

**MINUTES  
OF THE  
ANNUAL MEETING OF STOCKHOLDERS OF  
SHAKEY'S PIZZA ASIA VENTURES INC.  
Via Remote Communication  
WEDNESDAY, July 15, 2020, AT 8:30 O'CLOCK IN THE MORNING**

Number of shares held by shareholders:

Present in Person or Represented by Proxy, and Participant Brokers	-	1,261,609,656
Number of Total Outstanding Shares Preferred and Common	-	1,531,321,053
Percentage of the Total Shares Represented By Proxies and In Person	-	82.39%

Incumbent Directors Present:

Mr. Christopher T. Po	Chairman
Mr. Ricardo Gabriel T. Po	Vice Chairman
Mr. Teodoro Alexander T. Po	Vice Chairman
Mr. Vicente L. Gregorio	President and CEO
Mr. Leonardo Arthur T. Po	Treasurer
Ms. Eileen Grace Z. Araneta	Director
Mr. Paulo L. Campos III	Independent Director
Mr. Fernan Victor P. Lukban	Independent Director
Ms. Frances J. Yu	Independent Director

Also Present:

Atty. Maria Rosario L. Ybanez	Corporate Secretary
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**I. Call to Order**

The Chairperson, Mr. Christopher T. Po, called the meeting to order and presided over the meeting.

## **II. Proof of Notice and Determination of Existence of Quorum**

The Corporate Secretary, Atty. Maria Rosario L. Ybanez, certified that (a) notices for the annual stockholders' meeting together with the agenda and the Definitive Information Statement of the Corporation, along with the guidelines for participation through remote communication and voting *in absentia* were disclosed via PSE EDGE and posted on the Corporation's website on June 10, 2020. Further, the notice of this meeting was published in BusinessWorld and The Manila Times, newspapers of general circulation, both in print and online formats, on June 16 and June 17, 2020; and (b) based on the record of attendance, present for the meeting were stockholders, in person or by proxy, holding a total of 1,261,609,656 common shares or equivalent to 82.39% of the outstanding voting shares of the Corporation. The Corporate Secretary therefore certified that there was a quorum for the transaction of business and proceeded to record the minutes of the proceedings.

## **III. Approval of Minutes of the Annual Stockholders' Meeting held on June 20, 2019**

The Chairman proceeded to the next item which was the approval of the minutes of the Annual Stockholders' Meeting held on June 20, 2019. Upon motion duly made and seconded, the shareholders approved the minutes of the annual stockholders' meeting held for the year 2019.

The Chairman gave those present the opportunity to ask questions but none was raised on the minutes. 100% of the stockholders present and represented approved the minutes.

## **IV. President's Report on Operations**

The President then presented the Report on Operations for 2019.

The President reported that during the pandemic, the Company decided to temporarily close almost all of Shakey's stores in mid-March - to ensure all store processes and procedures for health and safety were in place. For the handful that remained open, operations were limited to carry-out and delivery only which meant suspending dine-in, a significant part of the company's operations, which contributed 61% of sales in 2019, and from only 24 operating as of end-March, we ended June with **267** operational stores - representing 95% of our overall network.

The company's top three priorities continue to be:

- (1) Ensuring the health and safety of both our workforce and our guests - the company have implemented strict sanitation and safety procedures that exceed minimum requirements of government and key health organizations. These initiatives translate to ADDITIONAL costs, but are part and parcel of our commitment to keep all our stakeholders safe. The company believes that our guests should know, feel, and see that they are safe whenever they are in a Shakey's store. This will be paramount in building confidence and instigating traction in dine-in, particularly when they start seeing and revisiting our stores.

On the delivery side, the company implemented contactless delivery protocols – which means the whole guest journey -- from delivery to payment, is strictly ‘no touch’.

- (2) Conserving cash and improving cost structures - Early into the pandemic, the company immediately prioritized maintaining a strong liquidity position.
  - i. The company entered the quarantine period with cash buffers from our stronger than expected performance in 2019 and the first few months of 2020.
  - ii. The company entered the lockdown with approximately 1 billion pesos in cash, which cover our requirements as we approach cash breakeven in the second half of the year.
  - iii. The company also has approximately 5 billion unused credit lines for worst-case scenarios.
  - iv. The company does not have loan maturities in 2020 and have flexible debt covenants on existing loans.
- (3) Leveraging our delivery and digital platforms for out-of-store consumption - whether through our in-house channels or food aggregators – will become even more critical. The last few months have seen record-breaking sales thru these channels – with almost everyone celebrating both Mother’s Day and Father’s Day in their homes.

On store network, the company have successfully increased the number of outlets by 1.5x, growing the store count from 184 in 2016 to 279 last year. Specifically in 2019, the company added 49 stores via both organic new store openings and acquisitions. This store expansion strategy led to sustained double-digit growth in system-wide sales, increasing by 1.4x over the same four-year period.

