

FOR THE PIZZA



#Through Thick & Thin

SUSTAINABILITY AND
ANNUAL REPORT 2019





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About the Cover

Shakey's Philippines is no stranger to crises, having been through numerous ones since 1975. The brand has survived and even thrived amidst union strikes, the Asian financial crisis, the Avian Bird Flu, a series of coup d'états, and massive natural disasters including Ondoy, the Mount Pinatubo eruption, and the latest Taal Volcano eruption. Nonetheless, their combined negative impact pales in comparison to what we are facing now with the COVID-19 pandemic. It is during these challenging times that we witness best the resilience of our brand and the loyalty of our guests who support and patronize our products **THROUGH THICK AND THIN**. Their trust and love for Shakey's is clear. We must also not forget the dedication and selflessness of our employees. The risks and sacrifices they have taken to allow us to re-open our stores amidst the lockdown are invaluable. Things will change, but our guest-centric mindset, our WOW philosophy and culture, and our shared passion for the Shakey's brand must and should never change.

#ThroughThick&Thin

About the Report

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This report covers the period from January to December 2019 and has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option, following our 2018 Sustainability and Annual Report published on June 20, 2019.



The report will be distributed primarily in digital format. Please visit www.shakeyspizza.ph to download a copy. Limited printed copies will make use of recycled paper in line with our ongoing sustainability initiatives.

This Sustainability and Annual Report is a product of:



For questions or feedback, please contact PIZZA Investor Relations at investorrelations@shakeys.biz.

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Introduction: #ThroughThick&Thin

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Get to Know Us

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Shakey's Pizza Asia Ventures, Inc. (PIZZA) is one of the leading operators of full-service, fast casual restaurants in the Philippines, focused on family casual dining. We are engaged in operating, maintaining, and franchising the "Shakey's" and "Peri-Peri Charcoal Chicken and Sauce Bar" ("Peri") brands.

Shakey's is the Philippines' leading full-service pizza chain and is the single-largest brand of full-service casual dining chain restaurants in the country. It is a strong and well-established brand thanks to a differentiated menu, iconic and well-loved products, a distinct store environment, and highly guest-centric service.

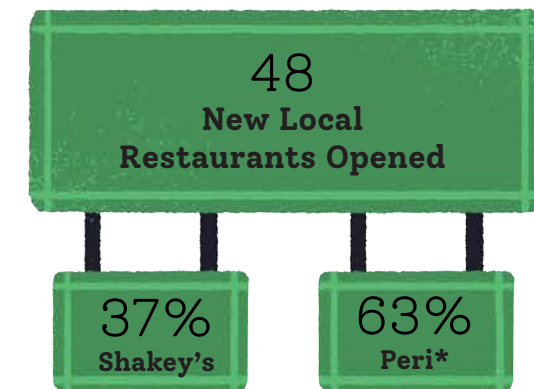
Being the exclusive Shakey's brand owner in the Philippines, we own and operate company-owned stores as well as franchise the brand, enabling us to branch out to second- and third-tier cities.

We likewise own the Shakey's rights in the Middle East, Asia (excluding Japan and Malaysia), China, Australia, and New Zealand, allowing us to bring great times and great memories to regions outside the country.

With the vision of having a portfolio of WOW brands and the aim to diversify through a handful of industry-leading full-service restaurant chains, the Company acquired Peri in 2019—an emerging fast-casual and full-service restaurant brand in the Philippines that made famous the use of piri-piri in cooking, incorporating it in its chicken and variety of sauces.

Peri has a strong following and has recently gained more traction as it appeals to Filipinos' love for both poultry and a strong distinctive taste. It has also demonstrated consistent profitability which consequently increases the amount of interest for new stores from potential lessors and franchisees.

2019 at a Glance



PHP10.4B
System-wide Sales
(11% GROWTH)

PHP8.2B
Revenues
(9% GROWTH)

PHP924M
Net Income**
(10% GROWTH)

10.3 million
pizzas sold

23%
MARKET SHARE***

Philippines' Single-Largest
Brand of Chained
Full-Service Restaurants

67%
MARKET SHARE***

Leader in Full-Service
Pizza Chain Restaurants

*Includes the consolidation of 23 Peri stores in June 2019
**FY 2019 figures represent pre-IFRS 16 numbers.
***Source: Euromonitor, 2019

Our Business Presence

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DINE IN

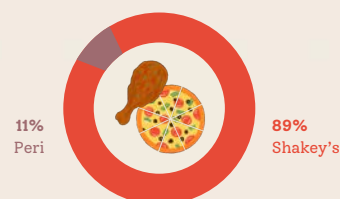
61%
System-wide
Sales

We aim to provide a unique family and friends experience by always WOWING the guest, not just with our iconic products but also through our beautiful and distinct store environment.

We have been aggressively expanding our store network these past few years. By strategically selecting locations for new store openings, we are able to ensure that each store operates at a profitable level.

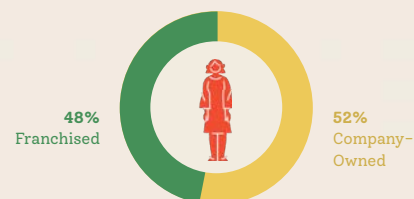
276
Stores in the
Philippines

By Brand



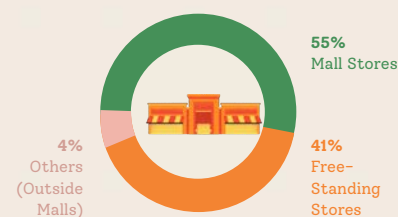
As we continue to grow the Shakey's brand throughout the country, we now also have the Peri brand to leverage on via accelerated expansion. Together, both brands place PIZZA in a position ready for long-term growth.

By Ownership



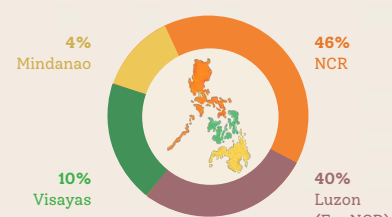
As we expand further in provincial locations, our ownership mix skews toward franchised stores as we believe local operators are able to provide better on-the-ground execution in those areas. We work closely with our franchisees to ensure consistency throughout our store network.

By Format



Our multiple store formats allow for market and expansion flexibility. These also provide convenience and accessibility to our guests.

By Location



About half of our stores are still located in the National Capital Region (NCR). We recognize the opportunities in the other parts of Luzon, Visayas, and Mindanao, and continue to pursue underpenetrated second-tier cities in these regions primarily through the Shakey's brand.

DELIVERY AND CARRY-OUT

37%

System-wide
Sales

Guests can also enjoy our products via our out-of-store channels. These serve as a steady stream of revenue given the rising need for convenience especially within Metro Manila and the want for more value offerings and services.

In addition, these allow guests who are more health- and security-conscious to enjoy Shakey's or Peri within the safety of their own homes. We have been investing heavily in these channels and expect them to be a major growth driver moving forward.

Delivery

With a quick phone call or click of a button, guests can have our products brought to them through our delivery service. We continue to invest in our digital and IT capabilities to solidify our position in this space.



Single Delivery
Hotline Number

#77-777



Official
Website



Mobile
Application



Food
Aggregators

Carry-out

If in a rush, guests who are near our stores can drop by and grab a bite to-go.

2%
System-wide
Sales

OTHERS

Our other sales channels aim to provide guests great value whenever they crave for the Shakey's or Peri experience.

SuperCard+

We have expanded the perks and privileges of all SuperCard owners by including benefits from the Peri brand with the introduction of the SuperCard+. We are able to promote our popular paid loyalty card as a must-have by ensuring we continue to provide value to our guests.

Functions

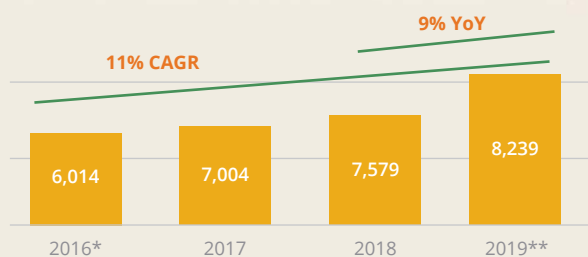
Most of our free-standing stores have function rooms that are able to accommodate various events such as parties, meetings, and gatherings.

Financial Highlights

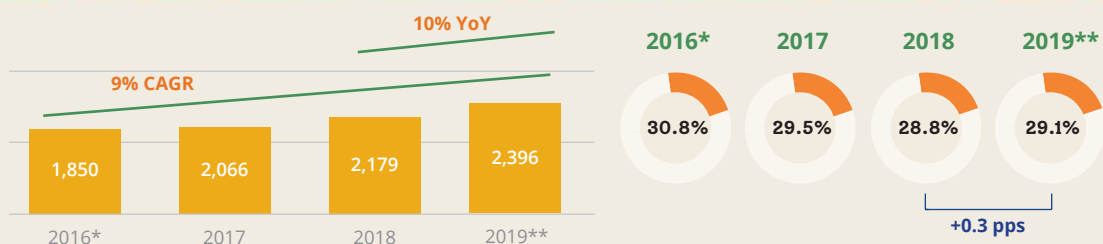
P&L HIGHLIGHTS

in PHP million

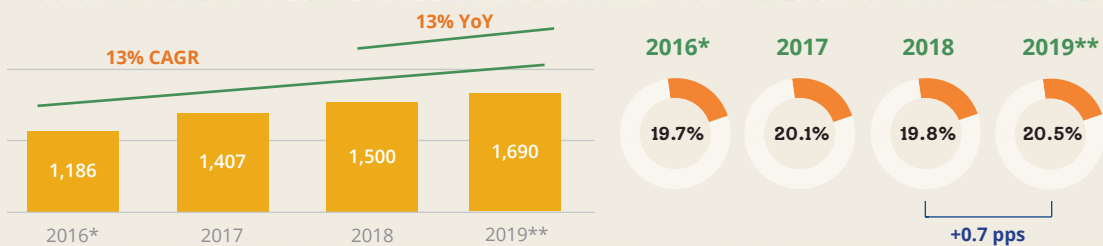
Revenues



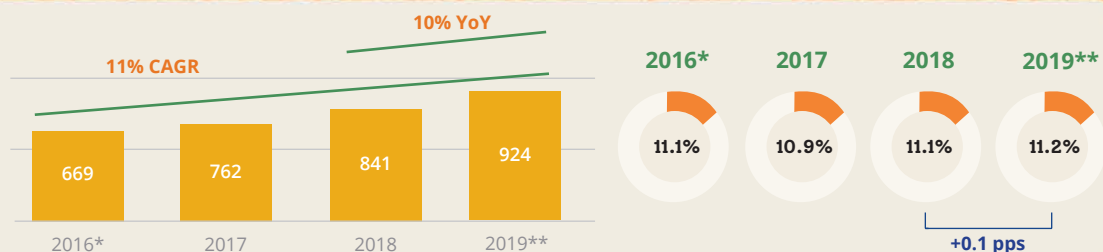
Gross Profit



EBITDA



Net Income

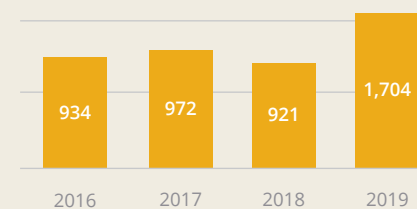


*FY 2016 figures represent pro forma numbers, adjusted for one-off items.
 **FY 2019 figures represent pre-IFRS 16 numbers.

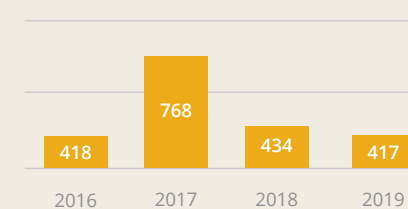
CASH FLOW HIGHLIGHTS

in PHP million

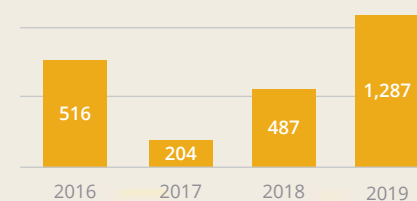
Operating Cash Flow



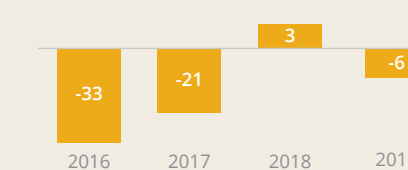
Capital Expenditure



Free Cash Flow

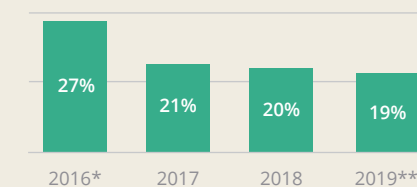


Cash Conversion Cycle (In Days)

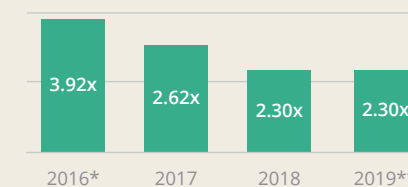


OTHER HIGHLIGHTS

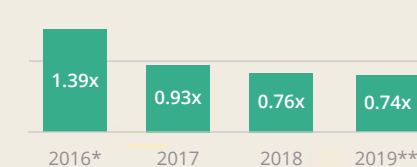
Return on Equity



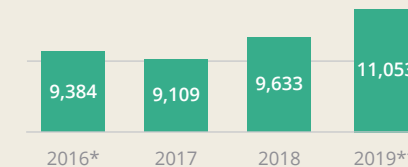
Net Interest-Bearing Debt-to-EBITDA Ratio



Net Gearing Ratio



Total Assets in PHP million



Measuring Our Financial Performance

PIZZA's financial performance remains a top priority, with the following top 5 key financial performance indicators.

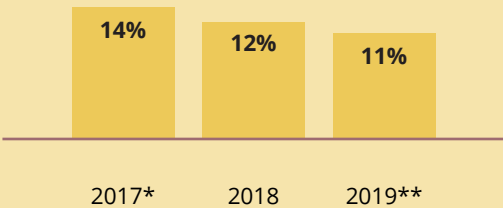
System-wide Sales Growth

Total net sales this year compared to the net sales of the previous year, from both company-owned and franchise stores, expressed as a percentage.

FY 2019 Performance

PIZZA posted an 11% system-wide sales growth, reaching a new high of PHP10.4 billion in sales and sustaining its double-digit increase year-on-year.

Despite ending with a same-store sales growth of 1%, we were still able to post double-digit sales growth as we acquired the Peri brand and its 23 existing stores, and opened 19 net new Shakey's stores and 7 net new Peri stores.



12% 2016 to 2019 CAGR

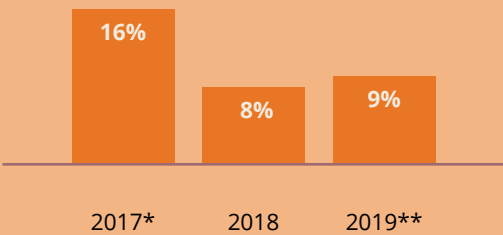
Revenue Growth

Total net sales this year, as reported in the financial statements, compared to the net sales of the previous year, as reported in the financial statements, from company-owned stores, franchise and royalty fees from franchisees, and revenues from wholly-owned subsidiaries, expressed as a percentage.

FY 2019 Performance

Revenue grew to PHP8.2 billion, up 9% year-on-year. Growth remained healthy notwithstanding dampened consumer sentiment brought about by tail-end inflationary pressures from the year before, and the industry's competitive environment especially in the delivery space.

This rate is more moderate compared to that of system-wide sales as our revenue mix is skewed by our expansion strategy which is in favor of franchised stores, resulting in a larger top line share from franchisee sales versus company-owned. Of our 48 new local stores, 60% is franchisee-operated, with the rest being managed by the Company.



11% 2016 to 2019 CAGR

*FY 2016 figures represent pro forma numbers, adjusted for one-off items.
**FY 2019 figures represent pre-IFRS 16 numbers.

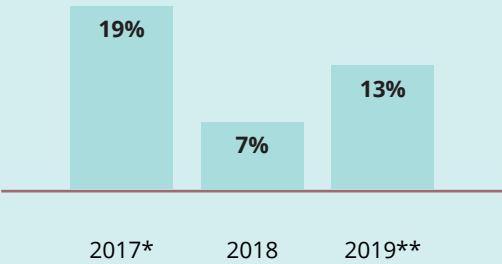
EBITDA Growth

Earnings before interest, taxes, depreciation, and amortization—a proxy for operating profitability—this year compared to that of last year, expressed as a percentage.

FY 2019 Performance

EBITDA margin increased by 70 basis points to 20.5% as EBITDA grew at a clip of 13%.

Gross profit margin expansion was primarily driven by subdued input costs and favorable FX. Our “Fit-for-Growth” initiatives, which include in-store and corporate cost controls and efficiency improvements, allowed us to keep operating expenses steady, growing slightly lower than revenues at 8% despite ramped up investments in our IT, digital, and delivery infrastructure.



13% 2016 to 2019 CAGR

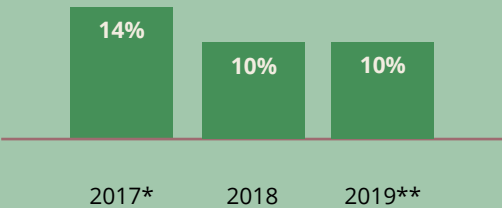
Net Profit Growth

Net earnings after all costs and taxes this year, as reported in the financial statements, compared to net earnings after all costs and taxes of the previous year, as reported in the financial statements, expressed as a percentage.

FY 2019 Performance

Our recurring full-year 2019 earnings likewise grew double digits—10% higher compared to the same period the previous year.

Despite the slight uptick in financing costs during the second half of the year, lower other income, and higher income taxes, there was enough flow-through from EBITDA to achieve double-digit net profit growth.



11% 2016 to 2019 CAGR

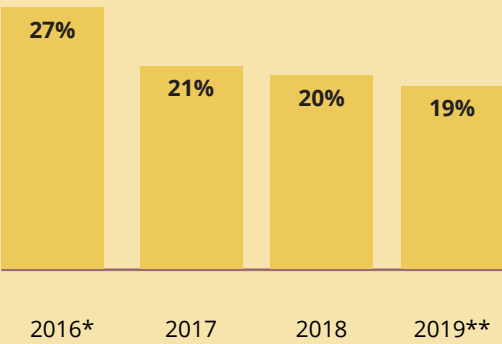
Return on Equity

Net income this year, as reported in the financial statements, divided by the average of shareholders' equity as of the end of this year and shareholders' equity as of the end of the previous year, as reported in the financial statements.

As we continue to invest in our business, we aim to maintain our return on equity in the high teens.

FY 2019 Performance

Return on equity remained stable and above-industry at 19% in 2019.



22% 2016 to 2019 CAGR

Focus Areas for Business Growth

Apart from monitoring financial metrics, the following are other key measures and business areas critical to maintaining and executing our growth strategy.

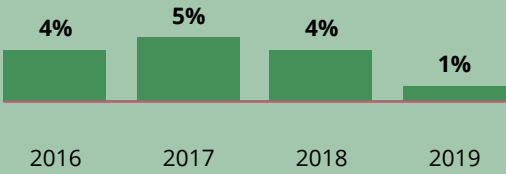


Same-Store Sales Growth

PIZZA's same-store sales growth was flattish year-on-year at 1% amidst last year's challenging macroenvironment with respect to consumer spending and the increasing competition in the dining-out and delivery categories. This also excludes the usual impact from price increases due to favorable commodity prices.

To address these, we promoted new group meals, premium products, and time-sensitive offerings for Shakey's. We also leveraged the presence of food aggregators on top of our own in-house delivery service.

For Peri, we crafted and launched the brand's values of "Adventure, Abundance, and Vibrance," complementing Shakey's "Fun, Family, Pizza" positioning. In line with this, we upgraded the store look and enhanced food and service quality.

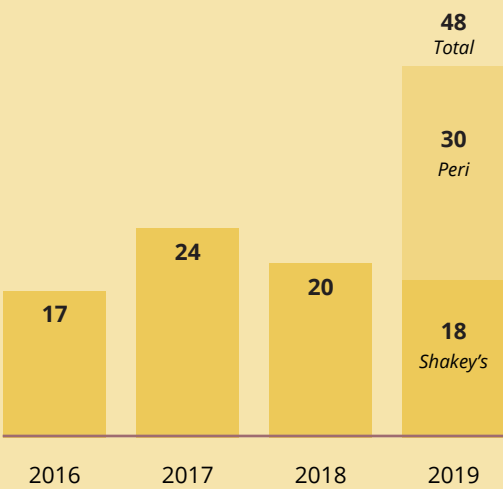


4% 2016 to 2019 Average

Local New Store Opening

Shakey's target of 15 to 20 net new local stores each year was boosted by the Peri acquisition and its accelerated expansion plan.

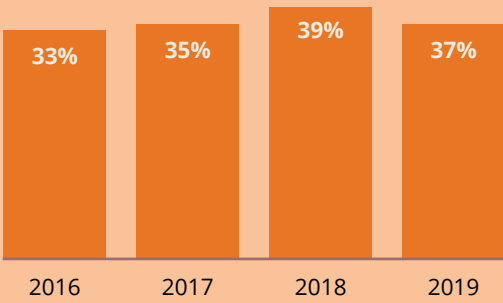
While Shakey's brand strength allows it to set up in far-flung provincial areas, the Peri brand will focus on further penetrating the Metro Manila region where there is still plenty of room for the brand to grow.



27 2016 to 2019 Average

Delivery and Carry-out

Though a majority of sales still come from dine-in, PIZZA has proactively diversified in recent years, now following a multi-sales channel approach. With our continuous investments in these segments, we believe we are well-positioned to further strengthen our out-of-store presence as guests put importance on convenience, health, and safety.



as a percent of system-wide sales

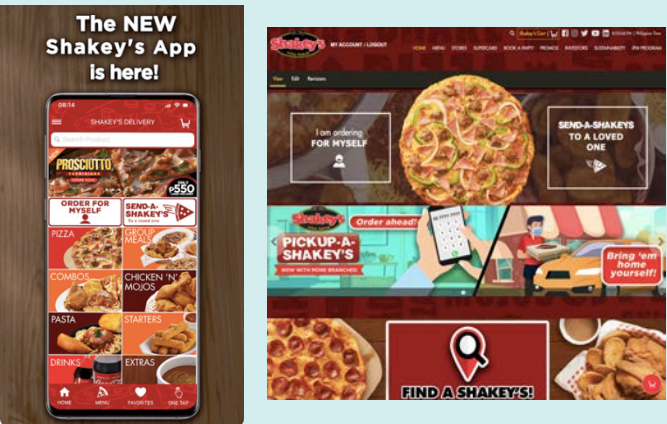
35% 2016 to 2019 Average

Innovation

While PIZZA continues to uphold its core value of FUN, FAMILY, PIZZA, we always find ways to WOW our guests year after year with new menu offerings and convenient sales avenues.

Our strong focus on value-for-money innovations, supported by both our Research and Development department as well as our Marketing team, allows us to attract guests, whether old-timers or newcomers, to try our new products and flavors along with our classic mainstay menu items.

Meanwhile, our investments in various out-of-store sales channels provide greater convenience to guests. As we continue to invest in our in-house delivery capabilities, including our delivery hotline, mobile application, and online website, we have also executed strategies that further expand our sales reach. Our delivery hotline is toll-free for a large base of subscribers of a telecommunications provider in the country. We have also partnered with food aggregators, allowing us to cater to a different consumer profile, and now offer curb-side pick-up, a recent addition to ensure the safety of our guests amid COVID-19.



