,591	₱267,805,704	₱–	(279,407,588)	₱80,562,846	(₱120,978,636)	₱1,134,519,917
Loans payable	3,740,557,954	–	2,100,000,000	(50,000,000)	–	–	5,790,557,954
Dividends	–	50,512,806	–	(50,512,806)	–	–	–
Accrued interest**	7,656,566	–	–	(220,819,029)	300,712,861	(87,550,398)	–
Total liabilities from financing activities	₱4,934,752,111	₱318,318,510	₱2,100,000,000	(₱600,739,423)	₱381,275,707	(₱208,529,034)	₱6,925,077,871

*Other movements pertain to the gain on lease concession and derecognition of lease liability

**Other movements pertain to interest accretion for PFRS 15



36. Supplementary Information Required Under RR 15-2010

The Parent Company reported and/or paid the following types of taxes in 2023:

VAT

The Parent Company's sales are subject to output VAT while its importations and purchases from other VAT-registered individuals or corporations are subject to input VAT. The VAT rate is 12%.

a. Output VAT

Sales and output VAT declared in the Parent Company's VAT returns for 2023 are as follows:

	Net Sales/ Receipts	Output VAT
Taxable sales of goods	₱8,392,015,937	₱1,007,041,912
Zero-rated sales/receipts	135,032,286	—
Exempt sales	317,789,603	—
	₱8,844,837,826	₱1,007,041,912

The Parent Company has exempt sales pursuant to the provision of RR 7-2010 "Implementing the Tax Privileges Provisions of Republic Act No. 9994, otherwise known as the 'Expanded Senior Citizen Act of 2010', and Prescribing the Guidelines for the Availment."

"Zero-rated - sale of goods" are based on invoice on revenues from export sales which are entitled to VAT zero-rating under Section 106(A)(2) and Section 108(B)(7) of the 1997 Tax Code, lodged under the account "Revenue" in the books of the Company. Zero-rated sales pertain to export sales of goods

b. Input VAT

As at December 31, 2023, the details of the Parent Company's input VAT are as follows:

	Tax Amount
Balance at beginning of the year	₱54,031,021
Current year's purchases of Capital Goods	2,131,590
Current year's purchase of goods other than capital goods:	
Domestic purchase of goods	315,345,639
Importation of goods	273,162,087
Current year's domestic purchase of services	202,797,390
Input VAT allocable to exempt sales	(28,419,222)
Other adjustments on input VAT	(13,008,268)
Input VAT claimed against output VAT	(806,040,237)
Balance at end of year	₱—



Information on the Parent Company's Importations

In 2023, the Parent Company's transactions which are subject to broker's and other fees are as follows:

Taxable value	₱2,047,161,187
Broker's fee and others	229,189,538
Total landed cost of imports	2,276,350,725
Input VAT	₱273,162,087

Taxes and Licenses

Taxes and licenses, local and national, include real estate taxes, business licenses and permit fees and fringe benefit taxes for 2023:

License and permit fees	₱100,141,200
Realty tax payment	130,803
Barangay/DTI and other fees	9,696,345
Documentary stamp taxes (DST)	1,174,745
Fringe benefit taxes	1,920,339
Others	130,902
	₱113,194,334

Documentary Stamp Taxes

DST paid by the Parent Company in 2023 amounting to ₱945,338.94 pertains to its lease contracts; and the ₱975,000.00 pertains to the Contract of Sale of the four (4) Shakey's co-owned stores namely SM Cauayan, Tuguegarao, Magic Mall San Carlos & SM Tuguegarao.

Withholding Taxes

Movements in withholding taxes for 2023 are as follows:

	Final withholding taxes	Tax on Compensation and Benefits	Expanded Withholding Taxes
Balance at beginning of year	₱—	₱ 3,163,144	₱5,952,784
Additions	12,330,123	49,539,848	81,357,064
Applications/remittances	(12,330,123)	(48,678,008)	(80,236,862)
Balance at end of year	₱—	₱ 4,024,984	₱7,072,986

Tax Assessments and Tax Cases

The Parent Company is currently not involved in any tax cases and tax assessments in Final Assessment Notice Stage as at December 31, 2023.



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