Organization

PIZZA is full of passionate and WOWING people who love the brand and are dedicated to excellence. The Company places importance on the hiring, development, and retention of high performers by providing a healthy work environment and proper compensation, among others. With the Executive and Management teams leading PIZZA and the rest of the organization quickly and successfully executing its strategies, the Company has been able to achieve unprecedented business results for over a decade.

To further sustain this, PIZZA is investing to transform into an even more flexible organization by adopting AGILE ways of working. The objective in the near-term is to increase productivity as well as prioritize and allocate resources to high-impact areas. The journey will allow the Company to leverage on multi-disciplinary and connected teams, encourage employees to adopt new ways of working and take appropriate risks, and push forward guest obsession, iterative innovation, and continuous self-development.

ESG

The Company continues to make strides in integrating sustainability across its value chain after beginning its ESG (Environmental, Social, Governance) journey back in 2018. Our next steps include setting up practical ESG targets and a clearer management approach, having determined our material non-financial metrics. We are in the course of crafting a sustainability strategy that would guide us in growing the business in a responsible manner.

The Company's sustainability strategy and targets will be released in the second half of 2020.



What Keeps Us Going

102-16

Purpose

To provide great times and great memories...always!

Vision

To be the preferred and dominant family casual dining restaurant in the Philippines, and successful in our chosen overseas markets, serving pizza as our core product.

Mission

We are a guest-centric organization. Our solid commitment to our stakeholders to create superior value results to enduring success.

Our Guests

We genuinely care for our guests. We seek to know their needs and wants and provide them high-quality food products and services that will exceed their expectations, thus providing them superior value for money.

Our Employees

We nurture an environment where people are respected, empowered to be their best, and rewarded for their contributions. We create opportunities for personal and career growth so they may succeed and gain a sense of achievement and pride.



Our Business Partners

We are ethical, fair, professional, and collaborative business partners.

Our Shareholders

We grow the business by increasing the size and value of the company and by achieving industry-leading returns on investment, while creating long-term value to all our stakeholders.

Our Community

We commit to sustainable development by engaging in social and environmental causes that will promote quality of life as our legacy to future generations.

Core Values

Guest-Focused

All our actions are centered towards enhancing the Shakey's experience and value for all our guests.

Understanding and Respect

We have the humility to listen and ask questions to understand the other person's views and opinions. We are open, fair, and without bias in our judgment.

Excellence

We set high standards of performance by doing things better than before, better than others, and better than expected. It's a WOW thing!



Sense of Ownership

We take charge. We are proactive and have a strong sense of accountability. Sense of "malasakit" is demonstrated through prudent use of resources.

Trustworthiness

We are ethical, honest, and trustworthy, with unquestioned integrity in words and actions.

1 Team, 1 Passion

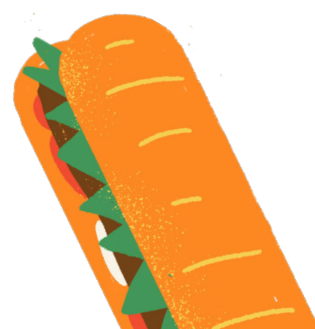
We have shared vision and values, thereby seeking the best from each other toward achieving one goal. We continually communicate and collaborate amidst diverse ideas and opinions.

Strategic Thinking

We see the big picture, critically analyze key assumptions, and understand the relationship of its parts. We anticipate the long-term impact and strive for responsible and sustainable growth.

Tenacity

We are resolute and persistent in the pursuit of goals. We demonstrate grit and "gigi!" and have the urgency to get things done.



A Message from the Chairman

102-14

102-32

As I write this letter to you, our shareholders and stakeholders, we are just emerging from almost two-and-a-half months of lockdown.

The prospects for the succeeding months are still uncertain as the Philippines and the rest of the world manage through the twin health and economic crises.

For PIZZA, the last few months were some of the most challenging in our forty-five-year history. These past weeks were a blur of crisis management meetings—caring for our employees and guests; keeping our stores, commissary, call center, head office, and delivery operations going; and, very crucially, managing cash and liquidity.

Now, while still very much on our toes, we are exiting crisis mode and are planning a strategy that will allow us to win in an environment where our dine-in business will be challenged.

With dire predictions from industry experts that up to 20% of restaurants or even more will not survive, I have no doubt that we will be one of the survivors and will emerge in a strong position as the world learns to live with the virus.

Our plan for the near future is to reduce capital expenditures and operating expenses until we understand the new market situation. Under this plan, our current cash balance of almost PHP1 billion is enough to sustain us, with the business becoming free cash flow positive in the second half of 2020. Additionally, we have unused credit lines of PHP5 billion as shock absorbers should our assumptions prove not conservative enough or new challenges such as a second prolonged lockdown happen.

My admiration and gratitude go out to our own frontliners—our store teams, skeleton crews in our head office and commissary, delivery drivers, and franchisee partners for reporting for duty during this time. This is WOWING guest centricity, tenacity, and loyalty in action.

I am also proud of how our management team responded to the challenge. The first instinct was to protect our employees and guests from the virus. Next was to shelter our stakeholders from the economic fallout that follows in the wake of the quarantine. At one point, with 90% of our stores closed, we continued to pay our employees, advanced a portion of their thirteenth month pay, readied funds for emergency loans, processed payments to our cooperative partner employers and suppliers, and prepared funds and basic food items for employees.



It is during immense challenges like these when the core of who we are as a company is revealed. I would dare say that when the dust settles and we look back at this time, we as a management team would be judged kindly for sticking to our core values and putting the well-being of our guests and members first.

Looking ahead, I am confident that we will overcome this turbulent period, adapt, and eventually win in this new business environment.

Even if it seems to be an eternity ago, it would still be useful to recap 2019 as significant events in the recently ended year reveal the fundamental health of the business and is an indicator of the Company's potential once humankind is able to tame the virus.

2019 Recap

2019 was another double-digit-growth year with many major milestones and new challenges. Our consolidated system-wide sales was PHP10.4 billion, increasing 11% versus the previous year; and our net income was at PHP924 million, growing 10%.

This was the Company's sixteenth consecutive year to turn in double-digit growth - a remarkable feat. However, in 2019, getting to double digits involved acquiring our second brand: Peri.

“ This was the Company's sixteenth consecutive year to turn in double-digit growth—a remarkable feat.

Without the acquisition, the Shakey's brand alone would have posted mid-single-digit growth. Our beloved pizza brand's dine-in business was affected by the widespread expansion of Asian eat-all-you-can concepts, and our delivery business was challenged by the aggressive growth of food delivery aggregators.

Our Shakey's business was tracking GDP growth for most of the year at around mid-single digits and saw a strong pick-up in the fourth quarter, especially during the festive December period.

We think the novelty of Asian eat-all-you-can concepts is wearing off and that COVID-19 would pose a very serious challenge to their business model.

Food aggregators, on the other hand, continue to grow. We have embraced these aggregators as partners and now work with the major players. We see them as a way to serve our guests and augment our in-house delivery services. This is very consistent with our “think guest” philosophy. Ultimately, if they can serve our guests well, everybody wins.

Going forward, our delivery strategy will involve a combination of our own delivery service, partnerships with food aggregators, and ghost kitchens which will allow us to get orders to guests in thirty minutes or less in Metro Manila. Behaviors and habits around eating out and ordering in are changing especially among the millennials and younger demographic, and we think this is the winning strategy.

The Peri acquisition is a big shift from our mono-brand strategy. This is very much in line with our vision to create a small portfolio of leading, casual dining brands that can scale and allow us to deliver double-digit growth year in and year out. The strategy involves leveraging over our brands, our competencies in scalable business systems and guest-centric service, as well as extract cross-brand synergies to create value for our guests.

The acquisition and integration of Peri was going according to our base business case, that is, until COVID-19 struck. Since the acquisition in June 2019, we opened 8 new stores, bringing the total from 22 to 30. We are pleased with the way the market has responded to every new store we have opened. Each store has low break-even points, and the average daily sales have come in much better than expected. Additionally, on a personal note, I do really like the chicken—flavorful, juicy, and healthier than the fried alternative.

We have also found, and will continue to work on ways to improve Peri's margins. Certain food preparation processes have been brought in-house to our commissary, and we are now realizing synergies across the two brands in areas such as rent, loyalty programs, and marketing, among others.

All this gives me confidence that Peri will be a driver of growth for our group when the COVID-19 threat is behind us.

Mission InSpire

Last year, we began our sustainability journey. Among our many achievements, the ones I am personally quite proud of are our Love 'Em Down program and our achieving plastic neutrality.

Love 'Em Down started in 2018 where we work with the Down Syndrome Association of the Philippines, Inc. to place people with down syndrome in our stores as frontliners. As of end 2019, we employed 30 and are looking to scale up. This inclusive employment thrust gives purpose to down syndrome individuals, hope to their families, and joy to our staff, guests, and communities. Everybody wins!

Our plan is to expand this further and embrace other persons with disabilities and senior citizens as part of our inclusivity drive.

Another milestone we achieved in 2019 is plastic neutrality. This would make Shakey's and Peri the first major food brands in the Philippines to be plastic neutral. This means we measure the weight of plastic we are not able to take out of our system and pay to have the same weight of plastic collected from municipal waste. Republic Cement, our partner for this initiative, then co-processes these into energy, replacing coal as their energy source. While we are not a heavy plastic user, we think this is the right thing to do and can hopefully demonstrate to others that while ours is not a perfect solution, there are solutions out there.

These projects fit quite well into our evolving ESG (Environmental, Social, Governance) strategy, the pillars of which are People, Planet, and Pizza.

This COVID-19 crisis has cemented in my mind that People come first. We have mobilized and stretched to insulate our people as best we could from this health crisis that



will undoubtedly morph into an economic slowdown. We are making sure that financial safety nets are in place so that our team members know we value them and so that the business hits the ground running when the crisis lifts.

Our People programs involve the development of our human capital—letting them realize their potential and enabling them to climb the economic ladder. We will also look to expand our inclusive employment programs to achieve greater impact in communities where our stores are located.

For Planet, we will optimize our plastic, water, and energy footprints whilst balancing our need to stay competitive and remain good stewards of capital. In a post-COVID-19 world, we will not forget about the planet and will be more aggressive on this front when business conditions normalize.

On Pizza, or the food we serve our guests, we will be an innovator—looking to increase healthier, planet-friendly, and WOWING menu items for both our brands. Just because it's better for you or better for the planet doesn't mean it shouldn't taste good!

“ We have embraced sustainability and have integrated it into our mission.

We have embraced sustainability and have integrated it into our mission. We will come out with a more articulated sustainability strategy later this year, and I will continue to update you on our progress.

2020 Guidance

As I write this, we are approaching the end of the first half of this most unsettling start to the decade. Early in the year, we already went through the literal seismic shock from the Taal Volcano eruption in January; and then, things became even more precarious with COVID-19 and the subsequent lockdown in mid-March.

Even with these challenges, we were posting more than 20% growth in year-to-February. However, the lockdown and the subsequent temporary closure of almost 90% of our stores, as well as the economic slowdown that is sure to follow render any kind of guidance useless.

We will be in cash- and resource-conservation mode as we weather the crisis whilst caring for our people and safeguarding the long-term health of our brands. This translates to being more conservative on our store opening plans, prioritizing only must-have capital expenditures, and keeping a tight rein on operating expenses.

With our cash on hand, unused credit lines, and belt-tightening measures, we will be in a strong position after this crisis. Even while we are putting our growth-oriented posture on pause, we will be ready to go back to growth mode when the good times come back.

This will involve a stronger delivery service via both in-house and aggregator partnerships as well as doubling down on ghost kitchens. Online commerce, technology, and the use of data will be even more important. We will become more targeted with our marketing activities and continue to build guest intimacy, as well as use available technology to improve guest experience.

Finally, 2020 marks the forty-fifth year of Shakey's in the Philippines. During those four and a half decades, Shakey's survived all types of crises - coup-d'etats, recessions, super typhoons, floods, earthquakes, volcano eruptions, and more. Throughout the challenges, Shakey's survived, and in the last decade, thrived. I am highly confident that this test, while very different and more serious than any that the Company has faced, will make us better. This test will demonstrate the resilience of our team and our brand. We may have to adapt to a new post-COVID-19 world, get better at a few things like omni-channel, or even learn new skills such as agile ways of working; but ultimately, we will be victorious. Our best days are ahead.

“ We may have to adapt to a new post-COVID-19 world, get better at a few things like omni-channel, or even learn new skills such as agile ways of working; but ultimately, we will be victorious. Our best days are ahead.

In closing, I would like to thank the men and women of PIZZA. You are all participants in the success of the Company throughout the last forty-five years. Once more, you have shown your mettle during this COVID-19 crisis; and you will continue to be participants as we steer through this crisis onwards to success, whatever challenges come our way.

Let me also thank you, our shareholders. Thank you for your trust and support, **through thick and thin**. We will be relentless in protecting and nurturing the Company and will continue to be good stewards of your capital.



Christopher T. Po
Chairman

May 2020



The President's Letter

102-14

I hope that all who are reading this are well and safe from the dangers brought about by the COVID-19 pandemic. Indeed, the turn of events was abrupt and has negatively affected a number of people worldwide. I believe that we need to be calm and focus on things within our control for us to adapt to the changing times and come out of this crisis in a good position to succeed in the coming new normal.

2019 in Review

Prior to the current life-changing crisis, we achieved exemplary results last year and maintained healthy growth from January 1 until March 16 of 2020.

In 2019, the Philippines posted the lowest economic growth in eight years due to domestic challenges and a difficult external environment. Economic growth slowed in the first half of the year, driven by a rapid deceleration in investment growth due to a contraction in public spending and a weaker global economy.

Despite this, our company started strong in the first half, but encountered revenue headwinds in the third quarter when the impact of food aggregators in the food service industry really began to show. Consumers were bombarded with numerous aggressive marketing initiatives that sought to hook them into the well-designed mobile applications of food aggregators. They soon picked up the habit of using the aggregators mainly due to the improved convenience of their services, negatively affecting our business, particularly our delivery segment.

Cost pressures were also felt in 2019, especially in the second half with the arrival of the African Swine Flu that severely affected pork supply. Chicken prices soared as demand for pork moved to chicken, one of the core raw materials of our business.

Increased competition from existing and new players also continued last year. This required us to postpone our annual selective price increases from March to December, negating the annual same-store sales growth contribution of such price increases.

Confronted with these challenges, our management team doubled down on its existing key programs and implemented new initiatives to address last year's disruptions and developments.

The efficiency improvement programs we started in the latter half of 2018 continued well into 2019 and produced huge savings for the company. Our expansion strategies, for both Shakey's and Peri, were well-executed and delivered much of the needed sales for the second half of 2019.

Our commissary business was more than ready to cope with the large number of new stores and contributed well to the company's bottom line.



As we delivered on the business numbers, the team also moved up the needle in our ESG (Environment, Social, Governance) initiatives. Our People, Planet, Pizza program forged ahead and brought things to the next level, putting us in a good position to deliver more results moving forward.

“ I am immensely proud to inform you all that once again, we have achieved double-digit growth in sales and recurring net income, making it sixteen consecutive years in 2019.

So as the battle smoke of 2019 cleared up, we saw clearly that it turned out to be another very good year for PIZZA. I am immensely proud to inform you all that once again, we have achieved double-digit growth in sales and recurring net income, making it sixteen consecutive years in 2019.

2019 by the Numbers

We ended 2019 with consolidated system-wide sales reaching PHP10.4 billion, an increase of 11% versus the previous year. Revenues likewise grew by 9% to PHP8.2 billion.

Our continued double-digit system-wide sales growth was primarily driven by our ongoing store network expansion coupled with the acquisition of the Peri brand last June 1, 2019. We successfully added 49 stores during the year via both organic new store openings (+26) and acquisitions (+23).

This consequently brought our overall store count to 279 as of end of 2019, consisting of 249 Shakey's outlets and 30 Peri stores.

Meanwhile, same-store sales grew 1% last year amidst a highly competitive environment. This was achieved despite the absence of selective price increases that are typically implemented during the first few months of the year.

All in all, recurring net income registered a 10% growth versus the same period the previous year. Sustained double-digit profit growth was achieved through favorable raw material prices alongside our Fit-for-Growth efficiency initiatives.

2019 Strategy

Coming from an exceptionally high base in 2018, the pressure to do better than before was immense, but we pulled through because the PIZZA team always kept its eye and focus on the GUESTS. We think about them day-in and day-out and study how they would feel and react to all the changes and developments that come and go.

We always try to find ways to deliver both the best solutions and the best value for them. We do not aim to just meet their expectations; we try to exceed them. This is the essence of our WOW philosophy and culture.

In 2019, knowing that buying habits will change with the emergence of food aggregators, we put a lot of effort into fully understanding that business. This allowed us to realize that aggregators are here to stay, and we need to work with them; but we also have to improve our own internal delivery capabilities.

When the government's Build, Build, Build program got underway, we also adjusted our store development strategy and put the right stores in the right places to ensure our brands become accessible to consumers.

When the combination of sales and cost pressures kicked in, we focused on productivity and efficiency programs to protect the bottom line.

When our competitors resorted to heavy discounting and price wars, we leveraged on our healthy margins and multiple sales levers and quickly created creative marketing initiatives that promoted the superior value-offering of our brands.

When other competitors came up with new and better mobile applications, we focused on upgrading our own digital assets to compete more effectively in the digital arena; and when our fast-paced growth was starting to cause organizational fatigue, we conducted programs to help build skills and competence and reorganized quickly to effectively meet the changing demands of the business. When the right acquisition opportunity came, we quickly and diligently attacked it, integrated it smoothly, and made it grow quickly.

In summary, 2019 turned out to be a very good year as we were able to properly adjust to the changing business

environment and quickly implement the right initiatives. We also acknowledge the strength of our brands, the legacy they have built through time, and the superior value they offer.

“ We always try to find ways to deliver both the best solutions and the best value for them. We do not aim to just meet their expectations; we try to exceed them. This is the essence of our WOW philosophy and culture.

What happens now given the current COVID-19 crisis?

Everything changes from hereon.

I always declared that the food service industry is very dynamic and unpredictable. The first half of 2020 was no exception, and it was perhaps an example of why this business is tough; but the world as we know it has dramatically changed with the COVID-19 pandemic and its accompanying economic fallout. We are under a period of uncertainty; and as the situation continues to evolve, we must be reminded why we should never rest on our laurels and always maintain the mindset that things can rapidly change for the worse, requiring us to be agile and ready to adapt properly to the changing business environment.

Because of the current crisis, the entire restaurant industry has been disrupted in a major way. The very core and store economic model of the business need to be altered as most of the pre-COVID-19 models will most likely be rendered irrelevant.

For PIZZA, the majority of our original, pre-COVID-19 plans for 2020 have to be changed while some have become completely inapplicable. However, while our company is not spared from this disruption, I believe we are relatively better off compared to our industry peers as our model already includes a strong delivery and carry-out business component and as our margins are above the industry average. Our significant investments in digital transformation, particularly in our website, mobile application, and automation programs, have been an ace up our sleeves. Our robust database of more than one million loyal and active SuperCard+ members has been a tremendous source of revenue as well as a platform for gathering intelligence so critical during this period. Our balance sheet, access to credit, and liquidity pre-COVID-19 provides us flexibility as we navigate through this new



crisis. We have proven many times in the past that our resilient and well-loved brands, along with our highly dedicated and engaged team, allow us to confidently face crises and effectively turn them into opportunities. I believe that we are once again in a good position to do the same.

Since the start of this crisis, we have been closely monitoring and analyzing all available data regarding this fluid situation. This allowed us to build multiple scenarios as well as conserve and utilize our cash resources effectively. In times like these, cash is king. We are excited with the new game plans we have developed over the past weeks, and we are confident that these will allow us to stay ahead of the curve. This crisis exposed us to new ways of working that will further improve our efficiencies moving forward. While we have maintained above-industry performance for so long, this crisis showed us that sixteen years of high, continuous sales and profit growth has a way of making our sword less sharp. We have uncovered hidden opportunities to further reduce waste and lower fixed operating costs. This encourages and emboldens our team to forge ahead and expedite our plans towards the PIZZA of the future.

Finally, I would like to enjoin all PIZZA stakeholders to recognize the gallant and selfless efforts of our employees who brave the difficulties to continue delivering our promise to our guests. This crisis should also remind us why we must continue to make the health and safety of our employees, business partners, and guests a priority. We have found new ways to operate our restaurants with strict sanitation and safety procedures that exceed the minimum requirements of the government and key health organizations. These initiatives will incur new costs, but they follow our long-time mission and commitment to keep all our stakeholders safe. The goal is not just to comply with the law or align with what others are doing; it is to take the lead in this area and be the benchmark for safety.

The impact of this COVID-19 crisis has been severe and has significantly disrupted our industry. We should be ready for it to get worse before it gets better. The path to recovery will be long; and even when this crisis is finally behind us, things will never go back to the old normal. I would like to assure you that the PIZZA team is doing everything we can to navigate this crisis by managing well all things in our control, and I remain confident that we will emerge from this in a good position to take advantage of the opportunities that will follow after.

With your continued trust and support, I believe our company will prevail.

“ We have proven many times in the past that our resilient and well-loved brands, along with our highly dedicated and engaged team, allow us to confidently face crises and effectively turn them into opportunities. I believe that we are once again in a good position to do the same.



Vicente L. Gregorio
President and CEO

May 2020



Updates from Our General Managers



Shakey's

Jorge Maria Q. Concepcion
General Manager

2019 marked another milestone year for Shakey's in the Philippines. We closed the year with 249 stores, reflecting a net addition of 19. Majority of the network expansion came from franchised stores outside Metro Manila, further widening the reach of our brand. We invested further in our delivery business given the high competition in this segment. We have increased our online and delivery presence via tie-ups with third-party aggregators and other online mobile applications. Our in-house delivery service, on the other hand, remains to be our top priority and main growth driver for delivery given our loyal guest base and more extensive menu, entailing more digital and IT investments. Campaign Asia named Shakey's as one of the Philippines' Top Restaurant Brands and as the highest-ranked fast casual brand. We were also listed by the Financial Times as one of the top 500 enterprises contributing to the economic growth of the Asia Pacific region. Together with generally favorable input costs and prudent operational cost-saving initiatives in-store and at the corporate level, our margins remain industry-leading, also marking 2019 as our sixteenth consecutive year of double-digit growth.

The advent of the COVID-19 global pandemic has brought disruption to the industry and to our business on a scale never before witnessed. Management is looking at this crisis not as a challenge to simply overcome but as a unique opportunity to further thrive in the new normal of the future. We are cautiously confident that we will make the necessary timely adjustments to leverage the strengths of our people, brand, and stores, as well as find innovative ways to continue WOWING our guests and sustain the success that is the tradition of our organization.



Peri

Maria Elma C. Santos
General Manager

In 2019, we were able to manage a smooth acquisition and transition of the Peri brand and its people to PIZZA. During the first few months, we focused on setting up the basic foundations for branding, systems, and people. We geared up to operate the new business at a higher level, setting the brand up for rapid expansion. We accelerated the opening of 8 new stores in a span of six months, showcasing as well a new look and feel of the brand. We are proud to say that we have begun our #RoadTo100 stores journey and are looking forward to bringing Peri-Peri Charcoal Chicken and Sauce Bar to more and more people.

Today, we are faced with great uncertainty amidst the COVID-19 pandemic; but one thing is for sure - we can withstand this fight. We believe in the brand and the products that we offer, and most especially in the people - our very own frontliners who bravely serve our guests the best they can in this new normal. We are now focused on becoming a relevant brand that Filipinos resonate with and find joy in these trying times. We will continue to strive and serve the best charcoal chicken, be it in our stores or in our guests' homes, while keeping our guests and teams safe.



#ThroughThick&Thin



By March 2020, the spread of COVID-19 had overturned the lives of Filipinos as Metro Manila and other regions of the Philippines were placed under community quarantine. General mobility was restricted, while operations of non-essential establishments were limited, if not completely halted. Only businesses that offered essential services, such as medical services, financial services, retail and wholesaling, food preparation and delivery services, utilities, and manufacturing, were allowed to operate under the new mandate.

This entailed mall closures across the country that saw a large number of our mall stores consequently affected. Meanwhile, our employees reporting to our free-standing stores experienced difficulties traveling to work due to the restrictions on public transportation and stringent local government checkpoint implementations. With the resulting reduced workforce both in-store and at our call center, the WOWING experience associated with our brands that we aim to uphold and provide our guests

were negatively impacted. As such, we made the difficult decision to temporarily close our free-standing stores as well to give us time to revisit our policies and procedures to safeguard the health of both our employees and guests. All in all, the majority of our stores were not operational as of early April, with the remaining open stores strictly limited to delivery and carry-out only.

Since then, we have now reopened the majority of our stores, all of which follow strict safety policies and procedures as recommended by the World Health Organization. Given the restrictions on dine-in, consumers turned to out-of-store options, resulting in a demand spike for delivery and carry-out services.

With daily coordination between PIZZA's top management and our committed employees, we are actively adjusting to the present challenges and the continuously changing environment to address our many stakeholders during these trying times.

Business Continuity

We have implemented measures to ensure business continuity amidst the challenging environment that we, along with other food service establishments, are experiencing. We have also made significant progress in re-opening our stores. As of June 2020, 95% of our stores are operational.

On operational adjustments

At the onset of the quarantine, our open stores operated under a volunteer crew. We relocated store personnel such that they reside around the store area and so are able to easily and safely get to work. Free shuttle services were available to those in need. We also limited our menu offerings to simplify operations and ensure the consistency of our services and guest experiences despite the reduced workforce. Most importantly, strict safety protocols aligned with the World Health Organization recommendations were implemented in all open stores to again protect the safety of both our employees and guests. These include shortened work hours to give way to proper cleaning of store premises, sanitation of front-of-house staff after each customer interaction, personal protective equipment for crew members, temperature checks at store entrances, and enforcement of social distancing measures and other necessary safety procedures.

Outside our stores, we continued to focus on our tried-and-tested delivery platforms such as our single delivery hotline number #77777, official website, mobile application, in-house delivery rider fleet, and most recently, partnerships with food aggregators. We continue to innovate on our sales channels, having introduced curb-side pick-up to accommodate heightened demand in a convenient manner. For all platforms, we have contactless delivery procedures in place. As we foresee demand to mostly come from delivery and carry-out channels even following the quarantine period and gradual lifting of restrictions, we are redirecting resources and efforts to further strengthen this part of our business.

On mitigating risks

With the uncertainty brought about by the COVID-19 situation, our short-term priority is to maintain the Company's cash and liquidity position. We entered the quarantine period with ample cushioning from our strong performance in 2019 and early 2020. Our financial position is backed by our strong liquidity, unused credit lines, flexible debt covenants on existing loans, and no upcoming loan maturities in 2020.

Efforts were also undertaken to reduce costs, capital spending, and working capital. Capital spending was cut to about a third of our original budget as store renovations and new store openings were placed on pause. Discounts, waivers, and extended payment terms were negotiated. Non-essential corporate expenses were eliminated, and a freeze hire was enforced on all employees. Efficiency and automation programs were also accelerated to help ease our workforce into work-from-home arrangements.

On preparing for the new normal

With almost 100% of our stores back in operation, we are now able to take a step back and better assess the bigger, longer-term picture. We are shifting our focus to what a post-COVID-19 world may look like and how we can navigate through this new normal. During this period of transition, it is of utmost importance to be agile and adaptable as we move forward.

We anticipate that in the months following the lockdown, a large segment of the population will still hesitate to leave the safety of their homes. That said, we believe that brands with a strong out-of-store presence, through delivery and carry-out, will outperform. Pre-COVID-19, these services already comprised a significant portion of our overall sales considering the nature of pizza as a delivery and carry-out product as well as our brand strength in these categories. As PIZZA is well-positioned to address the growing need for out-of-store services, we are set to rechannel our resources to further enhance our already-established platforms and accelerate initiatives related to these segments.

In recent years, we have also seen increased competition in the restaurant space from both big chains and smaller, independent mom-and-pop types of stores. Given the economic challenges ahead, we expect a trend reversal into more tempered competition in the industry. As such, we are confident that Shakey's will remain among the most recognized and loved brands in the food service industry as guests gravitate towards brands they trust.

Lastly, even with the short-term economic uncertainties, we believe that the long-term structural growth story of out-of-home dining in the Philippines remains intact. Our business model, reflecting industry-leading margins, low store breakevens, and a quick cash conversion, provide the financial flexibilities needed in the near-term to create and give back increased value to our guests. We believe these value-for-money yet WOWING offerings will resonate with guests even more during these challenging times.



Our Employees, Our Frontliners

Driven by our employees' dedication, we are able to quickly reopen our stores and actively meet the increase in delivery and carry-out demand that we are seeing today. We are filled with gratitude for their commitment to work in the best interest of the company and its stakeholders during these trying times.

We continue to protect the financial well-being of our employees, including those who are unable to work, with their prorated 13th month pay released in advance. We also provisioned paid "COVID-19 leaves" on top of the regular leaves already available. In addition, the Company distributed food packages to all employees and extended assistance to our third-party providers on how to best assist their own employees during this time.

Our employees take pride in their work and ensure that guests are able to experience our WOWING service wherever they may be. Despite the many challenges brought about by the COVID-19 pandemic, our own frontliners have renewed dedication day in and day out, exhibiting our value of guest-centricity and WOWING guests in order to fulfill our purpose to provide great times and great memories...always!

Community Engagement

Our "frontliners feeding frontliners" program has served close to 260,000 snacks to 128 hospitals in 31 cities for our country's healthcare workers. This was done in collaboration with local food manufacturer Century Pacific Food, Inc. (CNPF) and Frontline Feeders Philippines.



"Sa panahon ngayon, kailangan talaga hard working at maingat ka. May risks pag-serve ngayon - lalo na sa drivers natin—pero satisfying naman lahat ng efforts namin kasi nakakatulong kami."
- Mica Obon, Shared Services Admin Officer



"Since the start of the enhanced community quarantine, all of us in the Treasury department have been reporting to the head office everyday despite the ongoing spread of COVID-19. Going out of our homes may be scary in times like this, but we prayed hard and still risked it because we really care for our work. Our main objective has always been to serve our business partners, fellow employees, and guests. COVID-19 has challenged us to fight and serve."
- Juliet Gonzales, Treasury Lead



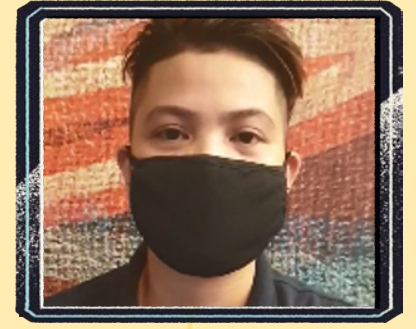
"Despite having thought of the dangers brought about by this COVID-19 pandemic, we stepped out of the comfort of our families and bravely performed our duties and responsibilities. With the heart and passion to serve our guests, we aim to provide them our services especially to those affected by this crisis."
- Camille Saculles, Shakey's Restaurant Manager



"I feel fulfilled being a food service frontliner, serving our guests by giving WOWING experiences through our food and delivery services. I personally write a note to remind them to stay safe and stay healthy always, prepare the orders of our guests, and ensure that all orders are complete and that requests are provided. I walk back and forth from my house to work everyday with fear and worry every time I step out of our house because of the pandemic we are facing today, but I'm still happy to do it because I am able to see my colleagues and managers all give WOWING experiences to our guests. Every guest saying "thank you" and "good thing you are open so we can order" is a fulfillment for me as a front-of-house cashier serving our guests."
- Allen Cunanan, Peri Front-of-House Staff



"Being a delivery rider, I always work with compassion by giving, assisting, and helping guests especially in this time of pandemic. Pagbubutihin ko pa po ang aking trabaho to consistently provide WOWING service to our guests."
- Dale Villarino, Shakey's Rider



"I am saddened because of this situation, but we still need to fight. I am happy because I am able to help other people, especially our guests, by delivering their favorite Peri food. We will continue to serve and WOW our guests. Let's all pray for the safety of everyone."
- Jackielyn Engallado, Peri Rider

Guest Commendations

"Amidst the 'crisis' we are experiencing now, I would like to thank and congratulate Shakey's Lipa Highway for continuing to be open and delivering to the community, especially to people like me (disabled and living alone). Thank you. Kudos!"

"Thank you so much, Shakey's Kisad branch, for granting my request! Since we can't go out because of ECQ, I requested if they can fulfill my yearly thanksgiving for my late dad's birthday, this time for the Baguio frontliners. Thank you so much ma'am Nadine Quinto and sir Johnny de Claro for this! May your branch be blessed more and keep you all safe in a crisis like this."

"Dear Shakey's fam, I would like to commend your Shakey's Southwoods team for accepting my advance order yesterday, and just would like to inform you that our order was delivered on time today. We appreciate the courage and generosity of your staff during this pandemic. They are serving the people at this point in time. My family and I are very much happy with the services rendered. Again, thank you and kindly tell your people to please stay safe and healthy."



People, Planet, Pizza

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Our Sustainability Focus

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In our second year of integrating sustainability into the business, we have boosted efforts in areas that are important to both stakeholders and the Company, while fulfilling our commitments to guests and communities.

Our initiatives, linked to appropriate metrics for tracking performance, are guided by our Sustainability Framework, which enables us to stay focused on our journey.

Guest Service and Satisfaction

Each and every PIZZA team member is dedicated to living our guest-centric philosophy. We are devoted to WOWING loyal guests and reaching many more with our quality, value products and excellent service.



People

Human and social capital remain crucial to our business. We highly value our employees, guests, and the communities that we work with.



Talent Acquisition and Management
We are committed to building a diverse and inclusive business that provides employee development opportunities accessible to all.

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.

External Guest Engagement
Feedback from our guests on every aspect of our business are highly valued and acted upon accordingly.

Impact to Communities
We engage in community development and aim to create sustainable social impact.

Planet

Our use of resources and its consequential impact are diligently monitored to enable us to carefully manage our environmental capital.



Natural Resource Efficiency
Our operational initiatives work toward reducing our environmental impact.

Packaging and Waste
We explore ways to minimize our packaging and waste footprint.

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.



Product Innovation, Design, and Lifecycle Management
We continue to provide value to our guests with our diversified menu, keeping both old and new guests excited.

Food Safety and Quality
Product quality that also focuses on guest welfare is a business aspect accounted for in all parts of our operations.

Responsible Sourcing
We adhere to standards that ensure our materials are ethically sourced.



Creating Value Across Our Business

102-9

We created a preliminary sustainability strategy anchored on a better understanding of the environmental, social, and economic impacts of the various activities along our value chain. As we consider a broader set of stakeholder concerns, we are guided by our sustainability value chain map in determining which business unit is best-suited to tackle which sustainability issue, allowing us to execute our plans effectively. We continue to uphold that authentic sustainability represents actions where long-term future outcomes are balanced against today's demands.



Research and 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

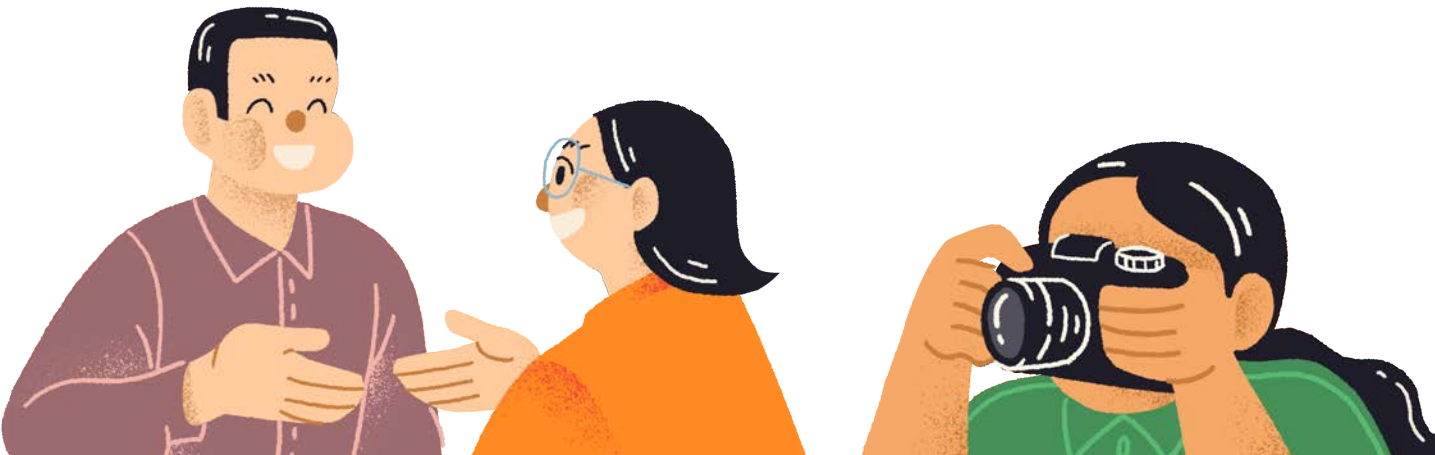
| Value Creation and Economic Flows | | | | | | |
|-----------------------------------|------------------------------------------------------|-----------------------------|--|--|---------------------------|--|
| People | Talent Acquisition and Management | | | | | |
| | Workplace Culture and Environment | | | | | |
| | | | | | External Guest Engagement | |
| | | Impact to Communities | | | | |
| Planet | | Natural Resource Efficiency | | | | |
| | Packaging and Waste | | | | | |
| Pizza | Product Innovation, Design, and Lifecycle Management | | | | | |
| | Food Safety and Quality | | | | | |
| | | Responsible Sourcing | | | | |
| Governance | Business Ethics and Compliance | | | | | |
| | Labor Practices | | | | | |
| | | | | | | |

How We Engage with Stakeholders

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| | 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">• Company culture• Career growth and development• Employee salaries and benefits• Safe working environment• Equal opportunities | <ul style="list-style-type: none">• Alignment with Company mission, vision, and values through our onboarding process• Training programs• Proper compensation and benefits• Mentorship programs• Labor union and grievance mechanisms |
| Guests | <ul style="list-style-type: none">• Store service• In-store feedback mechanism• Guest feedback channels (email, SMS, website, mobile application)• Social media channels (Facebook, Twitter, Instagram, Viber) | <ul style="list-style-type: none">• Quality of service• Quality of restaurants and facilities• Food quality and safety• Compliance with nationally or globally recognized “standards” i.e. ecological balance/ sustainability of life, gender equality, persons with disabilities, and other worthy causes | <ul style="list-style-type: none">• Daily QSCH (Quality, Service, Cleanliness, Hospitality) Readiness Checklist implementation• Quarterly QSCH audit• Monthly QSCH Quick Visit• Annual calibration of QSCH standards• Proficiency test for managers• Maintenance of facilities• Training of store personnel• Restaurant Managers and Specialists assemblies to address guest-related issues and share best practices |
| Community | <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">• Partnerships with social enterprises• Annual charity and advocacy events |
| Media | <ul style="list-style-type: none">• Press briefings and conference• Television 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 |

| | CHANNELS OF ENGAGEMENT | CONCERNS | HOW WE ADDRESS THEM |
|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Suppliers | <ul style="list-style-type: none">• Communication lines (phone, email, meetings)• Supplier accreditation process• Supplier negotiations and bidding• Order placement and purchase order issuance | <ul style="list-style-type: none">• Issues with bidding and procurement• Scheduling and logistical concerns• Minimum accreditation requirements and schedule | <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">• Annual stockholders’ meeting• Publication of Sustainability and Annual Report• Analysts’ briefings• Conferences and roadshows hosted by institutional investors• Formal meetings, site visits, and conference calls with investors and analysts | <ul style="list-style-type: none">• Trends on the macroeconomic and socio-political environment in the industry• Business outlook, viability, and growth• Implementation of company strategy and transparency in reporting of results• Financial management | <ul style="list-style-type: none">• Constant engagement with investors, analysts, corporate regulators, and the investing public through different channels• Risk management and good governance procedures• Transparency in the information provided in reports and timeliness of its publications |



Building a Sustainability Strategy and Targets

102-19

102-20



PIZZA started out just like any other business that prioritized financial performance and business continuity. Eventually, we began executing Corporate Social Responsibility initiatives to engage with communities. Having expanded our ESG (Environmental, Social, Governance) criteria, we now have various environmental and social initiatives that address the concerns of a wider set of stakeholders.

We are now taking this a step further, creating a path to sustainability that is integrated in our business. We are in the midst of developing this sustainability strategy which started with a review of the material information and data gathered since we began our journey. Dialogues with stakeholders were then held to hear their thoughts

on the Company's sustainability efforts - what we are doing now and what we could or should be doing in the future. Industry peers were benchmarked to make sure we are aware of the sustainability topics deemed material for our sector.

Apart from the technical aspects of the process, we also wanted to gauge, as an organization, what sustainability issues our employees were passionate about. To accomplish this, a Responsible Business Forum was held last March 2020 where members of our Management Committee engaged with industry experts, listed ideas and challenges, and ranked sustainability initiatives they wanted to prioritize.



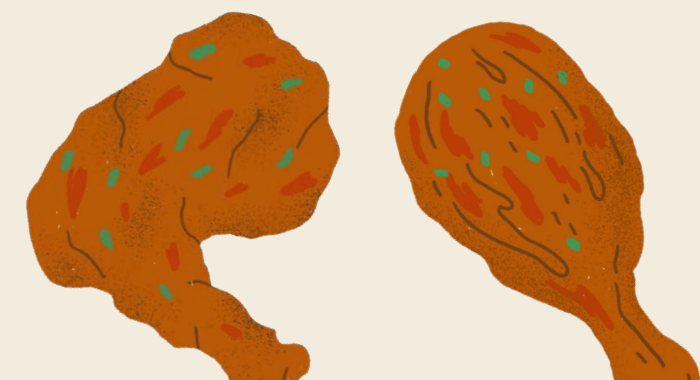
Forum speakers included a CEO of a major Philippine conglomerate, the head of sustainable investing from one of the Philippines' largest banks, and the general manager for a global sustainable brand about to open shop in Manila. Top executives from PIZZA were in attendance to brainstorm more ways to create positive environmental and social impacts through the business.

These steps will allow us to make sure that the sustainability issues we address are relevant and actionable. Our sustainability strategy will identify our key focus areas, initiatives, goals, and metrics for the next few years. We have likewise established a governance structure for sustainability, setting up a chain of command for proper accountability with our Board of Directors on top and involved through the Corporate Governance Committee. The committee's scope of responsibility will be formally expanded to include sustainability matters. Selected members of Senior Management will then integrate sustainability into the business through various committees and working groups.

The Company also engaged The Purpose Business (TPB) to help develop its sustainability strategy for 2020 and beyond. TPB helps organizations around Asia embed purpose and sustainability into their business strategy and operations by

mapping out ESG impacts and helping companies address them responsibly. Read more about how TPB helps build responsible businesses in Asia, including more information on their work with PIZZA here: thepurposebusiness.com/case-studies.

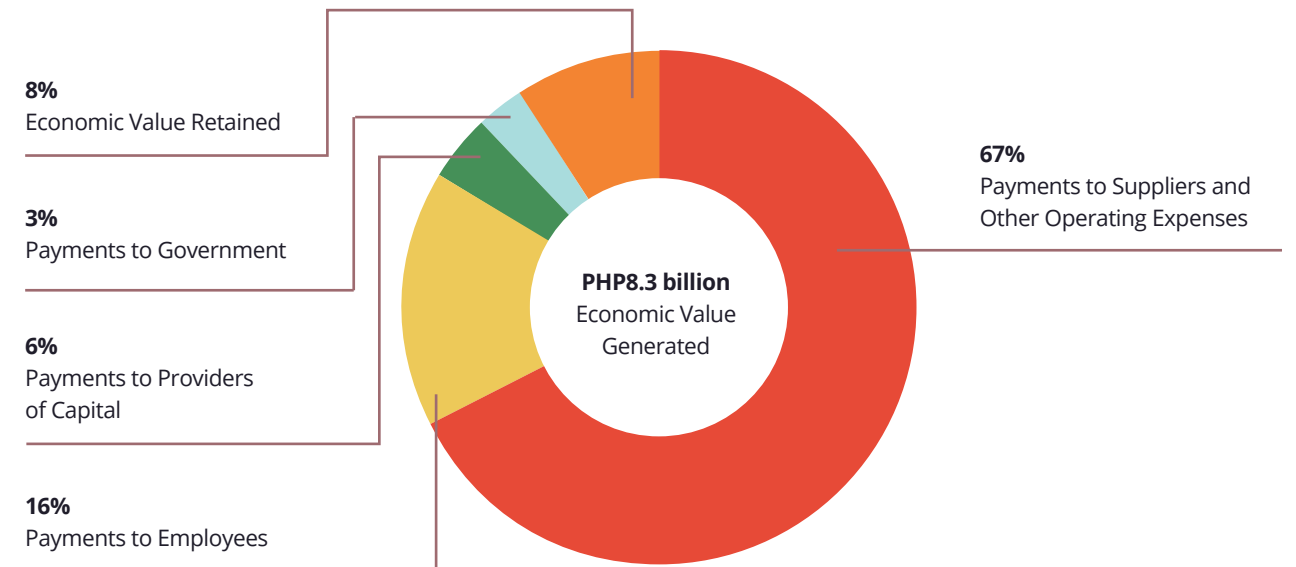
The Company's comprehensive sustainability strategy and targets will be released in the second half of 2020.





The Economic Value We Create

201-1



Economic Value Generated

As we opened more stores and served more guests in 2019, we generated PHP8.3 billion in economic value, a 9% increase from the previous year's total value of PHP7.6 billion.

Payments to Suppliers and Other Operating Expenses

A total of PHP5.6 billion, a 9% increase from last year, was allocated for suppliers and other operating expenses in 2019. Procurement and operations continued to comprise a substantial portion of our investments, representing 67% of the total economic distribution.

Payments to Employees

PHP1.3 billion was disbursed to PIZZA employees in 2019. The continued growth in our workforce resulted in the 5% increase in salaries, wages, and benefits expense.

Payments to Providers of Capital

The 36% increase in payments to providers of capital reflects the continuous flow of financial value to shareholders as our dividends and financial costs amounted to PHP465 million in 2019.

Payments to Government

This year's tax expense is at PHP267 million, resulting in a 4% increase from the PHP257 million worth of payments made to the government last year.

Economic Value Retained

Our economic value retained is at PHP688 million, or 8% of the PHP8.3 billion economic value we generated in 2019.

Guest Experiences

102-6



We are committed to making every guest encounter count. With 209 million WOWING experiences¹ achieved across all our service channels in 2019, we have gained far more insights on how we can deliver a deeper guest-centric experience. We aim to be better than before, better than others, and better than expected not only in business but also via our sustainability initiatives that benefit society through economic flows, responsible employee, guest, and community management (PEOPLE), environmental stewardship (PLANET), and food quality (PIZZA).

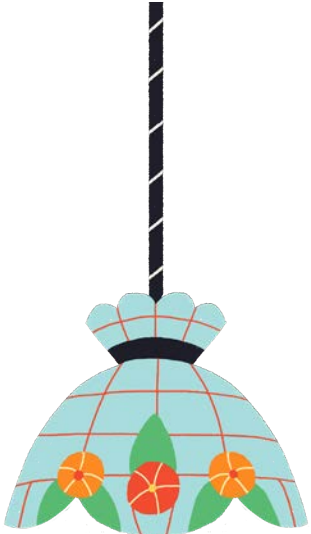
¹ Methodology was revised from our first sustainability report as we continue to assess our data collection and calculation process to more accurately present our performance.

People



Talent Acquisition and Management

102-8 203-2 401-1 404-1 404-2 405-1



Through the years, our Human Resources department has been at the forefront of our people’s personal and professional transformation. Creating, curating, and delivering effective learning programs that respond to the training needs of our employees begin with an astute understanding of what competencies are vital in the seamless delivery of our guest-centric service. In 2019, the following programs were facilitated and delivered.

| SHAKEY’S PROGRAMS | 2019 GRADUATES | PROGRAM DESCRIPTION |
|---------------------------------------|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Management Development Program | 202 | A semi-decentralized progressive training program designed to develop Manager Trainees’ talent and career and focused on handling restaurant operations. |
| Restaurant Train the Trainer Workshop | 466 | A program designed to turn our restaurant people into professional trainers at the restaurant operations level, learning to become credible and effective in teaching company goals, philosophies, means, and standards to employees. |
| Corporate Train the Trainer Workshop | 23 | A workshop that builds the competencies of our corporate support office members, reinforcing company goals, philosophies, means, and standards to the participants. |
| New Store Opening Training | 448 | A program designed to equip core teams of opening stores with technical requirements in preparation for store operations. |
| Restaurant Staff Development Program | 160 | A semi-decentralized learning and development program that trains participants to become Restaurant Specialists through leadership training, specialist certification, and dual specialization sessions, as well as equips our Restaurant Specialists with the technical and leadership competencies necessary to prepare them for Shift Management positions. |
| External Training Opportunities | 88 | External training providers offer learning opportunities to employees to enhance skills and knowledge as well as improve attitude and habits. |



8,437
jobs supported

This comprises company-owned and franchised staff, store riders, and call center agents.

1,749
employees in the PIZZA workforce

The number of our permanent and probationary employees from our corporate support office and company-owned stores grew by 3% in 2019. We retained an almost 1:1 ratio between male and female employees, with 48% being female. We have a pool of young talents as 39% are aged 30 and below. 93% of our workforce are officers, supervisors, and rank-and-file employees, while the rest are part of senior and middle management.

19%
of PIZZA's employees attended formal training

Each received an average of 179 total training hours in 2019.

118
movements in rank and positions

This translates to a promotion rate of 7%. Of these promotions, 14% have a tenure of six months to two years, 32% have been with the Company for three to five years, 38% for six to ten years, and the rest have been with PIZZA for eleven years and up.

14%
turnover rate

This is similar compared to 2018's turnover rate of 14%. As an employer, we continuously address concerns that our employees may have.

| PERI PROGRAMS | 2019 GRADUATES | PROGRAM DESCRIPTION |
|------------------------------------------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Crew Development Program | 212 | A five-day 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. |
| Restaurant Staff Development Program | 4 | A developmental program to equip and enhance the supervisory skills of Team Leaders or Specialists for their next level of position. |
| Basic Store Orientation Training Program | 49 | A training program for newly hired managers designed to develop managerial skills that store leaders need. The first phase is the Crew Development Program, followed by station training and certification. The second phase includes management classes and hands-on store training, capped by a certification. |
| Product Roll-Out Training | 99 | A training intervention where new or improved products are discussed to participants, covering procedures through demos, drills, and check techniques. |
| Sales and Negotiation Training | 34 | A special workshop designed for Store Managers, this three-day module covers theoretical principles, sales techniques, and simulations on how to effectively negotiate with prospective clients, following the end-to-end process from prospecting clients up to closing the sale and providing after-sales activities. |
| Sensory Evaluation Training | 1 | A three-day external training on sensory evaluation for food products which helps determine consumer acceptability, or if consumers are able to detect differences with reformulations, as well as how to keep the sensory evaluation objective and evaluate results. |

Continuing hands-on and informal learning opportunities are also given to PIZZA's employees in their workplaces. These include sit downs and coaching sessions, general assemblies, team building sessions, People Day feedback conversations, and sales rallies.

Workplace Culture and Environment

102-33 401-2

PIZZA recognizes that a safe workplace is a key component to developing a positive culture and that health and safety regulations are paramount to the well-being of our employees and the company itself. We believe that health and safety policies are as important as the other policies of our organization. Hence, we created an Occupational Safety and Health (OSH) program in 2019 to manage our various workplace safety and health initiatives. This program provides us a blueprint as we move toward full compliance with the various statutes relating to the OSH Standards by 2021.

Apart from OSH Standards compliance, other initiatives under the program include employee engagement and activities that promote safety and health in the workplace, education and training on safety, first aid, and disaster response. Our employees also undergo Guest Safety training to ensure that we are capable of assisting our guests in case of emergencies.

In addition, our Culture and Engagement department kicked off the Enthusiasts' Club for Shakey's employees in mid-2019, recognizing that team activities offer numerous health benefits and can be a perfect fit for enhancing workplace wellness. The club enjoined employees to play basketball, volleyball, or run a marathon. It also promoted a healthy lifestyle among employees and has successfully demonstrated that sports and recreation have a large positive effect on morale, motivation, and productivity while providing a better mood and atmosphere in our workplace.



172

Enthusiasts' Club members

"Enthusiasts' Club po parang pang unwind sa work through playing basketball, and *nakakapag-meet* din with other PIZZA employees and bonding na rin tsaka connection with them. Off the program, nagkaroon din kami ng inter-store games kasi nagkakakilala na and laro versus other stores na hindi members ng club."

- Jayson Avila, *Enthusiasts' Club Member (Basketball)*

8.9/10

satisfaction level of store employees

This covers 93% of our applicable stores.

26

Cup of Excellence Winners

Our best store employees are recognized and awarded as the Wow Circle Mythical Team. For store awards, categories include Company-Owned Store of the Year, Franchised Store of the Year, Overall Store of the Year, Best in Top Line, Best in Bottom Line, Best in Product Quality, Best in Service and Hospitality, Best in Cleanliness and Condition, Best in Delivery, Most Improved Store, Franchisee of the Year, Best in Local Store Marketing, People Developer, Think Guest Icon, and SuperCard Top Seller.

18

Lunch with the Champion Winners

Store award categories include the Top 3 Company-Owned Stores, Top 3 Franchised Stores, Best in Delivery, Best Area QSCH (Quality, Service, Cleanliness, Hospitality), Most Improved Area QSCH, Best in Product Quality, Best in Service and Hospitality, and Best in Cleanliness and Condition.

Along with health and safety, we believe that a positive culture in the workplace attracts talent, drives engagement, impacts satisfaction, and affects performance. We continue to manifest this through our consistent compliance with all local laws and regulations pertaining to compensation, benefits, and labor requirements, as well as by strictly conforming to all relevant statutes of labor and employment through our code of business conduct and ethics.

Apart from adherence to labor laws, our policies and practices related to recruiting, selecting, onboarding, compensation and benefits, rewards and recognition, training and development, promotion, performance management, wellness, and work-life balance are all designed to best benefit our talents. We provide leave benefits that are over and beyond national labor statutes, while regular PIZZA employees, together with their qualified dependents, are provided with healthcare benefits. The Company believes that in order to keep our talented professionals happy, it is imperative that we revisit our retention initiatives continuously by staying current on market standards for salary and benefits, as well as best practices in developing an attractive workplace culture and strong employee relations within our organization.

Our Labor and Employee Relations department has successfully adopted a positive approach to employee discipline that has, through the years, established a deeper sense of trust and accountability across the organization. Moreover, our grievance and conflict resolution procedures continue to uphold employee rights to equitable opportunities for free expression and self-agency.

Apart from ensuring that we provide the right environment for growth, we have established initiatives to reward the best of the best. We value our high-achievers, and we take the time to honor our exemplary employees. We have bestowed honors to well-performing stores and staff through our Lunch with the Champions and Cup of Excellence programs, among others.

We continuously seek new ways to engage our employees through activities that bring out a deeper sense of oneness, harmony, and community. Our "Kamustahan" program empowers our employees to raise issues and concerns, driven with confidence that PIZZA recognizes the value of open communication lines to our work family.



External Guest Engagement

We believe that guest feedback helps shape our business and that our success depends on the manner of how we respond to the things that are truly important to the community. Our sustained commitment to developing a guest-centric culture, followed by constant gathering, analyzing, and sharing of feedback plays a crucial role in PIZZA.

Through our Guest Engagement department, we connect and engage with our guests through an integrated feedback management system that has enabled us to respond to feedback and attend to concerns with the utmost expediency.

Guests are able to course their feedback through various channels such as our store staff, WeCare email, Electronic Guest Comment Card, Shakey's delivery hotline, Shakey's website, Shakey's mobile application, Facebook, Twitter, and Instagram.

Proof that guest feedback matters to us, a dedicated group has been assigned to manage online social interactions that include feedback escalation and concern resolution.

Our seamless access to centralized data from our cloud-based customer relationship management platform has provided us with the flexibility and freedom to provide immediate actions and resolutions to various guest concerns.

342,299
guest feedback

This shows an increase of 166% compared to 2018 as we were able to accommodate more feedback via social media. The rise also indicates an improvement in our guests' trust and confidence in our sense of partnership and commitment to provide better experiences.

67%
of feedback received
from social media

This includes feedback from Facebook, Twitter, Instagram, and Viber, among others.

4
employees dedicated
to manage social
media interactions

We are continuously improving our guest engagement program by ensuring we are able to accommodate all online feedback as more guests reach out through social media.



Impact to Communities

102-12

203-1

413-1

In our pursuit of enduring partnerships with change agents who share our visions of transformation, PIZZA has sustained various advocacies that resonate with our core values that go beyond our commitment to providing quality products and services.

Love ‘Em Down

Shakey’s employees are given opportunities to learn and grow through meaningful interactions with differently-abled individuals.

Love ‘Em Down, a program launched in 2018 in partnership with the Down Syndrome Association of the Philippines, Inc. (DSAPI), has deployed participants in various Shakey’s stores, with the qualified DSAPI member-participants coming from the different communities Shakey’s operates in. The program brings to fore the capacities and skills of people with down syndrome through productive and engaging interactions with Shakey’s guests and employees.

In observance of the National Down Syndrome Consciousness Month in February 2019, Shakey’s employees participated in a Happy Walk Parade along with members of DSAPI to announce the Love ‘Em Down program around their store’s community to underscore our partnership with the association and affirm our values of diversity and inclusion.

Hope in a Bottle

Shakey’s partnership with social enterprise Friends of Hope continues with the availability of “Hope in a Bottle” products in its stores. Profits from sales of the bottled water are earmarked for the construction of public school classrooms all over the Philippines, slowly narrowing the classroom deficit around the country. Shakey’s already spearheaded the completion of a classroom for the Archbishop Emilio Cinense Memorial Integrated School, while another brand-new classroom is in the works.



Taal Drive Donation

The sudden eruption of the Taal Volcano in January 2020 spewed ashes across various regions in the Philippines, displacing thousands of people and threatening the health and safety of many communities. In an effort to help those affected by the widespread devastation, we launched a call for donations to the Taal relief drive. The overwhelming response from our employees enabled us to distribute various relief goods to evacuation centers through the partnership of our #LovethePlanetLikeYouLoveOurPizza campaign with Caritas Manila, Inc. Moreover, to support our own employees who were affected by the Taal Volcano eruption, an off-site donation drive was also organized, enabling our teams to distribute relief packs to over 150 employee-beneficiaries.

Frontliners Feeding Frontliners

by Manila Standard Lifestyle
May 14, 2020

Heroes band together for their fellow heroes as frontline workers of local food brands provide nourishment to those leading the fight against coronavirus.

Employees from the Century Pacific Group, Shakey’s Pizza, Peri Peri Charcoal Chicken, and Century Pacific Food, together with Frontline Feeders Philippines (FFP), have joined forces to provide more than 100,000 meal packs to Filipino healthcare workers in over 90 hospitals and facilities in Metro Manila and nearby cities.

Showing a great example of teamwork, each team member makes a significant contribution in this initiative.

Century provides processed meats, manages the hospital list, and coordinates with the hospitals on a daily basis. FFP, meanwhile, provides the network of hospitals and collects regular information on which hospitals need help the most. Finally, Shakey’s and Peri Peri provide meat products, bake bread daily, and do the actual delivery.

The selection includes freshly baked marinated beef buns, hotdog rolls, ham and cheese flatbreads, pepperoni and cheese flatbreads, as well as ham buns, meant to be eaten for *merienda*.

The partnership ensures the right amount of food is delivered at the right time to avoid food waste and spoilage. The meals are individually wrapped so that medical frontliners may eat them when they need a mid-shift gap fill to power them through.

Since the program started on April 7, it has thus far provided 100,000 meal packs to 90 hospitals and health facilities around Metro Manila, and there are plans to do more.

“Century, Shakey’s, Peri, and Frontline Feeders have come together—each with its own unique resources, capacity, and skills—to extend help in the best way we know how. It’s the least we can do to take care of the people who regularly put their lives at risk as they work bravely and tirelessly to save those infected by the virus,” said Century Pacific’s Nikki Dizon, the initiative’s project lead.

30
Love ‘Em Down
participants

16,800
Hope bottles sold per
month on average

1
classroom built
through Hope
bottles sold



Planet



Natural Resource Efficiency

| | | | |
|-------|-------|-------|-------|
| 302-1 | 302-3 | 302-4 | 303-1 |
| 305-1 | 305-2 | 305-4 | 305-5 |

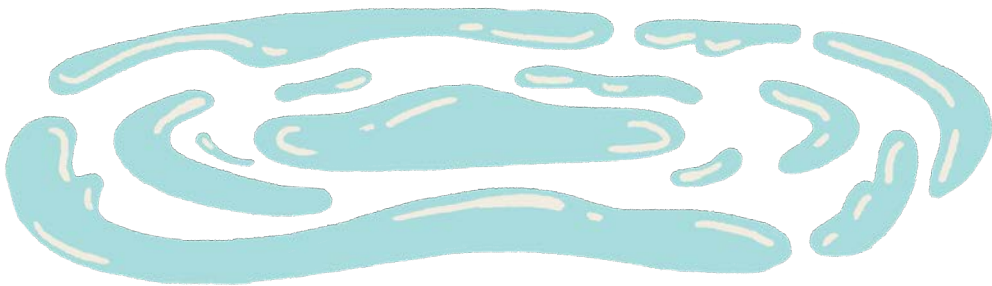
As a company, we have the obligation to run and operate our business responsibly, utilize our resources efficiently, and manage our environmental impacts actively.

Having energy efficient stores has become more and more vital to PIZZA as we move along the path to sustainability by continuously harnessing energy efficient technologies in our stores. We have gained an average energy savings of 8% in 2019 from the 28 stores fitted with thermal insulation, translating to lower carbon emissions.

We are also pilot testing and gathering data on the remodification of certain equipment that could potentially decrease electricity consumption and further yield energy savings—all while upholding the quality of our products with the help of our Research and Development department along with our Systems team.

On the other hand, in efforts to reduce our water consumption, we have installed automatic low-flow hand washing machines in 16 of our stores for guests and employees. These machines release the right amount of water for washing hands, ensuring cleanliness while conserving water. In addition, we piloted a water recycling initiative which would allow us to reuse water in other parts of the business.

Apart from these initiatives, we are also reviewing our store procedures to determine areas where we would be able to further support our goal in reducing energy and water consumption.



31,198,382
kilowatt hours of
electricity consumed¹

This is 3% higher than our electricity consumption of 30,274,289 kilowatt hours in 2018 given the increase in store count. While our restaurant operations expanded in 2019, we managed to reduce the electricity intensity across our stores by 8% from 8.68 megawatt hours per square meter to 7.97 megawatt hours per square meter.

28,538
tonnes of greenhouse
gas (GHG) emissions²

Our Scope 1² and Scope 2 emissions account for 22% and 78% of our total GHG emissions respectively, with our GHG intensity at 0.73 tonnes per square meter.

462,970
cubic meters of
water consumed⁴

Despite growing 36% compared to 2018's 341,405 cubic meters due to our higher store count, we were able to mitigate the increase in our water intensity which grew by 18% from 10.03 cubic meters per square meter to 11.83 cubic meters per square meter.

16
stores with low-flow
hand washing machines

28
stores with thermal
insulation

1 Calculations for electricity consumption were based on monthly store bills. Stores with incomplete data were assigned the per-restaurant daily average computed from available data for their respective store formats, multiplied by the operating days for the year.

2 Calculations were based on IPCC 2006 Guidelines for National Greenhouse Gas Inventories.

3 Calculations for liquefied petroleum gas consumption were based on monthly store expenses. Stores with incomplete data were assigned the per-restaurant daily average computed from available data for their respective store formats, multiplied by the operating days for the year. Gas and diesel consumption were based on monthly store expenses.

4 Calculations for water consumption were based on monthly store bills. Stores with incomplete data were assigned the per-restaurant daily average computed from available data for their respective store formats, multiplied by the operating days for the year.

Packaging and Waste

301-1

301-2

301-3

PIZZA is committed to using materials that reduce our environmental impact and ecological footprint. This includes looking at the entire lifecycle of the materials we use for packaging and other business activities.

In its second year, Project Panda remains as a centerpiece among our initiatives toward sustainability. Through our partnership with World Wide Fund (WWF) for Nature Philippines, Project Panda went into full gear in 2019 with WWF's #AyokoNgPlastik campaign and sought to significantly reduce single-use plastic items and packaging from our stores. We began by holding a session to raise awareness among our employees on the impact of plastic waste on the environment and what we can do to support the #AyokoNgPlastic campaign. This also aimed to orient employees about our Go Green initiatives that strive to promote sustainable living and environmental consciousness.

To further cultivate interest in green initiatives and emphasize the significance of environmental care, we launched our Journey to Sustainability awareness campaign, which strictly prohibited plastic straws and cups in the workplace.

This is aligned with our goal of becoming plastic neutral. For this, we partnered with Republic Cement in May 2019 to co-process non-specific, recovered post-consumer plastic waste. Co-processing converts these plastic wastes into energy, replacing coal as alternative fuel in cement production. It uses heat to destroy and recover any thermal or mineral properties of waste materials so that these can be used in cement processing in a single, combined operation. At a very high temperature of 1,450°C, co-processed waste leaves zero residue. This also results in less carbon dioxide emissions that are detrimental to the environment. From this partnership, Republic Cement was able to displace 89 metric tons of

fossil fuel, while PIZZA was able to achieve its first year of being 100% plastic neutral in January 2020.

Looking at the impact of waste apart from plastic, our Reduce, Reuse, Recycle initiative seeks to lessen our environmental waste and drive sustainable practices within our corporate office. We aim to educate and encourage our employees to properly segregate and dispose of waste.

In line with this, five sets of centralized "Stop Before You Drop" trash bins have been strategically installed for the implementation of the company-wide proper waste management initiative. The bins are labeled to indicate the different types of waste and help develop the culture of smart and proper waste disposal among our employees. Also, by weighing the actual waste we produce each day, we are able to efficiently monitor our wastages. Ultimately, such data will be used to guide us in mapping out more waste management initiatives.

We have also established our materials recovery facility within our vicinity. The facility serves as the repository of all recyclable materials segregated from our waste to be donated to Barangay San Martin de Porres, our partner for a solid waste collection program where proceeds from the partnership are utilized to augment funds for the community's regular feeding program that benefits some twenty families.

In addition, our Zero Waste campaign focuses on the reusing, repurposing, or recycling of our used tarpaulins and oversized streamers into functional products. This aims to prevent tarpaulins from entering our waste stream and aggravating dumpsite pollution. For this initiative, we partner with local communities or non-government organizations for livelihood programs that

aim to produce sustainable, environmentally friendly products from tarpaulins through a social enterprise.

Green architecture was also introduced to encourage more green spaces in the work vicinity. Aiming to improve the quality of our environment and foster good health and well-being, employees reused PET bottles as plant pots and installed vertical life gardens on empty wall spaces, not only creating a more pleasing view but also reaping the health benefits that follow.

We extended the opportunity to improve the environment by launching the "Opt Out" tick box in our online delivery platforms to empower guests through the option of excluding plastic utensils from their delivery orders. This seemingly simple act is a powerful reinforcement to our "Love the Planet Like You Love Our Pizza" campaign.

Lastly, we are also mindful of the food waste we incur during our food production and preparation processes. In partnership with Caritas Manila, we launched our Food Excess Program where four pilot stores donated scrap potatoes to the Caritas Damayan Feeding Program for around two hundred beneficiaries. From this, we are forming other partnerships with the aim of curbing food waste through sustainable initiatives in our communities.

152,643
kilograms of plastic
waste generated

Other non-food waste include delivery packaging such as pizza and food boxes that are paper- and cardboard-based. We are actively monitoring both our food and non-food waste to reduce our environmental impact in this area.

1
year plastic neutral

42
tonnes of CO₂
emissions reduced
through plastic neutral
initiative



Pizza



Product Innovation, Design, and Lifecycle Management

At PIZZA, we are constantly looking for ways to come up with offerings that are enticing, accessible, unique, and more importantly, sustainable. Apart from being guest-centric with regard to product innovation and design, we are also firm believers that bringing sustainability into our new product process can only lead to successful innovations and more delighted guests.

Product Concept Development

During this phase, various new product concepts undergo evaluation to identify market potential. Consumer insights are gathered which would lead to a well-defined concept for a new product or menu line. These insights may also guide us towards best-fit innovations for product improvement. A final new product concept or product improvement solution is then completed. An overarching discipline at this phase is the maximization of our existing store equipment and raw materials in pursuit of innovative ideas. We regularly monitor raw materials that are used for only a single product and try to incorporate them during product innovation when suitable. This allows us to optimize our resources and reduce any potential food waste in our system.

Kitchen Profile Development

The second phase entails the development of an actual kitchen profile based on the product concept brief. This includes the testing of store processes to check for replicability, determination of food and packaging costs, and suitability of present kitchen equipment and tools. Our tools, together with our manufacturing and store processes, are reviewed regularly for fine-tuning and improvements to ensure the highest yield possible. A final prototype, including final materials, are then approved, along with the direction to proceed with the commercialization of the new product.

Product Feasibility

The viability of the product is measured in terms of full-scale store operations and the assurance of raw material and kitchenware supply. This involves testing the product for operations complexity to ensure production consistency and excellence as well as sales channel applicability. Lastly, a forecast is prepared for financial simulation.

Product Launching

This ensures readiness to roll out the new product by initiating system-wide preparation prior to market introduction. This phase involves supply build-up, systems preparations, the completion of product manuals, as well as training and marketing communication materials.

To further reduce food waste while ensuring high food quality, we rationalize the pack size of raw materials and items specifically produced for us. Working with our store operations and suppliers, we determine and customize the pack size according to what the stores can consume. Moreover, we work with suppliers to ensure our goods are packed in the most suitable and sustainable materials.

We source for raw materials locally, or at least within the region, whenever possible. To achieve this, we continuously develop key suppliers in various provinces and key regions to decentralize and decrease freight costs. We believe that with this strategy, we are able to support local businesses while decreasing our carbon footprint, and ultimately, we are able to maximize the shelf life of our products.

14
new products in 2019

4
people in Research and
Development doing
innovation



Food Safety and Quality

102-11 416-1 416-2

Ensuring food safety and quality in all our stores is a paramount commitment at PIZZA. We consistently promote proper food safety practices throughout our production process. Our food safety and quality processes have always been aligned with the highest standards required in the industry. We also continue to remain vigilant in our sourcing of raw materials with the conduct of strict quality assurance.

Product Development

At PIZZA, the product development phase is marked with the keen concern for food safety and quality. The Research and Development team continues to actively provide an updated shelf life guide of materials to ensure safety and quality.

Supplier Audit

PIZZA procures materials only from approved suppliers. The approval process requires a food quality and safety assessment, and an audit by our quality assurance officers to ascertain that the supplier's quality management satisfies our requirements as well as a globally-accepted standard set of criteria that covers food safety practices, microbial hazards assessments, employee and facility sanitation, and end product analysis.

Audit on Receiving

To verify that the items we source meet our safety and quality standards, all incoming materials must pass an audit. Product temperature, delivery vehicle cleanliness, hygiene, shelf life, and packaging integrity are areas measured during the audit for strict compliance to standards. Stringent receiving procedures are also carried out for materials delivered to our stores.

Audit on Dispatching

Standard safety and quality audits are also conducted for dispatching activities to our stores. The inspection extends from the delivery vehicles' compliance to hygiene and temperature requirements, quality of finished products, and safety up to the packaging interior before dispatch.

QSCH (Quality, Service, Cleanliness, Hospitality) Audits

Our QSCH audits ensure that food safety standards are maintained across all our stores. Our consistent implementation of quality control measures is subjected to both internal and third-party audit.

Our QSCH internal audit is conducted across all our stores thrice a year as internal validation of compliance to our set standards. Stores are assessed on product freshness, storage, food preparation, service and hospitality, cleanliness and conditions of stores, and systems compliance.

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

Food Safety Training

In the best interest of our guests' health and safety, it is imperative that PIZZA employees are trained to be food service professionals in food handling and serving best practices, as well as recognizing and preventing food-related health hazards. In line with this, it is a requirement that all our food handlers obtain a certification from ServSafe. This certification covers food safety, time and temperature, cleaning and sanitation, cross-contamination and allergens, and personal hygiene.



Responsible Sourcing

204-1

Our commitment to sustainability includes our partnership with suppliers and contractors. Our company's Supplier Accreditation Policy guarantees that we are dealing with qualified parties who are not only capable of fulfilling their commitments to us but are also aligned with our social and environmental aspirations as a responsible member of the community.

We also allocate a substantial part of our spending for local suppliers and manufacturers whenever possible. Through the years, we have continuously partnered with local suppliers for most of our requirements.

This 2020, we are formalizing and institutionalizing a Supplier Code of Conduct and Ethics for all raw material suppliers and service providers that will include the systematic assessment of their social performance during the procurement process, among others. All legally binding agreements will require compliance with the set social standards. We will internally audit our business partners accordingly annually thereafter to monitor their compliance with our supply chain standards and to address social supply chain issues, if any. We will also engage with non-conforming suppliers to reach compliance as needed.

To keep abreast with changes in supply chain issues, we will engage with various stakeholders and amend our Supplier Code of Conduct and Ethics when necessary. Such stakeholders include our own employees who are able to elevate supply chain concerns through formal channels.

Also this 2020, the role of our Board's Corporate Governance Committee will be expanded to include ESG matters, establishing board-level responsibility for supply chain management.



77%
of total procurement is
spent locally

Our packaging and non-food items are 89% locally sourced, while 75% of our spending on food items is distributed to local suppliers and manufacturers.

100%
of chicken locally
sourced

Other locally sourced or processed products include pizza dough, pasta, beef, and soft drinks.

100%
of palm oil suppliers
certified by the
Roundtable on
Sustainable Palm Oil
(RSPO)

Potato supplier meets
energy efficiency
guidelines and is
energy star certified

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

677
internal store audits

683
mystery guest audits



Governance

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Our Board of Directors

102-23

102-27

Standing from left to right

Leonardo Arthur T. Po
Director & Treasurer

Teodoro Alexander T. Po
Vice Chairman

Leopoldo H. Prieto, Jr.
Advisor to the Board

Christopher T. Po
Chairman

Vicente L. Gregorio
Director, President & CEO

Paulo L. Campos III
Independent Director

Seated from left to right

Fernan Victor P. Lukban
Lead Independent Director

Eileen Grace Z. Araneta
Director

Frances J. Yu
Independent Director

Ma. Pilar P. Lorenzo
Advisor To The Board

Ricardo Gabriel T. Po, Jr.
Vice Chairman





Christopher T. Po
Chairman

Christopher T. Po was re-elected as the Company's Chairman on June 20, 2019. He concurrently serves as the Executive Chairman of Century Pacific Food, Inc. (CNPF) and as a Director of Arthaland Corporation (ALCO), a property developer listed on the PSE. 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 and 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 summa cum laude from the Wharton School and College of Engineering of the University of Pennsylvania with dual degrees in Economics (finance concentration) and applied science (systems engineering) in 1991. He holds a Master 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 as well as a member of the Board of Asia Society Philippines, and he is the President of the CPG-RSPo Foundation.



Ricardo Gabriel T. Po, Jr.
Vice Chairman

Ricardo Gabriel T. Po, Jr. was re-elected as the Company's Vice Chairman on June 20, 2019. He concurrently serves as a Vice Chairman of CNPF and as a Vice Chairman of ALCO. He was the Executive Vice President and Chief Operations Officer of CNPF 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.

- Audit Committee Member
- Board Risk Oversight Committee Member
- Related Party Transactions Committee Member



Teodoro Alexander T. Po
Vice Chairman

Teodoro Alexander T. Po was re-elected as the Company's Vice Chairman on June 20, 2019. He concurrently serves as the Vice Chairman, President, and Chief Executive Officer of CNPF. Since 1990, he has held various positions in CNPF. 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
Director & Treasurer

Leonardo Arthur T. Po was re-elected as the Company's Director and Treasurer on June 20, 2019. He concurrently serves as the Director and Treasurer of CNPF and as the Director, Executive Vice President, and Treasurer of ALCO. 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.



Vicente L. Gregorio
Director, President & CEO

Vicente L. Gregorio was re-elected as the Company's Director, President, and Chief Executive Officer on June 20, 2019. He concurrently serves as a member of the Board of Plan Master Insurance and Financial Services, Inc. He has more than thirty-five years of experience in the food business, twenty-five of which in top executive positions of major food chains. He has led PIZZA since February 2003. Under his leadership, the Company posted double-digit growth consecutively for the past sixteen years—a feat never seen in the food service industry. He is also known for his passion for excellence and has spoken and shared his WOW philosophy to major companies and organizations like Coca-Cola, Nestle, San Miguel Corporation, the Philippine Franchise Association, and the Organization Development Practitioners Network, and in events such as the Land Transportation Office - National Capital Region's Excellent Guest Service Seminar and Francis Kong's conference "Live Full, Die Empty." He graduated from Central Colleges of the Philippines with a Bachelor of Science degree in Electrical Engineering and has earned units from the Business Administration Master's program of the Graduate School of Business at the Ateneo de Manila University.



Eileen Grace Z. Araneta
Director

Eileen Grace Zshornack-Araneta was re-elected as the Company's Director on June 20, 2019. She concurrently serves as a Director of CNPF and as a consultant for brand and communications strategy to both multinational and local clients. Her professional experience spans twenty-five years as a marketing and advertising practitioner, having held senior positions at Unilever Philippines and J. Walter Thompson. At Unilever, she occupied a Southeast Asia regional post as Vice President of Brand Development for Knorr. Prior to this, she was Managing Director for Unilever Foods Philippines handling the Knorr, Lady's Choice, Best Foods, and Lipton brands. She was also Marketing Director for the personal care division with an extensive portfolio of brands such as Sunsilk, Cream Silk, Rexona, Pond's, Dove, Close Up, and Vaseline. Through her involvement with a wide range of brands, she has built up deep expertise in category strategy, consumer insight mining, and brand and advertising development. She is a graduate of the University of the Philippines where she finished her Bachelor of Science degree in Business Economics as magna cum laude.

- Corporate Governance Committee Member



Fernan Victor P. Lukban
Lead Independent Director

Fernan Victor P. Lukban was re-elected as the Company's Lead Independent Director on June 20, 2019. He concurrently serves as the Lead Independent Director of CNPF, as an Independent Director of ALCO, and 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 and Communication, now University of Asia and 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 and the Pacific where he currently participates as a consultant, mentor, and guest lecturer. He is a founding fellow of the Institute of Corporate Directors.

- Audit Committee Chairperson
- Board Risk Oversight Committee Member
- Corporate Governance Committee Member
- Related Party Transactions Committee Member



Paulo L. Campos III
Independent Director

Paulo L. Campos III was re-elected as the Company's Independent Director on June 20, 2019. He concurrently serves as the Co-Founder and Chief Executive Officer of ZALORA Philippines, having founded the company in late 2011. Prior to ZALORA, he was a management consultant with the Boston Consulting Group in Singapore where he worked with companies across the region on issues related to business development, organizational development, investor communications, and strategy. He holds a Master in Business Administration from Harvard Business School and graduated magna cum laude from Princeton University with a degree from its Woodrow Wilson School of Public and International Affairs. After university, he was employed with Ayala Land, Inc. as a Special Assistant to the President until 2008.

- Audit Committee Member
- Corporate Governance Committee Chairperson
- Related Party Transactions Committee Chairperson



Frances J. Yu
Independent Director

Frances J. Yu was re-elected as the Company's Independent Director on June 20, 2019. She concurrently serves as an Independent Director of CNPF. 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.

- Board Risk Oversight Committee Chairperson

Advisors to the Board



Ma. Pilar P. Lorenzo

Ma. Pilar Prieto-Lorenzo is a graduate of Marymount College, New York with a Bachelor of Science degree in Business Administration major in Finance. She served as Vice Chairman of International Family Food Services, Inc. (IFFSI) - now Shakey's Pizza Asia Ventures, Inc. (PIZZA) - until the sale to Century Pacific Group. She currently serves as Chairman of Panda Development Corporation (Dunkin' Donuts franchisee) and is a Director of Cavallino, Inc. (RACKS) and Tencav Corporation (Tenya). She is also a member of The Beacon School's Board of Trustees.



Leopoldo H. Prieto, Jr.

Leopoldo H. Prieto, Jr. graduated from Georgetown University College of Arts and Sciences with a Bachelor of Arts degree in Economics and International Finance in 1971. He was the Chairman of IFFSI until the sale to Century Pacific Group. He is currently the Chairman of Cavallino, Inc. and Tencav Corporation and is a member of the Board of LLP Enterprises, Inc.



Leaders of the Organization

Standing from left to right

Teodoro L. Ruiz, Jr.

Corporate Human Resources &
Organizational Excellence Director

Samuel D. Baltazar

Corporate Systems & Project
Management Director

Manuel T. Del Barrio

Vice President & Chief Finance Officer,
Chief Risk Officer, Chief Information
Officer & Compliance Officer

Seated from left to right

Kelda M. Centeno

Delivery Business Head

Jennifer V. Lapa

Executive Development Consultant



Standing from left to right

Gilbert L. Tolentino

Shakey's Company-Owned
Store Operations Director

Jorge Maria Q. Concepcion

Shakey's General Manager

Rolando H. Bonifacio

Guest Engagement Director

Severino M. Manotok IV

Technical Services Director

Seated from left to right

Giovanna M. Vera

Investor Relations Officer

Mary Jennifer S. Tan

Group Procurement Director





Standing from left to right

Jesus T. Lintingco

Peri Technical Services Manager

Alois Brielbeck

In-House Commissary General Manager

Maria Elma C. Santos

Peri General Manager

Dolores C. Isip

Peri Operations Manager

Regina R. Asa

Peri Marketing Manager

Not in Photos

Jose Arnold T. Alvero

Vice President – Shakey's International Operations
& Franchise and Business Development Director

Rodrigo P. Nanjari

Chief Technology Officer

Maria Florentina Cuevas-Capili

Shakey's International Business Development Head

Maria Rosario L. Ybañes

Corporate Secretary

Kathrina M. David

Supply Chain Management Head

Jacquilyn S. Calvara

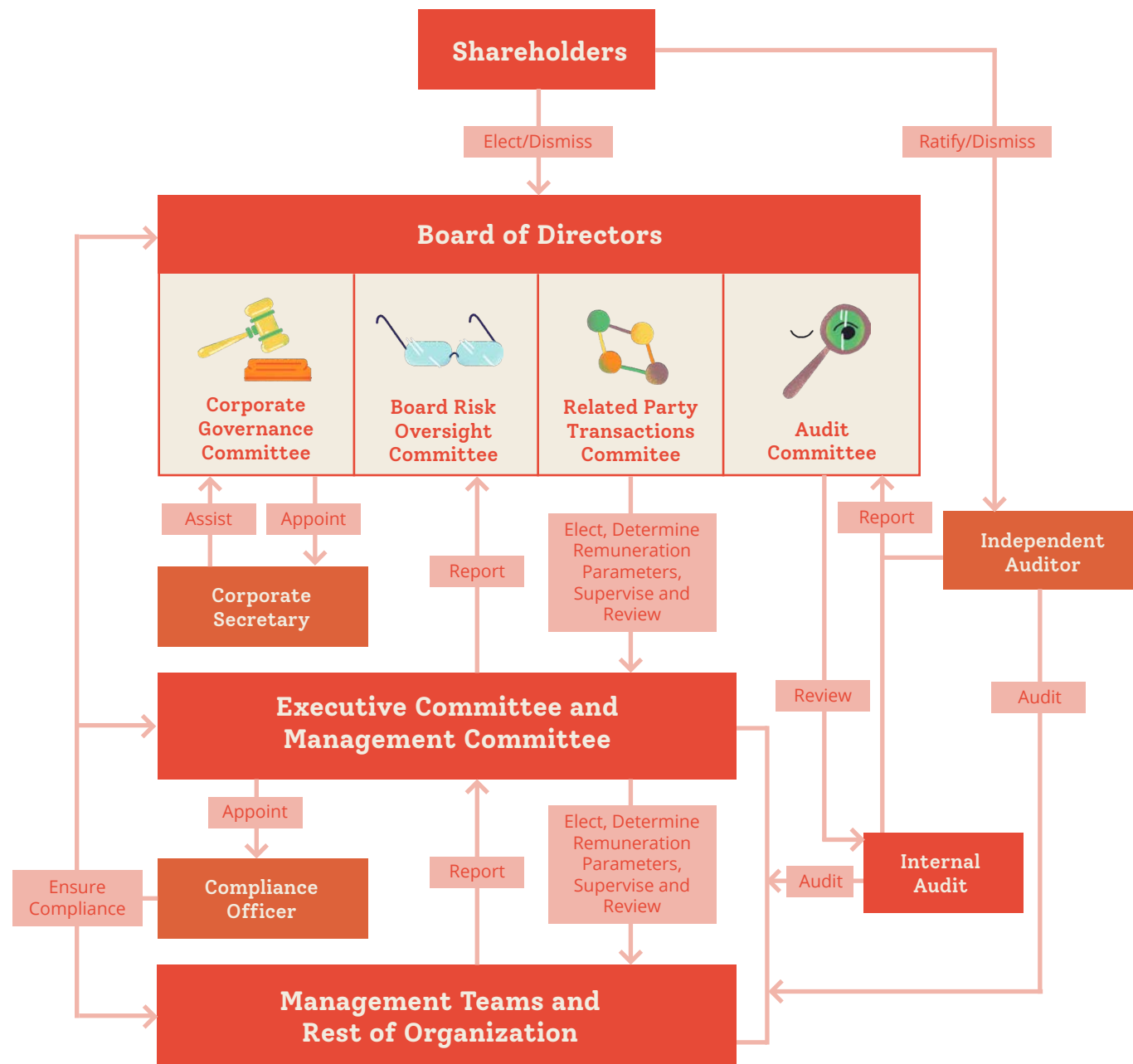
Peri Finance Controller



Corporate Governance

102-18 102-22 102-24 102-26 405-1

The Company recognizes the importance of good governance to successfully progress in its sustainability journey and create greater value for shareholders. We believe that good corporate governance must span across our entire value chain to ensure the organization operates along the lines of business ethics, complies with rules and regulations, and adheres to fair labor practices as we continue to fulfill our multiple economic, moral, legal, and social obligations towards our stakeholders.



Shareholders

Shareholders are encouraged to actively participate by exercising their rights. Such rights include the following, among others:

- Participating and voting during stockholders' meetings
- Exercising the appraisal right on instances stated in Section 81 of the Corporation Code
- Voting and being voted as director or officer of the Company
- Inspecting records of all the Company's business transactions and minutes of any meeting
- Receiving dividends declared by the Board of Directors
- Sharing in the distribution of the Company's remaining assets after its dissolution and liquidation

Shareholder rights can be found in the Company's Manual on Corporate Governance which is available on the PIZZA website.



Board of Directors

The Board of Directors (the Board) is to act in the best interest of the Company and all its shareholders. The following are some of the roles and responsibilities of the Board.

To the Company

- Approve the selection and assess the performance of Senior Management and other control functions
- Ensure an effective performance management framework is in place to certify Management and personnel performance are on par with set standards
- Supervise the proper implementation of and compliance to the Code of Business Conduct and Ethics, including standards for professional and ethical behavior for internal and external dealings
- Attend and actively participate in all meetings of the Board and its respective committees
- Oversee the development of and approve business objectives and strategies and monitor their implementation
- Assure the Company has an appropriate internal control system, including a mechanism for managing potential conflicts of interest of the Board, Management, and shareholders
- Make certain there is a sound enterprise risk management framework for key business risks

To Shareholders

- Encourage active shareholder participation and minimize costs and administrative impediments to said participation
- Be transparent about and fairly promote shareholder rights, and provide processes and procedures for them to follow
- Attend and actively participate in all shareholders' meetings
- Have a formal and transparent board nomination and election policy
- Establish corporate disclosure policies and procedures to ensure the comprehensive, accurate, reliable, and timely report of relevant and material information, including non-financial information

Further details may be found in the Board Charter available on the Company website.



PART II: COMMITTEE APPRAISAL

The Board has an effective committee structure.

- Strongly Agree: 3
- Agree: 5
- Neutral: 1

The delegation of power from the Board to its Committees is appropriate with their relevant corresponding Charters.

- Strongly Agree: 4
- Agree: 5

The Committees regularly provide a report to the full Board and sufficiently update the Board on recent developments or such other matters that may require Board action.

- Strongly Agree: 4
- Agree: 5

The frequency of meetings for each Committee is sufficient, allowing its members to perform their responsibilities according to the functions of the Committee.

- Strongly Agree: 2
- Agree: 5
- Neutral: 1
- Disagree: 1

PART III: INDIVIDUAL DIRECTOR APPRAISAL

I understand and faithfully uphold the vision, mission, values, and strategies of the company.

- Strongly Agree: 7
- Agree: 2

I keep myself updated on the latest best practices in corporate governance and ensure I abide by them.

- Strongly Agree: 4
- Agree: 5

I avoid entering into situations where I may be placed in a conflict of interest with that of the Company, and I promptly disclose any conflict which may occur.

- Strongly Agree: 5
- Agree: 4

I have a good record of Board and Committee (where applicable) meeting attendance.

- Strongly Agree: 5
- Agree: 4

I come to Board/Committee meetings on time, prepared, and knowledgeable about the topics to be discussed.

- Strongly Agree: 4
- Agree: 5

I actively participate in Board/Committee discussions with a sense of independence and objectivity.

- Strongly Agree: 3
- Agree: 6

I am aware of all policies and procedures the Board is subjected to and actively adopt these in my function as a member of the Board.

- Strongly Agree: 3
- Agree: 6

I am committed to accomplish all duties and responsibilities of a director and member of my Committee/s, if any, and will perform in the best interest of the Company.

- Strongly Agree: 5
- Agree: 4

PART IV: BOARD-MANAGEMENT RELATIONSHIP APPRAISAL

The Board is comfortable with management's (i.e., President, Chief Finance Officer) plans to implement the approved strategy, goals, and targets and is confident and satisfied in management's ability to carry out its responsibilities in the interest of the Company.

- Strongly Agree: 6
- Agree: 3

Management has in place an effective process to identify risks and assess their potential impact.

- Strongly Agree: 1
- Agree: 8

Management informs the Board of all key risks and the Board is confident management addresses them appropriately.

- Strongly Agree: 3
- Agree: 6

The Board sufficiently challenges and supports management.

- Strongly Agree: 2
- Agree: 7

The Board is effective in monitoring management's implementation of the company's strategy.

- Strongly Agree: 5
- Agree: 3
- Neutral: 1

The Board devotes sufficient time and effort to meeting key company executives.

- Strongly Agree: 2
- Agree: 6
- Disagree: 1

There is an open line of communication and constructive interaction between directors and management.

- Strongly Agree: 3
- Agree: 5
- Neutral: 1

The Board continually monitors management's performance against clear and measurable objectives, providing constructive feedback and reinforcing management's role in setting the tone at the top.

- Strongly Agree: 5
- Agree: 3
- Neutral: 1



Committees of the Board of Directors

The Board Committees are to support the effective performance of the Board's functions. Their purpose, memberships, structures, and responsibilities are further discussed in the Committee Charters available on the Company website.

Audit Committee

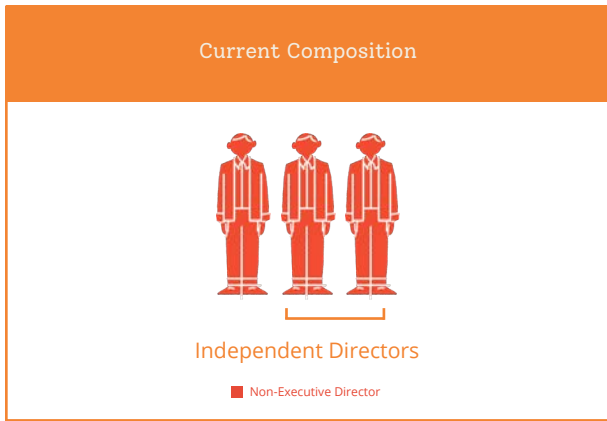
The Audit Committee is tasked to oversee Senior Management in maintaining an effective internal control framework which is able to provide assurance in areas including reporting, monitoring compliance with laws, regulations, and internal policies, and the efficiency and effectiveness of operations.

It ensures that both internal and independent auditors are to have unrestricted access to all records, properties, and personnel to enable them to perform their audit functions independently from one another.

It is composed of at least three non-executive directors, the majority of whom, including the Chairman who should neither be Chairman of the Board nor of any other committee, should be independent. All must be experienced in the areas of accounting, auditing, and finance.

The Audit Committee meets with the Board at least every quarter without the presence of the Chief Executive Officer or any other member of the management team.

| Director | Position | Meetings Attended |
|----------------------------|-------------|-------------------|
| Fernan Victor P. Lukban | Chairperson | 4 out of 4 |
| Ricardo Gabriel T. Po, Jr. | Member | 4 out of 4 |
| Paulo L. Campos III | Member | 4 out of 4 |



Internal Audit

The Audit Committee has an independent Internal Audit function that provides objective assurance and consulting services, monitoring and guiding the implementation of company policies and bringing a systematic approach to evaluating and improving the effectiveness of the Company's governance, risk management, and control functions.

The Committee oversees Internal Audit, recommending the approval of the Internal Audit Charter which contains the function's responsibilities and plans.

It ensures the independence of the Internal Auditor and reviews and monitors Management's responsiveness to Internal Audit.

Additionally, the Audit Committee periodically meets with the Chief Audit Executive, whose appointment is recommended by the Committee.

Darel G. Pallesco was re-appointed as the Company's Chief Audit Executive and has eight years of experience in auditing, compliance, and risk management roles in various companies prior to joining PIZZA in 2014.

Internal Audit is to render an annual report on its responsibilities, activities, and performance relative to the audit plans and strategies approved by the Audit Committee.

It is also to provide a statement declaring whether it is compliant with the International Standards for the Professional Practice of Internal Auditing.

Internal Audit assists the Audit Committee to ensure:

- 1. Reliability and integrity of financial and operating information
- 2. Compliance with policies, plans, procedures, laws, and regulations
- 3. Safeguard of assets
- 4. Resources are economically and efficiently used
- 5. Results of operations and programs are consistent with established objectives, goals, and plans

External Audit

The Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the independent auditor. It should be alerted for any situation that may potentially rise due to conflicts of interest which could impair the independent auditor's objectivity.

SyCip Gorres Velayo & Co. was re-appointed as the Company's independent auditor for 2019 during the Annual Stockholders' Meeting last June 20, 2019, with Maria Pilar B. Hernandez as the engagement partner. It is to assess the Company's audited financial statements and provide its judgment on the compliance of said statements with the Philippine Financial Reporting Standards.

In 2019, SyCip Gorres Velayo & Co. was paid PHP2.96 million for their audit services. SyCip Gorres Velayo & Co. is a member firm of Ernst & Young.

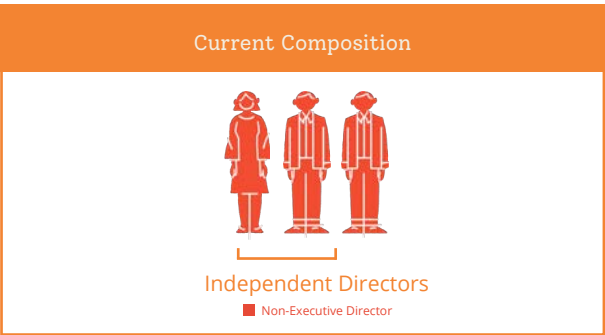
Board Risk Oversight Committee

The Board Risk Oversight Committee is to oversee the Company's enterprise risk management system to ensure its functionality and effectiveness. Its responsibility is to supervise Management's activities in managing credit, market liquidity, and operational, legal, and other risk exposures.

It comprises at least three members, of whom majority are independent, including the Chairman who should neither be Chairman of the Board nor of any other committee. At least one member should be knowledgeable in risk and risk management.

The Committee should always have clear communication with the Chief Risk Officer. Manuel T. Del Barrio, the Company's Chief Finance Officer, was re-appointed as the Chief Risk Officer on June 20, 2019.

| Director | Position | Meetings Attended |
|----------------------------|-------------|-------------------|
| Frances J. Yu | Chairperson | 2 out of 2 |
| Ricardo Gabriel T. Po, Jr. | Member | 2 out of 2 |
| Fernan Victor P. Lukban | Member | 2 out of 2 |

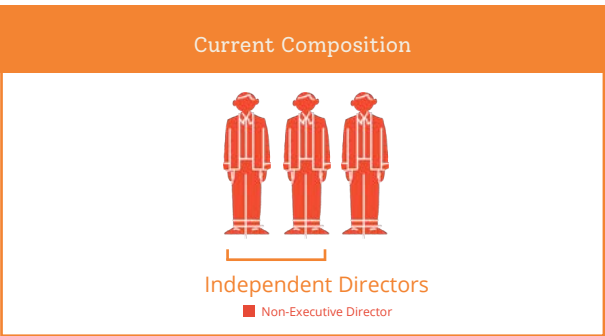


Related Party Transactions Committee

The Related Party Transactions Committee is tasked to review all material related party transactions of the Company. It also informs regulating and supervising authorities relating to the Company's related party transaction exposures and ensures appropriate disclosures are accomplished.

The Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.

| Director | Position | Meetings Attended |
|----------------------------|-------------|-------------------|
| Paulo L. Campos III | Chairperson | 1 out of 1 |
| Ricardo Gabriel T. Po, Jr. | Member | 1 out of 1 |
| Fernan Victor P. Lukban | Member | 1 out of 1 |



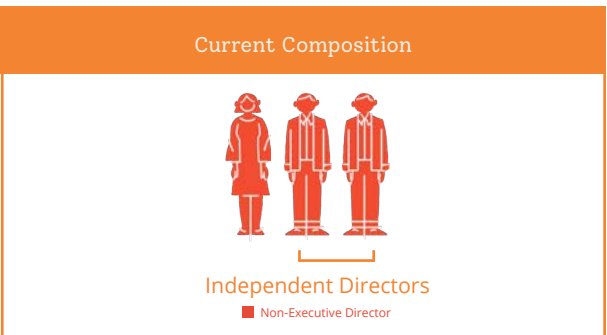
Corporate Governance Committee

The Corporate Governance Committee is responsible for ensuring the Company's compliance with corporate governance principles and practices. It periodically reviews the Company's corporate governance framework to ensure it remains appropriate given material changes in the corporation's size, complexity, strategy, and business and regulatory environments.

The Committee's responsibilities will be expanded to include sustainability matters which involve environmental, social, and sustainability governance concerns.

The Committee is also to function as a Nomination and Remuneration Committee, determining the nomination and election process and establishing a formal and transparent procedure in developing a policy for determining remuneration. It comprises at least three members.

| Director | Position | Meetings Attended |
|-------------------------|-------------|-------------------|
| Paulo L. Campos III | Chairperson | 2 out of 2 |
| Eileen Grace Z. Araneta | Member | 2 out of 2 |
| Fernan Victor P. Lukban | Member | 2 out of 2 |



Corporate Secretary

The Corporate Secretary is to keep abreast of relevant laws, regulations, governance issuances, industry developments, and operations of the Company and advise the Board on all relevant issues as they arise.

Atty. Maria Rosario L. Ybañez was re-appointed as the Company's Corporate Secretary on June 20, 2019, and has been involved in the practice of corporate, civil, criminal, labor, and intellectual property law since 2001. She attended her training on corporate governance conducted by the ICD in August 2019.

Executive Team

The Executive Team, along with the rest of the Management team, answers to the Board of Directors and is responsible for the operations and performance of the Company. It concretizes the Company's objectives and targets by executing its strategies and attaining set targets. The Team is spearheaded by the Chief Executive Officer.

The positions of Chief Executive Officer and Chairman of the Board are held by separate individuals. Their roles in the organization are distinguished below:

Chief Executive Officer

1. Supervise, monitor, and control operational activities and performance
2. Oversee operational alignment and operating structures
3. Determine the Company's strategic direction and implement its short- and long-term strategic plans
4. Oversee operations and all day-to-day management decisions of the Company
5. Manage the Company's resources prudently
6. Serve as the link between internal and external stakeholders and provide stockholders with a balanced and comprehensible assessment of the Company's performance, position, and prospects

Chairman of the Board

1. Maintain qualitative and timely lines of communication and information between the Board and Management
2. Preside Board meetings and ensure its focus on strategic matters such as the Company's overall risk appetite, key governance concerns, and contentious issues that will significantly affect operations
3. Focus on long-term goals and important strategic moves
4. Evaluate performance of high-level executives

Compliance Officer

The Compliance Officer is responsible for determining and measuring the Company's adherence with its Manual on Corporate Governance, relevant laws, the Code of Corporate Governance for publicly listed companies, SEC rules and regulations, and all governance issuances of regulatory agencies.

Manuel T. Del Barrio, the Company's Chief Finance Officer, was re-appointed as the Compliance Officer on June 20, 2019. He attended his training on corporate governance conducted by the ICD in August 2019.

Rest of the Organization

The rest of the organization completes the Company and supports its strategies in order to achieve its ever-growing targets. With competent professionals who embody the core values, PIZZA is able to fulfill its purpose of providing great times and great memories...always! As such, attracting, developing, and retaining talent across the organization is of key importance.

PIZZA sets high standards for itself with its WOW philosophy and performance goal of being better than before, better than others, and better than expected. It is an organization with a culture anchored on guest centricity, understanding and respect, excellence, sense of ownership, trustworthiness, strategic thinking, and tenacity. As such, PIZZA sees the importance of investing in its people.

PIZZA continuously strives to boost the entrepreneurial spirit of its people through its Think Guest Program. Its rewards philosophy is to "Pay for Performance" and ensure that high performers are recognized and differentiated from the rest. The Company wants its expansion program to spur the career growth of its people, making sure it retains those who share the same passion for excellence and demonstrate grit in order to sustain PIZZA's edge in the industry.

The Company's policies also promote compliance with government regulations on health and safety, while employee welfare policies are designed to help employees achieve work-life balance. It also believes in providing opportunities to people with disabilities and working hand-in-hand with local communities through special recruitment projects.



Code of Business Conduct and Ethics

102-17 102-25 205-2 206-1

The Company's policies on the following business conduct and ethics affecting the directors, senior management, and employees are discussed below:

Conflict of Interest

All employees, irrespective of rank, should always act in the best interest of the Company. All conflict of interest shall be avoided and prohibited. In the event that such will occur, disclosure must be made to the immediate supervisor or human resources head.

Receipt of Gifts from Third Parties

All employees are prohibited from accepting gifts based on the no gift policy of the Company.

Respect for Trade Secrets and Use of Non-Public Information

All employees are required to sign and adhere to a confidentiality agreement. All employees are prohibited from disclosing or using to their own advantage any non-public information.

Conduct of Business and Fair Dealings

Business is dictated by free competition—no monopoly and no price manipulation. Price is dictated by supply and demand. Employees are required to comply with fair trade practices.

Compliance with Laws and Regulations

All employees, in the conduct of business, are obliged to comply with all relevant laws and regulations.

Use of Company Funds, Assets, and Information

All employees are required to act as responsible custodians of all company funds, assets, and information. As such, all are required to protect and preserve company assets.

Employment and Labor Laws and Policies

The Company complies with all existing employment and labor laws and policies.

Whistleblower

The Company has a whistleblower policy that provides an avenue for employees to report misconduct of fellow employees, including their superiors, while protecting the employee's identity and welfare.

Insider Trading

The Company's insider trading policy states that all managers and up are strictly prohibited from buying or selling PIZZA shares for five trading days prior to the release of and up to three trading days after the disclosure of reports containing material information.

Notices of said trading blackouts are issued to covered persons by email.

Disciplinary Action

Disciplinary actions are meted only after due process. The Company has a Code of Conduct that serves as a guide for the employees' behavior.

Conflict Resolution

The Company provides a work environment that is conducive to friendly resolution of disagreement. Superiors should promote amicable settlement of conflicts.

Reporting of Personal Transactions

All controlling shareholders, directors, and executive officers must report any of their dealings in the Company's shares as well as changes in their beneficial shareholdings in the Company to the Compliance Officer.

Said persons are required to report these transactions within three business days from the transaction date, after which the Compliance Officer will promptly disclose according to relevant rules and regulations the buy or sell details to the Philippine Stock Exchange and Securities and Exchange Commission.



Risk Management

102-15 102-30

Risks in Same-Store Sales Growth

We operate in highly competitive markets.

The Philippine food service industry in general is highly competitive with relatively low barriers to entry. As such, many well-established food service businesses compete directly and indirectly with us. We compete with national, regional, and locally owned full-service and casual dining stores that offer dine-in, carry-out, delivery, and catering services. These segments are highly competitive with respect to, among other things, location, managing and meeting human resource requirements, taste, price, raw materials, food quality and presentation, service, brand awareness and loyalty, and the ambience and condition of each store.

Damage to our reputation and the Shakey's and Peri brands, and negative publicity to our stores, could negatively impact our business.

Any incident that erodes consumer affinity for our brands could significantly reduce their value and damage our business. We may be adversely affected by news reports or other negative publicity regardless of their accuracy regarding food quality issues, public health concerns, illness, safety, injury, customer complaints or litigation, health inspection scores, integrity of ours or our suppliers' food processing, employee relationships or government or industry findings concerning our stores, or stores operated by other food service providers or others across the food industry supply chain. Finally, there has been a marked increase in the use of social media platforms and similar devices, making the availability of information virtually immediate as is its impact.

Our growth is dependent, in part, upon our ability to maintain and enhance the value of our brand, consumers' connection to our brand, and positive relationships with our franchisees. We believe we have built our reputation on the high quality of our food, service, and staff as well as on our culture and the ambience in our stores thanks to tried and tested operational systems that cover all aspects of food safety and quality as well as guest service and hospitality.

We must protect, invest, and grow the value of our brand to continue building barriers to entry in this highly competitive industry. Successfully competing in our markets depends on our ability to maintain low-cost operations, allowing us to provide value-for-money options to our guests and further enhance their loyalty via promotions, meal bundles, and loyalty programs, among others.



Risks in Increasing Store Network

Our growth is highly dependent on our ability to open new stores, maintain our existing store network, and select strategically located sites for our store branches. One of the key means of achieving our growth strategy will be through opening new stores, both company-owned and franchised, maintaining our existing network of stores (including successfully relocating these stores when necessary), and operating those stores profitably. We may not be able to open stores as quickly as planned. In the past, we have experienced delays in opening some stores due to construction delays and delays in obtaining local permits which could happen again in future store openings. Delays or failure in opening stores could materially and adversely affect our growth strategy and our business, financial condition, and results of operations.

In addition, one of our biggest challenges is locating and securing an adequate supply of suitable store sites in our target markets. Competition for those sites is intense among other store and retail operators, and there is no guarantee that enough suitable sites will be available in desirable areas or on terms that are acceptable to us to achieve our growth plan.

Opening new stores in existing markets may negatively affect sales at our existing stores. Opening a new store in or near markets in which we already have stores could adversely affect sales at these existing stores. Existing stores could also make it more difficult to build our guest base for a new store in the same market. Sales cannibalization between stores, which could affect our sales growth as we continue to expand our operations, could adversely affect our business, financial condition, and results of operations.



Our ability to open new stores and maintain our existing store network also depends on using our brand strength and proven track record to negotiate new leases or renew existing leases at acceptable or favorable terms. We also ensure that we have identified, hired, and trained qualified employees for each site from the development of the store to construction and to the eventual opening and operational execution.

In particularly competitive markets, managing construction and development costs of stores is key. There are instances where unavoidable delays and overruns will occur due to delays by landlords in delivering leased premises to us, unforeseen engineering or environmental problems, trouble securing required government approvals and licenses, inclement weather, natural disasters, and other calamities.

In these cases, we manage the overall system growth rate by ensuring we have a number of back-up sites and sufficient funds from operations to finance any incremental costs.

Our primary business strategy does not entail opening new stores that we believe may materially affect the sales at our existing stores, a large portion of our stores is still concentrated in the greater Metro Manila area. There are still many opportunities to expand beyond the usual first-tier cities. Moreover, we may selectively open new stores in or around areas of existing stores operating at or near capacity to effectively serve our guests and create a better dining and delivery experience. This, in the long run, is beneficial to the brands and results in continued increase in sales.



Risks in Maintaining Profitability

Changes in food and supply costs and availability could adversely affect our results of operations. Our food distributors and suppliers may be affected by higher costs to produce and transport commodities used in our stores, higher minimum wage and benefit costs, and other expenses that they pass through to their customers which could result in higher costs for goods and services supplied to us. We may not be able to anticipate and react to changing food costs through our purchasing practices and menu price adjustments in the future. As a result, any increase in the prices charged by suppliers would increase the food costs for our company-owned stores and for our franchise owners and could adversely impact probability.

Our profitability and operating margins are dependent, in part, on our ability to anticipate and react to changes in food and beverage costs, particularly the costs of key ingredients such as cheese, chicken, and potatoes. We religiously monitor prices as well as the supply and demand situation of the raw material to ensure we are adequately covered at reasonable prices. We also maintain a network of alternative distributors or suppliers who can provide contingent supply on a timely basis.

We rely on key suppliers for certain raw materials and the failure of those suppliers to adhere to and perform contractual obligations may adversely affect our business. We rely on key suppliers for certain raw materials. Any material interruptions in our supply chain, including failure or delays in delivery, such as a material interruption of ingredient supply due to the failure of third-party distributors or suppliers or interruptions in service by common carriers that ship goods within our distribution channels, may result in significant cost increases and reduce store sales.

Moreover, we work closely with key third-party service providers to monitor their adherence to and performance of contractual obligations.

In addition, we may choose to pass along commodity price increases to our guests as long as we continue to provide them value for their money and a high-level dining experience relative to peers at the same price point.

Risks in Franchising

Our results of operations and growth strategy depend, in part, on the success of our franchisees, and we are subject to various additional risks associated with our franchise owners. Franchisees are independent contractors and are not our employees, and we do not exercise control over their day-to-day operations. A portion of our revenues comes from royalties and sales of raw materials and supplies and equipment to our franchisees which we expect to continue in the future. Accordingly, we are reliant on the performance of our franchise owners in successfully opening and operating their stores and paying royalties to us on a timely basis.

If we fail to identify, recruit, and contract with a sufficient number of qualified franchise owners, our ability to open new franchised stores and increase our revenues could be materially adversely affected. The opening of additional franchised stores depends, in part, upon the availability of prospective franchise owners who meet our criteria. We may not be able to identify, recruit, or contract with suitable franchise owners in our target markets on a timely basis or at all. In addition, our franchise owners may not have access to the financial or management resources that they need to open the stores contemplated by their agreements with us; or they may elect to cease store development for other reasons. If we are unable to recruit suitable franchise owners or if franchise owners are unable or unwilling to open new stores as planned, our growth may be slower than anticipated which could materially adversely affect our ability to increase our revenues, our business, financial condition, and results of operations.

We provide training and support to franchisees and oversee the quality of franchised store operations through a network of area business managers whose performance metrics are also tied to the performance of franchisees within their scope.

The strength of our brand and the industry-leading economics of our stores afford us a wide array of interested franchisees. Moreover, many of our franchise owners operate more than one store; so our growth strategy includes tapping the significant number of existing franchise owners who are interested in increasing their own network.

In selecting our franchisees, we ensure that they have the business acumen and financial resources necessary to successfully operate franchises in their franchise areas in a manner consistent with our standards and requirements and that they will hire and train qualified managers and other store personnel. Our franchise agreement also adequately covers situations wherein franchisees do not meet our standards and requirements and any other disputes when they may arise.



Other Highlights

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Investor Relations Program

Maintaining open communications and credibility with various stakeholders is a priority of Shakey's Pizza Asia Ventures, Inc. (PIZZA).

Why We Engage

The primary objectives of PIZZA's Investor Relations (IR) team are:

- to build a full and fair valuation of the security's price in order to reduce cost of capital and create value for shareholders
- to ensure the Company's continued access to capital markets in order to provide the necessary support for long-term growth

How We Engage

The IR team meets its objectives through various activities that revolve around:

- facilitating effective two-way communication between the Company and the financial community
- building confidence in the Company's strategic plans and gaining trust in the management team's ability to execute them

The IR team is the financial market's main point of contact.

It provides the appropriate information to investors and analysts in a manner that is timely and easy to understand. Said communication program is meant to be clear and consistent, focusing on the key metrics that drive business performance. It facilitates as well all required disclosures to the regulatory authorities, primarily the Philippine Stock Exchange and the Securities and Exchange Commission.

As a trusted source of information, it prides itself in freeing up C-suite time, allowing them greater flexibility to focus on operating and building the business.

The primary subject of IR communication is the Company's ability to create shareholder value.

It focuses primarily on conveying management's long-term vision and the many interim key milestones necessary to achieve these goals.

Through this exercise, it hopes to build the trust and confidence of long-term shareholders whose objectives most closely align with that of the Company's.

Analysts and investors are also valuable sources of feedback on both the IR program and broader corporate strategy.

The IR team actively engages third parties to comment on the quality of its work and for their views and expectations of the Company.

Building these productive relationships with financial market participants provide valuable insights that may help support the Company's fundamentals. It uses this information flow as an opportunity to obtain new ideas and identify global practices, analyzing them then sharing these with the management team when appropriate.

PIZZA iR

Giovanna M. Vera
Head of Investor Relations
investorrelations@shakeys.biz



*500 High-Growth Companies
Asia Pacific by Financial
Times in 2020*



*Awarded Philippines' Best
Small Cap Company
by Finance Asia in 2018*



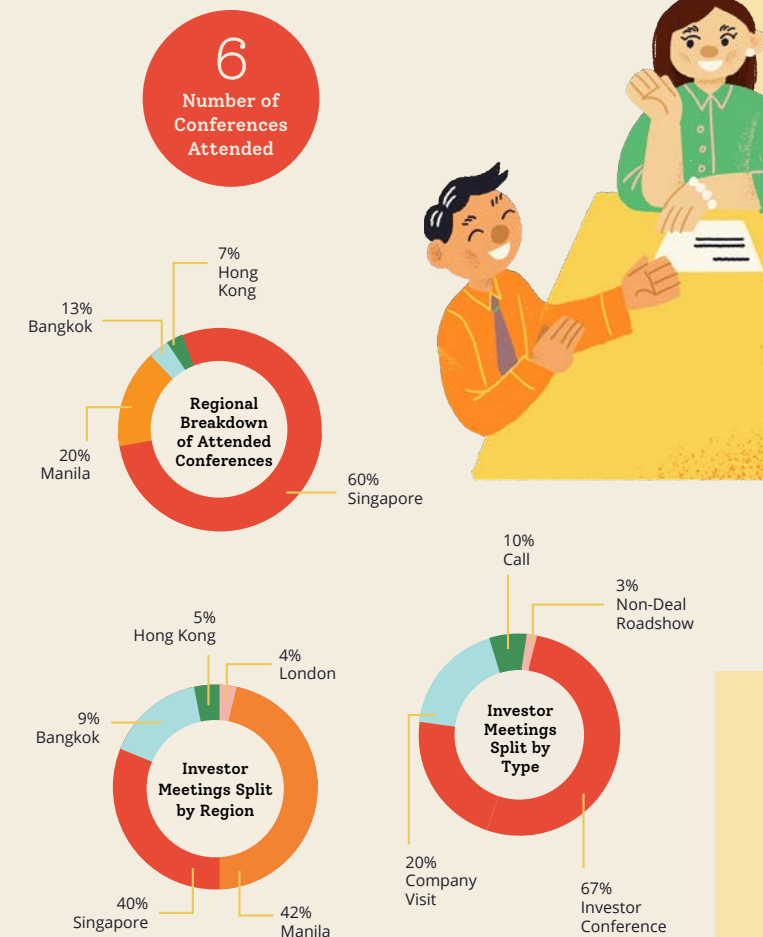
*Nominated Best IPO Local
Small Investor Program
by the PSE Bell Awards for
Excellence in Corporate
Governance in 2017*

2019 Highlights



Glossy Annual Report

Meetings with Current and
Potential Investors



Conference Calls on Quarterly
Financial Results



| | |
|--------|--------------------------------------|
| May 14 | First Quarter 2019 Earnings Call |
| Aug 9 | First Half 2019 Earnings Call |
| Nov 8 | First Nine Months 2019 Earnings Call |

Comissary Visits

5
Total Number
of Investor
Commissary
Visits



8
Press
Releases

Attainment of Sell-Side
Coverage from Brokerages

INSTITUTION

BDO Nomura
BPI Jefferies
CLSA
COL Financial
Credit Suisse
Daiwa
Macquarie
PNB
Regis
Unicapital

ANALYST

Diane Go
Javier Consunji
Joyce Ramos
John Luciano
Hazel Tanedo
Renzo Candano
Karisa Magpayo
Alvin Arogo
Carissa Mangubat
Wendy Estacio



Corporate
Website

Non-Deal Roadshows to Key
Financial Market Centers



London NDR
May 2019



Welcoming Annual
General Meeting

Stock Highlights

102-5

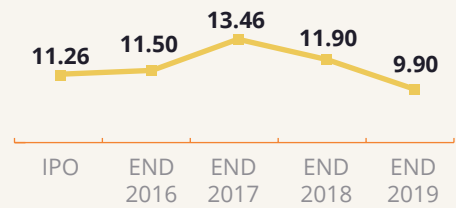
102-45

STOCK EXCHANGE

Shakey's Pizza Asia Ventures, Inc. held its Initial Public Offering (IPO) on December 15, 2016, and is listed on the Philippine Stock Exchange (PSE) with "PIZZA" as its ticker symbol. The stock has a minimum board lot of 100 shares and no foreign ownership limit.

STOCK PERFORMANCE

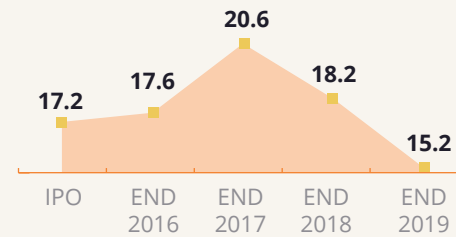
Stock Price
in PHP



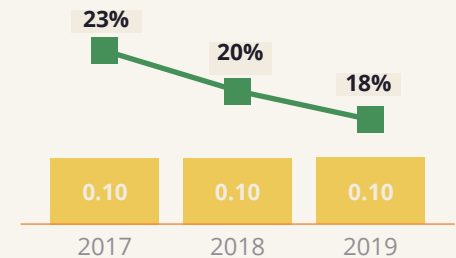
-16.8%
Year-on-Year

-12.1%
Since IPO

Market Capitalization
in PHP billion

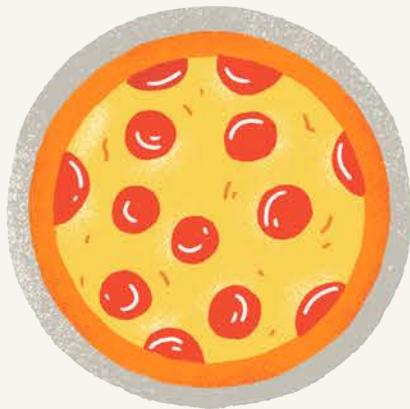


Dividend History
in PHP

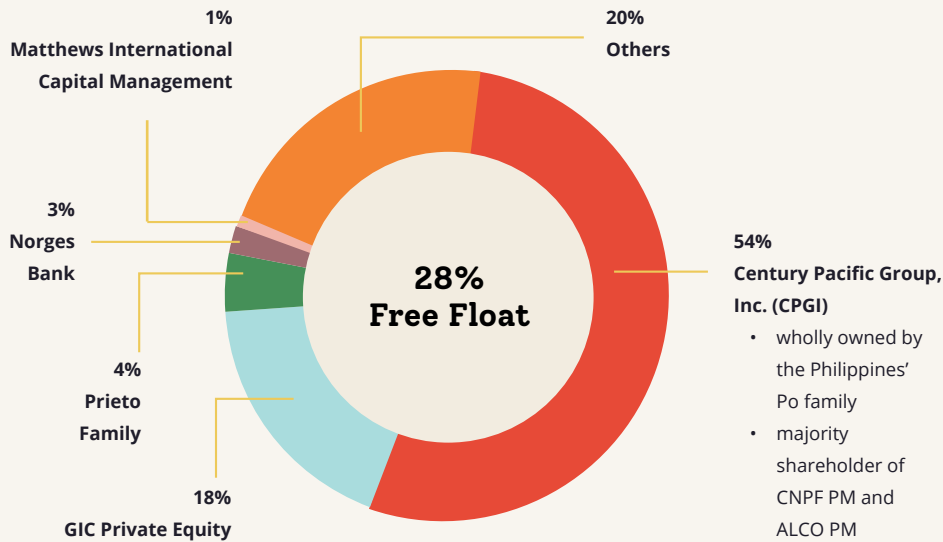


Before going public, PIZZA paid out quarterly cash dividends to its shareholders preceding the above dividends. Quarterly and special cash dividend declarations of PHP150.4 million and PHP986.9 million were approved by its Board of Directors on December 31, 2015, and June 30, 2016, respectively.

Regular Cash Payout Ratio*
*Of previous year's net income



SHAREHOLDERS



Source: Bloomberg, May 2020



ANNUAL STOCKHOLDERS' MEETING

We hold our Annual Stockholders' Meeting every June 20th.

SHARE CAPITAL

As of end 2019, PIZZA's authorized capital was PHP2 billion consisting of 2 billion common shares with a PHP1.00 par value. There were 1,531,321,053 listed, issued, and outstanding shares as of the same period.

Based on the closing price of PHP9.90 per share, the market capitalization of the Company's common shares as of end of 2019 was PHP15,160,078,424.70.

INFORMATION DISCLOSURES

In compliance, all information required by the Philippine Securities and Exchange Commission and the PSE are filed, disclosed, and promptly made public via the Company's corporate website and its official PSE online portal page as follows:

- www.shakeyspizza.ph
- edge.pse.com.ph/companyInformation/form.do?cmpry_id=664

Management's Discussion and Analysis

Consolidated Statements of Financial Position

PIZZA had consolidated total assets of PHP11.05 billion as of December 31, 2019, an increase versus 2018 total assets of PHP9.63 billion. This is primarily attributable to the increase in cash and cash equivalents, property and equipment, and intangible assets following the acquisition of the Peri trademark in June 2019 and the recognition of goodwill resulting from the transaction. Consolidated net property, plant, and equipment was PHP1.81 billion as of year-end 2019. Capital expenditures for the year reached PHP564 million, which were invested in the acquisition of Peri stores, building of new stores, improvements in the corporate office and commissary, and IT investments.

Total equity increased to PHP5.27 billion from PHP4.57 billion at the end of 2018 driven primarily by the Company's generated net income during the year. Book value per share (BVPS) increased by 15% to PHP3.44 compared to PHP2.98 as of end 2018.

Meanwhile, total liabilities increased to PHP5.78 billion from PHP5.06 billion following the increase in short-term debt due to the Peri acquisition loan. Prior to the IPO in 2016, a PHP5.0 billion acquisition loan was lodged into the Company as part of the acquisition strategy of CPGI and the sovereign wealth fund of Singapore to acquire the in-house commissary which supplies the raw materials and baked goods to the Company, as well as the trademark companies that hold the rights and trademarks of the Shakey's brand. Post-IPO, the Company was able to raise approximately PHP1.1 billion, of which approximately PHP1.0 billion was used to prepay the loan on January 3, 2017. As of end 2019, total interest-bearing debt stood at PHP4.4 billion.

The Company's return on equity for full-year 2019 remained robust at 18.8%. Net debt-to-equity ratio stood at 1.00x as of end 2019. This is stable versus 1.01x as of the year before. Considering only interest-bearing liabilities, net gearing ratio is at 0.74x as of end 2019.

Consolidated Statements of Comprehensive Income

System-wide sales, which comprises sales from both company-owned and franchise stores, increased by 11% from PHP9.36 billion to PHP10.38 billion as of end 2019. This was driven by continued store network expansion of 18 net new Shakey's stores in 2019 and the acquisition of Peri with 30 stores as of end-2019. Same-store sales, which refer to sales generated from stores that have operated for at least fifteen months and exclude sales from new stores, grew by 1% year-on-year.

Consolidated net revenues, composed of sales from company-owned stores, franchise and royalty fees from franchisees, and revenues from wholly-owned subsidiaries, reached PHP8.24 billion, surging by 9% from reported revenues of PHP7.58 billion for the twelve months ending December 31, 2018. This brings the Company's four-year compounded annual revenue growth rate to 12% since 2015.

For the year ending 2019, consolidated cost of sales grew by 8% from PHP5.40 billion in 2018 to PHP5.84 billion, rising slightly slower than the 9% growth in consolidated net revenues. Consolidated cost of sales is mainly composed of raw material and packaging costs, direct labor costs, and store-related costs including rent and utilities, among others. The tempered increase in cost of goods was due to subdued raw material prices relative to the previous year as well as favorable FX.

As a result, consolidated gross profit amounted to PHP2.40 billion for the full-year 2019, surging by 10% from PHP2.18 billion. This yielded a gross profit margin of 29% as the Company executed inventory-buying strategies and implemented price increases.

Consolidated operating income reached PHP1.34 billion in 2019 driven by cost and efficiency improvements, rising by 11% from PHP1.21 billion in 2018.

Interest expense of PHP209 million was recorded for the twelve months ending December 31, 2019. This amount pertains to interest on the PHP3.79 billion remaining of the acquisition loan used to acquire the wholly-owned subsidiaries, as well as the PHP550 million loan used to partially fund the Peri acquisition.

All in all, consolidated net income after tax reached PHP924 million, yielding a net income margin of 11%. This is an increase of 10% versus the 2018 recorded net income after tax of PHP841 million. The Company has sustained a four-year compounded

Consolidated Statements of Cash Flows

Consolidated net cash provided by operating activities amounted to PHP1.70 billion for the full-year 2019, higher than the previous year's PHP921 million. The increase is primarily attributable to the improvement in working capital. Consolidated net cash used in investing activities was PHP1.50 billion. This is mainly due to the acquisition of Peri as well as capital expenditures for new store openings and other corporate investments. Consolidated net cash used by financial activities was PHP133 million in 2019, primarily arising from interest payments and dividends which were partially offset by loan availments. All in all, net cash generated for the year totaled PHP74 million, leading to cash and cash equivalents balance of PHP508 million at year-end 2019.

The Company's cash conversion cycle decreased to negative 6 days, an improvement compared to the previous year's positive 2 days. Inventory days declined to 30 days and receivable days increased to 31 days, while payable days lengthened to 67 days.

*FY 2019 figures represent pre-IFRS 16 numbers.



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, 2019 and 2018, and each of the three years in the period ended December 31, 2019, 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 and Chief Financial Officer

Signed this 4th day of May, 2020



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

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

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, 2019 and 2018, 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, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2019 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 each 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 matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Impairment Assessment of Goodwill and Trademarks

Under PFRS, the Group is required to annually test the amount of goodwill and trademarks for impairment. As at December 31, 2019, the Group's goodwill, mainly arising from its acquisition of the dough manufacturing and Peri-Peri businesses, amounting to ₱1,264.1 million and trademarks amounting to ₱5,549.3 million, are considered significant to the consolidated financial statements since these account for 55% of the Group's total assets. In addition, management's assessment requires significant judgment and is based on assumptions, specifically forecasted long-term revenue growth rate, operating expenses, gross margin and discount rate, which are affected by expected future market or economic conditions. The Group's disclosures about goodwill and trademarks are included in Notes 5, 6 and 14 to the consolidated financial statements.

Audit response

We obtained an understanding of the Group's impairment assessment process and related controls. We involved our internal specialist in evaluating the methodologies and the assumptions used. These assumptions include forecasted long-term revenue growth rate, operating expenses, gross margin and discount rate. We compared the key assumptions used, such as forecasted long-term revenue growth rate, operating expenses and gross margin against the historical performance of the cash generating units (CGU) 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 disclosure 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 life.

Adoption of PFRS 16, Leases

Effective January 1, 2019, the Group adopted the new lease recognition standard, PFRS 16, Leases, under the modified retrospective approach which resulted in significant changes in the Group's accounting policy for leases. The Group's adoption of PFRS 16 is significant to our audit because the Group has high volume of lease agreements; the recorded amounts are material to the consolidated financial statements; and adoption involves application of significant judgment and estimation in determining the lease term, including evaluating whether the Group is reasonably certain to exercise options to extend or terminate the lease, and in determining the incremental borrowing rate. This resulted in the recognition of right-of-use assets and lease liabilities amounting to ₱1,219.4 million and ₱1,376.1 million, respectively, as of January 1, 2019, and the recognition of amortization of right-of-use assets and interest expense of ₱224.1 million and ₱102.3 million, respectively, for the year ended December 31, 2019. The Group's disclosures related to the adoption of PFRS 16 are disclosed in Notes 3, 5 and 15 to the consolidated financial statements.

Audit response

We obtained an understanding of the Group's process in implementing the new standard on leases, including the determination of the population of the lease contracts covered by PFRS 16, the application of the short-term and low value assets exemption, the selection of the transition approach and any election of available practical expedients. We tested the population of lease agreements by comparing the number of locations per operations report against lease contract database. On a test basis, we inspected lease agreements (i.e., lease agreements existing prior to the adoption of PFRS 16 and new lease agreements), identified their contractual terms and conditions, and traced these contractual terms and conditions to the lease calculation prepared by management, which covers the calculation of financial impact of PFRS 16, including the transition adjustments. For selected lease contracts with renewal and/or termination option, we reviewed the management's assessment of whether it is reasonably certain that the Group will exercise the option to renew or not exercise the option to terminate. We tested the parameters used in the determination of the incremental borrowing rate by reference to market data. We test computed the lease calculation prepared by management on a sample basis, including the transition adjustments. We reviewed the disclosures related to the transition adjustments based on the requirements of PFRS 16 and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

Acquisition of Peri-Peri Business

In June 2019, the Group acquired the Peri-Peri business for a total consideration of ₱774.5 million. The Group accounted for this acquisition as a business combination and the purchase price allocation (PPA) was determined on a provisional basis. The provisional goodwill arising from the acquisition amounted to ₱185.5 million. This transaction is a key audit matter as the amounts involved are material to the consolidated financial statements. The transaction also involves significant judgments and estimates such as the determination of the fair values of the assets and liabilities acquired and purchase price allocation. Management judgment was required to determine that the acquisition met the requirements of a business and management estimate was applied in the determination of the fair values of assets and liabilities acquired. The Group disclosed the details of the acquisition of the business in Note 6 to the consolidated financial statements.

Audit response

We obtained and reviewed the related documents, including any arrangements entered into in connection with the transaction. We reviewed management's analysis and assessment of the transaction. We reviewed the purchase price

allocation prepared by the Group. We also involved our internal specialists in reviewing the valuation methodology and key inputs, such as revenue growth and discount rates related to the valuation of the trademark. We compared the revenue growth to the historical performance of the investees and industry data. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the disclosures in the notes to the consolidated financial statements.

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, 2019, but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to date of this auditor's report, and the SEC Form 20 IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2019 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.
- 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 Maria Pilar B. Hernandez.

SYCIP GORRES VELAYO & CO.



Maria Pilar B. Hernandez

Partner

CPA Certificate No. 105007

SEC Accreditation No. 1558-AR-1 (Group A),

February 26, 2019, valid until February 25, 2022

Tax Identification No. 214-318-972

BIR Accreditation No. 08-001998-116-2019,

January 28, 2019, valid until January 27, 2022

PTR No. 8125244, January 7, 2020, Makati City

May 4, 2020

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

| | December 31 | |
|------------------------------------------------------------------------------|-----------------------|----------------------|
| | 2019 | 2018 |
| ASSETS | | |
| Current Assets | | |
| Cash (Notes 8 and 31) | 507,701,190 | 433,777,621 |
| Trade and other receivables (Notes 9, 18 and 31) | 709,483,495 | 359,544,119 |
| Financial assets at fair value through profit and loss (Notes 12, 31 and 32) | 120,000,000 | – |
| Inventories (Note 10) | 477,127,376 | 597,145,719 |
| Prepaid expenses and other current assets (Notes 3 and 11) | 123,970,333 | 219,854,297 |
| Total Current Assets | 1,938,282,394 | 1,610,321,756 |
| Noncurrent Assets | | |
| Property and equipment (Note 13) | 1,615,292,163 | 1,711,899,346 |
| Intangible assets (Notes 6 and 14) | 6,976,828,720 | 6,065,715,622 |
| Right-of-use assets (Notes 3 and 15) | 1,413,623,270 | – |
| Deferred input value-added tax | 67,963,872 | 63,451,832 |
| Deferred tax assets (Note 30) | 154,972,558 | 31,044,664 |
| Pension asset (Note 27) | – | 13,666,188 |
| Rental and other noncurrent assets (Notes 3, 16, 31 and 32) | 165,662,780 | 137,079,814 |
| Total Noncurrent Assets | 10,394,343,363 | 8,022,857,466 |
| TOTAL ASSETS | 12,332,625,757 | 9,633,179,222 |
| LIABILITIES AND EQUITY | | |
| Current Liabilities | | |
| Short-term loans payable (Notes 19 and 31) | 550,000,000 | – |
| Accounts payable and other current liabilities (Notes 17, 18 and 31) | 962,058,086 | 799,504,485 |
| Current portion of: | | |
| Long-term loans payable (Note 20 and 31) | 48,120,934 | 48,449,757 |
| Contract liabilities (Note 22) | 18,517,499 | 19,285,813 |
| Lease liabilities (Notes 3 and 15) | 224,333,251 | – |
| Income tax payable | 82,626,816 | 100,558,936 |
| Total Current Liabilities | 1,885,656,586 | 967,798,991 |
| Noncurrent Liabilities | | |
| Noncurrent current portion of: | | |
| Long-term loans payable (Note 20 and 31) | 3,788,597,369 | 3,836,966,162 |
| Contract liabilities (Note 22) | 90,652,460 | 93,314,414 |
| Lease liabilities (Notes 3 and 15) | 1,374,293,912 | – |
| Accrued pension costs (Note 27) | 78,310,299 | – |
| Accrued rent (Notes 3 and 15) | – | 101,853,055 |
| Dealers' deposits and other noncurrent liabilities (Note 32) | 46,608,785 | 63,425,467 |
| Total Noncurrent Liabilities | 5,378,462,825 | 4,095,559,098 |
| Total Liabilities | 7,264,119,411 | 5,063,358,089 |
| Equity | | |
| Capital stock (Note 21) | 1,531,321,053 | 1,531,321,053 |
| Additional paid-in capital (Note 21) | 1,353,554,797 | 1,353,554,797 |
| Retained earnings (Notes 3 and 21) | 2,233,070,767 | 1,668,017,627 |
| Other components of equity (Note 27) | (49,440,271) | 16,927,656 |
| Total Equity | 5,068,506,346 | 4,569,821,133 |
| TOTAL LIABILITIES AND EQUITY | 12,332,625,757 | 9,633,179,222 |

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

| | Years Ended December 31 | | |
|-----------------------------------------------------------------------------------------------------------------|-------------------------|-----------------|-----------------|
| | 2019 | 2018 | 2017 |
| REVENUE FROM CONTRACTS WITH CUSTOMERS (Notes 18 and 22) | 8,239,093,787 | 7,578,718,618 | 7,003,813,081 |
| COSTS OF SALES (Notes 18 and 23) | (5,827,018,168) | (5,399,319,411) | (4,937,716,670) |
| GROSS INCOME | 2,412,075,619 | 2,179,399,207 | 2,066,096,411 |
| GENERAL AND ADMINISTRATIVE EXPENSES (Note 24) | (1,051,602,075) | (973,225,277) | (905,415,529) |
| INTEREST EXPENSE (Note 28) | (311,472,803) | (188,515,123) | (177,304,646) |
| OTHER INCOME - Net (Note 29) | 59,306,933 | 64,578,557 | 38,807,186 |
| INCOME BEFORE INCOME TAX | 1,108,307,674 | 1,082,237,364 | 1,022,183,422 |
| PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 30) | | | |
| Current | 267,337,508 | 257,160,480 | 258,100,841 |
| Deferred | (24,266,101) | (15,838,544) | 1,939,257 |
| | 243,071,407 | 241,321,936 | 260,040,098 |
| NET INCOME | 865,236,267 | 840,915,428 | 762,143,324 |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | |
| Other comprehensive loss to be reclassified to profit or loss in subsequent periods - | | | |
| Disposal of available-for-sale investments | – | – | (534,464) |
| | – | – | (534,464) |
| Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods (net of tax) - | | | |
| Actuarial gain (loss) on defined benefit obligation (Note 27) | (94,811,325) | 32,982,022 | 9,553,179 |
| Tax effect (Note 27) | 28,443,398 | (9,894,607) | (2,865,953) |
| | (66,367,927) | 23,087,415 | 6,687,226 |
| TOTAL OTHER COMPREHENSIVE INCOME (LOSS) | (66,367,927) | 23,087,415 | 6,152,762 |
| TOTAL COMPREHENSIVE INCOME | 798,868,340 | 864,002,843 | 768,296,086 |
| Basic/Diluted Earnings Per Share (Note 34) | 0.57 | 0.55 | 0.50 |

SHAKEY'S PIZZA ASIA VENTURES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | Other Components of Equity | | | |
|------------------------------------------------------------|----------------------------|----------------------------|----------------------------|-------------------------------------------------------------|
| | Capital Stock | Additional Paid-in Capital | Retained Earnings (Note 3) | Unrealized Gain on Changes in Fair Value of AFS Investments |
| Balances at January 1, 2019 | 1,531,321,053 | 1,353,554,797 | 1,668,017,627 | - |
| Effect of adoption of PFRS 16 (Notes 3, 13, 15, 16 and 20) | - | - | (147,051,022) | - |
| Balances at January 1, 2019, as restated | 1,531,321,053 | 1,353,554,797 | 1,520,966,605 | - |
| Total comprehensive income (loss) | - | - | 865,236,267 | - |
| Cash dividends (Note 21) | - | - | (153,132,105) | - |
| Balances at December 31, 2019 | 1,531,321,053 | 1,353,554,797 | 2,233,070,767 | - |
| Balances at January 1, 2018 | 1,531,321,053 | 1,353,554,797 | 1,095,525,015 | - |
| Effect of adoption of PFRS 9 and 15 | - | - | (115,290,711) | - |
| Balances at January 1, 2019, as restated | 1,531,321,053 | 1,353,554,797 | 980,234,304 | - |
| Total comprehensive income | - | - | 840,915,428 | - |
| Cash dividends (Note 21) | - | - | (153,132,105) | - |
| Balances at December 31, 2018 | 1,531,321,053 | 1,353,554,797 | 1,668,017,627 | - |
| Balances at January 1, 2017 | 1,531,321,053 | 1,353,554,797 | 486,513,796 | 534,464 |
| Total comprehensive income (loss) | - | - | 762,143,324 | (534,464) |
| Cash dividends (Note 21) | - | - | (153,132,105) | - |
| Balances at December 31, 2017 | 1,531,321,053 | 1,353,554,797 | 1,095,525,015 | - |
| | | | | (6,159,759) |
| | | | | 3,974,241,106 |
| | | | | (115,290,711) |
| | | | | 3,858,950,395 |
| | | | | 864,002,843 |
| | | | | (153,132,105) |
| | | | | 4,569,821,133 |
| | | | | (49,440,271) |
| | | | | 5,068,506,346 |

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

| | Years Ended December 31 | | |
|-------------------------------------------------------------------------------------|-------------------------|---------------|---------------|
| | 2019 | 2018 | 2017 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Income before income tax | 1,108,307,674 | 1,082,237,364 | 1,022,183,422 |
| Adjustments for: | | | |
| Depreciation and amortization (Notes 26) | 554,013,596 | 230,752,920 | 208,930,640 |
| Interest expense | 311,472,803 | 188,515,123 | 177,304,646 |
| Accretion income (Notes 16 and 29) | (3,990,747) | (3,981,670) | (2,731,459) |
| Movements in: | | | |
| Accrued pension costs | (2,834,838) | (5,819,145) | 353,647 |
| Accrued rent | - | 25,671,725 | 12,010,268 |
| Interest income (Note 29) | (2,345,458) | (1,706,189) | (1,186,755) |
| Unrealized foreign exchange gain (Note 29) | (1,963,181) | (1,256,949) | (97,122) |
| Loss (gain) on disposal of property and equipment (Note 29) | 1,883,436 | 118,201 | (1,734,824) |
| Fair value gain on financial assets at fair value through profit and loss (Note 29) | (1,016,240) | - | - |
| Gain on disposal of available-for-sale investments (Note 29) | - | - | (1,436,223) |
| Income before working capital changes | 1,963,527,045 | 1,514,531,380 | 1,413,596,240 |
| Decrease (increase) in: | | | |
| Trade and other receivables | (349,939,376) | 78,002,176 | (165,671,908) |
| Inventories | 124,018,343 | (234,939,140) | (105,921,355) |
| Prepaid expenses and other current assets | 95,883,964 | (8,063,520) | (48,128,437) |
| Increase (decrease) in | | | |
| Accounts payable and other current liabilities | 162,622,351 | (205,782,576) | 140,713,580 |
| Contract liabilities (Note 35) | (9,656,214) | (7,036,891) | - |
| Net cash generated from operations | 1,986,456,113 | 1,136,711,429 | 1,234,588,120 |
| Income taxes paid (including creditable withholding taxes) | (285,269,628) | (217,143,095) | (263,399,287) |
| Interest received | 2,345,458 | 1,706,189 | 1,186,755 |
| Net cash provided by operating activities | 1,703,531,943 | 921,274,523 | 972,375,588 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of: | | | |
| Subsidiaries (Note 6) | (774,521,166) | - | - |
| Property and equipment (Notes 6 and 13) | (417,493,846) | (434,122,382) | (768,164,192) |
| Financial assets at FVPL (Note 12) | (270,139,412) | - | - |
| Software (Note 14) | (178,159,719) | - | - |
| Proceeds from redemption of financial assets at FVPL | 151,155,652 | - | - |
| Proceeds from disposal of: | | | |
| Property and equipment | 56,159,830 | 29,737,309 | 21,588,901 |
| AFS investments | - | - | 1,126,609,944 |
| Decrease (increase) in: | | | |
| Rental and other deposits (Note 35) | (44,662,438) | (8,757,317) | (23,394,756) |
| Deferred input value-added tax | (4,512,041) | 32,214,343 | (55,408,492) |
| Increase (decrease) in dealers' deposits and other noncurrent liabilities (Note 35) | (16,769,843) | 32,256,215 | 21,362,038 |
| Net cash provided by (used in) investing activities | (1,498,942,983) | (348,671,832) | 322,593,443 |

| | Years Ended December 31 | | |
|------------------------------------------------|-------------------------|---------------|-----------------|
| | 2019 | 2018 | 2017 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from short-term loans (Note 19) | 800,000,000 | – | – |
| Payments of: | | | |
| Lease liabilities (Note 15) | (278,999,874) | – | – |
| Short-term loans | (250,000,000) | (50,109,891) | (1,050,000,000) |
| Interest | (200,496,593) | (182,073,515) | (175,813,487) |
| Dividends (Note 21) | (153,132,105) | (153,132,105) | (153,132,105) |
| Long-term loans | (50,000,000) | – | – |
| Net cash used in financing activities | (132,628,572) | (385,315,511) | (1,378,945,592) |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH | 1,963,181 | 1,496,101 | 439,250 |
| NET INCREASE(DECREASE) IN CASH | 73,923,569 | 188,783,281 | (83,537,311) |
| CASH AT BEGINNING OF YEAR (Note 8) | 433,777,621 | 244,994,340 | 328,531,651 |
| CASH AT END OF YEAR (Note 8) | 507,701,190 | 433,777,621 | 244,994,340 |

Disclaimer: The complete set of the consolidated financial statements, including the notes, are covered by the independent auditor's report and are made available to all shareholders through the definitive information statement for the annual stockholders’ meeting on July 15, 2020. The consolidated financial statements should be read in conjunction with the notes. A copy of the full set of the consolidated financial statements may be downloaded through the Company's website (www.shakeyspizza.ph).

GRI Content Index102-55

| General Disclosures | | | Omission | | |
|-----------------------------------|--------------------------------------------------------------------------------------|------------------------------------------------------------------------------|--------------|--------|--|
| GRI Standard | Disclosure | Page Number or URL | Part Omitted | Reason | |
| GRI 101: Foundation 2016 | | | | | |
| General Disclosures | | | | | |
| GRI 102: General Disclosures 2016 | Organizational profile | | | | |
| | 102-1 Name of the Organization | Get to Know Us. Page 8. | | | |
| | 102-2 Activities, Brands, Products, and Services | Our Business Presence. Page 10-11. | | | |
| | 102-3 Location of Headquarters | Contact Information. Page 110. | | | |
| | 102-4 Location of Operations | https://www.shakeyspizza.ph/store-locator | | | |
| | 102-5 Ownership and Legal Form | Stock Highlights. Page 92-93. | | | |
| | 102-6 Markets Served | Get to Know Us. Page 8. | | | |
| | 102-7 Scale of the Organization | Get to Know Us. Page 8. | | | |
| | 102-8 Information on Employees and Other Workers | Talent Acquisition and Management. Page 47-48. | | | |
| | 102-9 Supply Chain | Creating Value Across Our Business. Page 38-39. | | | |
| | 102-10 Significant Changes to the Organization and Its Supply Chain | There are no significant changes to the organization or its supply chain. | | | |
| | 102-11 Precautionary Principle or Approach | Food Safety and Quality. Page 60. | | | |
| | 102-12 External Initiatives | Impact to Communities. Page 52-53. | | | |
| | Strategy | | | | |
| | 102-14 Statement from Senior Decision-Maker | A Message from the Chairman. Page 20-22. The President's Letter. Page 24-26. | | | |
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| | Ethics and Integrity | | | | |
| | 102-16 Values, Principles, Standards, and Norms of Behavior | What Keeps Us Going. Page 18-19. | | | |
| | 102-17 Mechanisms for Advice and Concerns about Ethics | Code of Business Conduct and Ethics. Page 84. | | | |
| | Governance | | | | |
| | 102-18 Governance Structure | Corporate Governance. Page 74. | | | |
| | 102-19 Delegating Authority | Building a Sustainability Strategy and Targets. Page 42-43. | | | |
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| | 102-22 Composition of the Highest Governance Body and Its Committees | Corporate Governance. Page 74-82. | | | |
| | 102-23 Chair of the Highest Governance Body | Our Board of Directors. Page 66. | | | |
| | 102-24 Nominating and Selecting the Highest Governance Body | Corporate Governance. Page 74-82. | | | |
| | 102-25 Conflicts of Interest | Code of Business Conduct and Ethics. Page 84. | | | |
| | 102-26 Role of Highest Governance Body in Setting Purpose, Values, and Strategy | Corporate Governance. Page 74-82. | | | |
| | 102-27 Collective Knowledge of Highest Governance Body | Our Board of Directors. Page 66-68. | | | |
| | 102-28 Evaluating the Highest Governance Body's Performance | Corporate Governance. Page 74-82. | | | |
| | 102-29 Identifying and Managing Economic, Environmental, and Social Impacts | Our Sustainability Focus. Page 36-37. | | | |
| | 102-30 Effectiveness of Risk Management Processes | Risk Management. Page 85-87. | | | |
| | 102-32 Highest Governance Body's Role in Sustainability Reporting | A Message from the Chairman. Page 20-22. | | | |
| | 102-33 Communicating Critical Concerns | Workplace Culture and Environment. Page 49-50. | | | |

| | | | | | |
|------------------------------------|-------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------|--------|
| | 102-35 Remuneration Policies | Remuneration Process: The Company reviews the compensation paid to its executives and officers on a yearly basis. The levels of remuneration of the corporation should be sufficient to be able to attract and retain the services of qualified and competent executives and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance. Remuneration Policy and Structure for Executive and Non-Executive Directors: The Company's By-Laws provide that directors shall receive reasonable per diems for their attendance during each Board meeting. Any compensation other than per diems may be allowed subject to the approval of stockholders representing at least a majority of the outstanding capital stock. Remuneration Scheme: The Company's By-Laws provide that directors shall receive reasonable per diems for their attendance during each Board meeting. Any compensation other than per diems may be allowed subject to the approval of stockholders representing at least a majority of the outstanding capital stock. The Company's annual reports as well as information and proxy statements include disclosures of all fixed and variable compensation that may be paid, directly or indirectly, to its directors and top four management officers during the preceding fiscal year, which may be subject to objection or ratification of the stockholders. There were no issues on the compensation of directors and officers that were brought up in the last annual stockholders' meeting. | | | |
| | 102-36 Process for Determining Remuneration | | | | |
| | 102-37 Stakeholders Involvement in Remuneration | | | | |
| Stakeholder Engagement | | | | | |
| | 102-40 List of Stakeholder Groups | How We Engage with Stakeholders. Page 40-41. | | | |
| | 102-41 Collective Bargaining Agreements | How We Engage with Stakeholders. Page 40-41. | | | |
| | 102-42 Identifying and Selecting Stakeholders | How We Engage with Stakeholders. Page 40-41. | | | |
| | 102-43 Approach to Stakeholder Engagement | How We Engage with Stakeholders. Page 40-41. | | | |
| | 102-44 Key Topics and Concerns Raised | How We Engage with Stakeholders. Page 40-41. | | | |
| Reporting Practice | | | | | |
| | 102-45 Entities Included in the Consolidated Financial Statements | Stock Highlights. Page 92-93. | | | |
| | 102-46 Defining Report Content and Topic Boundaries | Our Sustainability Focus. Page 36-37. | | | |
| | 102-47 List of Material Topics | Our Sustainability Focus. Page 36-37. | | | |
| | 102-48 Restatements of Information | There are no restatements of information. | | | |
| | 102-49 Changes in Reporting | There are no significant changes in reporting. | | | |
| | 102-50 Reporting Period | About the Report. Page 4. | | | |
| | 102-51 Date of Most Recent Report | About the Report. Page 4. | | | |
| | 102-52 Reporting Cycle | About the Report. Page 4. | | | |
| | 102-53 Contact Point for Questions Regarding the Report | About the Report. Page 4. | | | |
| | 102-54 Claims of Reporting in Accordance with the GRI Standards | About the Report. Page 4. | | | |
| | 102-55 GRI Content Index | GRI Content Index. Page 105-108. | | | |
| | 102-56 External Assurance | No external assurance was conducted. | | | |
| Material Topics | | | | | |
| GRI Standard | | | Omission | | |
| GRI Standard | | Disclosure | Page Number or URL | Part Omitted | Reason |
| GRI 200 Economic Standard Series | | | | | |
| Economic Performance | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the Material Topic and Its Boundary | The Economic Value We Create. Page 45. | | | |
| | 103-2 The Management Approach and Its Components | The Economic Value We Create. Page 45. | | | |
| | 103-3 Evaluation of the Management Approach | The Economic Value We Create. Page 45. | | | |
| GRI 201: Economic Performance 2016 | 201-1 Direct Economic Value Generated and Distributed | The Economic Value We Create. Page 45. | | | |

| | | | | | |
|-----------------------------------------|---------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|--|--|--|
| Indirect Economic Impacts | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the Material Topic and Its Boundary | Talent Acquisition and Management. Page 47-48. Impact to Communities. Page 52-53. | | | |
| | 103-2 The Management Approach and Its Components | Talent Acquisition and Management. Page 47-48. Impact to Communities. Page 52-53. | | | |
| | 103-3 Evaluation of the Management Approach | Talent Acquisition and Management. Page 47-48. Impact to Communities. Page 52-53. | | | |
| GRI 203: Indirect Economic Impacts 2016 | 203-1 Infrastructure Investments and Services Supported | Impact to Communities. Page 52-53. | | | |
| | 203-2 Significant Indirect Economic Impacts | Talent Acquisition and Management. Page 47-48. | | | |
| Procurement Practices | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the Material Topic and Its Boundary | Responsible Sourcing. Page 61. | | | |
| | 103-2 The Management Approach and Its Components | Responsible Sourcing. Page 61. | | | |
| | 103-3 Evaluation of the Management Approach | Responsible Sourcing. Page 61. | | | |
| GRI 204: Procurement Practices 2016 | 204-1 Proportion of Spending on Local Suppliers | Responsible Sourcing. Page 61. | | | |
| Anti-corruption | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the Material Topic and Its Boundary | Code of Business Conduct and Ethics. Page 84. | | | |
| | 103-2 The Management Approach and Its Components | Code of Business Conduct and Ethics. Page 84. | | | |
| | 103-3 Evaluation of the Management Approach | Code of Business Conduct and Ethics. Page 84. | | | |
| GRI 205: Anti-Corruption 2016 | 205-2 Communication and Training About Anti-Corruption Policies and Procedures | Code of Business Conduct and Ethics. Page 84. | | | |
| | 205-3 Confirmed Incidents of Corruption and Actions Taken | There are no confirmed incidents of corruption. | | | |
| Anti-Competitive Behavior | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the Material Topic and Its Boundary | Code of Business Conduct and Ethics. Page 84. | | | |
| | 103-2 The Management Approach and Its Components | Code of Business Conduct and Ethics. Page 84. | | | |
| | 103-3 Evaluation of the Management Approach | Code of Business Conduct and Ethics. Page 84. | | | |
| GRI 206: Anti-competitive Behavior 2016 | 206-1 Legal Actions for Anti-Competitive Behavior, Anti-Trust, and Monopoly Practices | Code of Business Conduct and Ethics. Page 84. | | | |
| GRI 300 Economic Standard Series | | | | | |
| Materials | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the Material Topic and Its Boundary | Packaging and Waste. Page 56-57. | | | |
| | 103-2 The Management Approach and Its Components | Packaging and Waste. Page 56-57. | | | |
| | 103-3 Evaluation of the Management Approach | Packaging and Waste. Page 56-57. | | | |
| GRI 301: Materials 2016 | 301-1 Materials Used by Weight or Volume | Packaging and Waste. Page 56-57. | | | |
| | 301-2 Recycled Input Materials Used | Packaging and Waste. Page 56-57. | | | |
| | 301-3 Reclaimed Products and Their Packaging Materials | Packaging and Waste. Page 56-57. | | | |
| Energy | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the Material Topic and Its Boundary | Natural Resource Efficiency. Page 55. | | | |
| | 103-2 The Management Approach and Its Components | Natural Resource Efficiency. Page 55. | | | |
| | 103-3 Evaluation of the Management Approach | Natural Resource Efficiency. Page 55. | | | |
| GRI 302: Energy 2016 | 302-1 Energy Consumption within the Organization | Natural Resource Efficiency. Page 55. | | | |
| | 302-3 Energy Intensity | Natural Resource Efficiency. Page 55. | | | |
| | 302-4 Reduction of Energy Consumption | Natural Resource Efficiency. Page 55. | | | |
| | 302-5 Reductions in Energy Requirements of Products and Services | Natural Resource Efficiency. Page 55. | | | |
| Water | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the Material Topic and Its Boundary | Natural Resource Efficiency. Page 55. | | | |
| | 103-2 The Management Approach and Its Components | Natural Resource Efficiency. Page 55. | | | |
| | 103-3 Evaluation of the Management Approach | Natural Resource Efficiency. Page 55. | | | |
| | 303-5 Water Consumption | Natural Resource Efficiency. Page 55. | | | |

| Emissions | | | | | |
|-----------------------------------------------|----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|--|--|--|
| GRI 103: Management Approach 2016 | 103-1 Explanation of the Material Topic and Its Boundary | Natural Resource Efficiency. Page 55. | | | |
| | 103-2 The Management Approach and Its Components | Natural Resource Efficiency. Page 55. | | | |
| | 103-3 Evaluation of the Management Approach | Natural Resource Efficiency. Page 55. | | | |
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG Emissions | Natural Resource Efficiency. Page 55. | | | |
| | 305-2 Indirect (Scope 2) GHG Emissions | Natural Resource Efficiency. Page 55. | | | |
| | 305-4 GHG Emissions Intensity | Natural Resource Efficiency. Page 55. | | | |
| | 305-5 Reduction of GHG Emissions | Natural Resource Efficiency. Page 55. | | | |
| Supplier Environmental Assessment | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the Material Topic and Its Boundary | Responsible Sourcing. Page 61. | | | |
| | 103-2 The Management Approach and Its Components | Responsible Sourcing. Page 61. | | | |
| | 103-3 Evaluation of the Management Approach | Responsible Sourcing. Page 61. | | | |
| GRI 307: Environmental Compliance 2016 | 307-1 Non-Compliance with Environmental Laws and Regulations | There are no incidents of non-compliance with environmental laws and regulations. | | | |
| GRI 400 Social Standards Series | | | | | |
| Employment | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the Material Topic and Its Boundary | Talent Acquisition and Management. Page 47-48. Workplace Culture and Environment. Page 49-50. | | | |
| | 103-2 The Management Approach and Its Components | Talent Acquisition and Management. Page 47-48. Workplace Culture and Environment. Page 49-50. | | | |
| | 103-3 Evaluation of the Management Approach | Talent Acquisition and Management. Page 47-48. Workplace Culture and Environment. Page 49-50. | | | |
| GRI 401: Employment 2016 | 401-1 New Employee Hires and Employee Turnover | Talent Acquisition and Management. Page 47-48. | | | |
| | 401-2 Benefits Provided to Full-Time Employees that Are Not Provided to Temporary or Part-Time Employees | Workplace Culture and Environment. Page 49-50. | | | |
| Occupational Health and Safety | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the Material Topic and Its Boundary | Workplace Culture and Environment. Page 49-50. | | | |
| | 103-2 The Management Approach and Its Components | Workplace Culture and Environment. Page 49-50. | | | |
| | 103-3 Evaluation of the Management Approach | Workplace Culture and Environment. Page 49-50. | | | |
| Training and Education | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the Material Topic and Its Boundary | Talent Acquisition and Management. Page 47-48. | | | |
| | 103-2 The Management Approach and Its Components | Talent Acquisition and Management. Page 47-48. | | | |
| | 103-3 Evaluation of the Management Approach | Talent Acquisition and Management. Page 47-48. | | | |
| GRI 404: Training and Education 2016 | 404-1 Average Hours of Training Per Year Per Employee | Talent Acquisition and Management. Page 47-48. | | | |
| | 404-2 Programs for Upgrading Employee Skills and Transition Assistance Programs | Talent Acquisition and Management. Page 47-48. | | | |
| Diversity and Equal Opportunity | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the Material Topic and Its Boundary | Talent Acquisition and Management. Page 47-48. Corporate Governance. Page 74-82. | | | |
| | 103-2 The Management Approach and Its Components | Talent Acquisition and Management. Page 47-48. Corporate Governance. Page 74-82. | | | |
| | 103-3 Evaluation of the Management Approach | Talent Acquisition and Management. Page 47-48. Corporate Governance. Page 74-82. | | | |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of Governance Bodies and Employees | Talent Acquisition and Management. Page 47-48. Corporate Governance. Page 74-82. | | | |

| Non-Discrimination | | | | | |
|----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|--|--|--|
| GRI 103: Management Approach 2016 | 103-1 Explanation of the Material Topic and Its Boundary | Talent Acquisition and Management. Page 47-48. | | | |
| | 103-2 The Management Approach and Its Components | Talent Acquisition and Management. Page 47-48. | | | |
| | 103-3 Evaluation of the Management Approach | Talent Acquisition and Management. Page 47-48. | | | |
| GRI 406: Non-Discrimination 2016 | 406-1 Incidents of Discrimination and Corrective Actions Taken | There are no incidents of discrimination. | | | |
| Freedom of Association and Collective Bargaining | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the Material Topic and Its Boundary | https://www.shakeyspizza.ph/investors/corporate-information | | | |
| | 103-2 The Management Approach and Its Components | https://www.shakeyspizza.ph/investors/corporate-information | | | |
| | 103-3 Evaluation of the Management Approach | https://www.shakeyspizza.ph/investors/corporate-information | | | |
| GRI 407: Freedom of Association and Collective Bargaining 2016 | 407-1 Operations and Suppliers in Which the Right to Freedom of Association and Collective Bargaining May Be at Risk | https://www.shakeyspizza.ph/investors/corporate-information | | | |
| Local Communities | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the Material Topic and Its Boundary | Impact to Communities. Page 52-53. | | | |
| | 103-2 The Management Approach and Its Components | Impact to Communities. Page 52-53. | | | |
| | 103-3 Evaluation of the Management Approach | Impact to Communities. Page 52-53. | | | |
| GRI 413: Local Communities 2016 | 413-1 Operations with Local Community Engagement, Impact Assessments, and Development Programs | Impact to Communities. Page 52-53. | | | |
| Supplier Social Assessment | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the Material Topic and Its Boundary | Responsible Sourcing. Page 61. | | | |
| | 103-2 The Management Approach and Its Components | Responsible Sourcing. Page 61. | | | |
| | 103-3 Evaluation of the Management Approach | Responsible Sourcing. Page 61. | | | |
| Customer Health and Safety | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the Material Topic and Its Boundary | Food Safety and Quality. Page 60. | | | |
| | 103-2 The Management Approach and Its Components | Food Safety and Quality. Page 60. | | | |
| | 103-3 Evaluation of the Management Approach | Food Safety and Quality. Page 60. | | | |
| GRI 416: Customer Health and Safety 2016 | 416-1 Assessment of the Health and Safety Impacts of Product and Service Categories | Food Safety and Quality. Page 60. | | | |
| | 416-2 Incidents of Non-Compliance Concerning the Health and Safety Impacts of Products and Services | There are no incidents of non-compliance concerning the health and safety of our products and services. | | | |
| Customer Privacy | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the Material Topic and Its Boundary | https://www.shakeyspizza.ph/privacy-policy | | | |
| | 103-2 The Management Approach and Its Components | https://www.shakeyspizza.ph/privacy-policy | | | |
| | 103-3 Evaluation of the Management Approach | https://www.shakeyspizza.ph/privacy-policy | | | |
| GRI 418: Customer Privacy 2016 | 418-1 Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data | https://www.shakeyspizza.ph/privacy-policy | | | |

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Sustainability and
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