The company ended 2019 with system-wide sales reaching PHP10.4 billion, an increase of 11% versus the previous year, largely due to new store openings and the acquisition of Peri-Peri in June of 2019. This double-digit growth in topline translated to a similar increase in the bottomline, which grew at 11% compounded annually. This is equivalent to a 1.4x increase in the net income since 2016. Sustained double-digit profit growth was achieved through favorable input prices, selective price increases, and our multi- year Fit-for-Growth efficiency initiatives. With earnings growing 10% year on-year, the company is happy to note that 2019 was another good year for Shakey’s.

**V. Approval and Ratification of All Acts of the Board of Directors, Board Committees, and Management for the year 2019.**

The Chairman of the Meeting then proceeded to the next item on the agenda which was the ratification of all acts, transactions and contracts entered into as well as resolutions made and adopted by the Board of Directors and its duly constituted committees and of the Management of the Company from January to December 2019, as reflected in the minutes of the meetings of the Board of Directors, and its duly constituted committees and of the Management for the period.

The Chairman gave those present the opportunity to ask questions and a stockholder suggested that a summary be posted by the Corporation so that the stockholders are apprised of the acts that are being approved and ratified. The Corporate Secretary thanked the stockholder for the suggestion and informed the stockholders that the summary of the acts, transactions and contracts that are being approved and ratified is provided under the Definitive Information Statement of the Corporation that was disclosed via PSE EDGE, posted on the Corporation's website on June 10, 2020 and was published in BusinessWorld and The Manila Times, newspapers of general circulation, both in print and online formats, on June 16 and June 17, 2020. Nevertheless, the Chairman said that such matters will be posted for the stockholders' information.

Upon motion duly made and seconded, 100% of the stockholders present and represented ratified all the acts of the Board of Directors, Board Committees and Management from January to December 2019.

## **VI. Election of the Board of Directors**

The Chairman of the Meeting announced as the next item in the agenda the election of members of the Board of Directors of the Corporation for 2020 to 2021.

Atty. Maria Rosario L. Ybanez, reported that there were nine (9) persons nominated to, and qualified for, the Board. She confirmed that the Nominations Committee had determined that the following had all the qualifications and none of the disqualifications to be directors of the Corporation for 2020:

1. Mr. Ricardo Gabriel T. Po
2. Mr. Christopher T. Po
3. Mr. Teodoro Alexander T. Po
4. Mr. Leonardo Arthur T. Po
5. Mr. Vicente L. Gregorio
6. Ms. Eileen Grace J. Araneta

### Independent Directors:

1. Mr. Fernan Victor P. Lukban
2. Mr. Paulo L. Campos III
3. Ms. Frances J. Yu

Considering that there were nine (9) persons nominated to, and qualified for the Board, upon motion made and seconded, all the aforementioned nine (9) individuals who were nominated as members of the Board of Directors of the Corporation for the year 2020 were duly declared elected to the Board of Directors.

The Chairman gave those present the opportunity to object or ask questions but none was raised on the election of the Board of Directors of the Corporation. The stockholders present and represented voted to declare the nine (9) individuals who were nominated as

members of the Board of Directors of the Corporation for the year 2020 as duly elected to the Board of Directors. The results of the votes are as follows:

Agenda	Voting Results		
	For	Against	Abstain
Call to Order	77.03%	0.00%	1.08%
Secretary's Proof of Due Notice of the Meeting and Determination of Quorum	77.03%	0.00%	1.08%
Approval of the Minutes of the Stockholders' Meeting held on June 20, 2019	100.00%	0.00%	0.00%
Management's Report	100.00%	0.00%	0.00%
Approval and Ratification of all Acts of the Board of Directors, Board Committees and Management for the year 2019	100.00%	0.00%	0.00%
Election of Board of Directors			
<i>Ricardo Gabriel T. Po</i>	98.99%	1.46%	0.00%
<i>Christopher T. Po</i>	97.85%	1.77%	0.00%
<i>Teodoro Alexander T. Po</i>	99.16%	1.32%	0.00%
<i>Leonardo Arthur T. Po</i>	98.99%	1.46%	0.00%
<i>Eileen Grace Z. Araneta</i>	99.16%	1.32%	0.00%
<i>Fernan Viktor P. Lukban (Independent)</i>	98.99%	1.46%	0.00%
<i>Paulo L. Campos. III (independent)</i>	99.16%	1.32%	0.00%
<i>Frances J. Yu (Independent)</i>	99.16%	1.32%	0.00%
Appointment of External Auditor	100.00%	0.00%	0.00%
Other Matters	71.12%	24.43%	0.00%
Adjournment	71.29%	0.00%	2.01%

## VII. Appointment of External Auditor

The Chairman of the Meeting then announced that the next item in the agenda would be the appointment of the external auditor for the year 2020-2021. The current external auditor, Sycip Gorres Velayo & Co., is being recommended for re-appointment as external auditor.

The Chairman gave those present the opportunity to object or ask questions but none was raised on the appointment of Sycip Gorres Velayo & Co. as the Corporation's external auditor.

Upon motion duly made and seconded, 100% of the shareholders present and represented at the meeting approved the appointment of Sycip Gorres Velayo & Co. as the Corporation's external auditor.

## VIII. Other Matters

The Chairman proceeded to the question-and-answer portion of the meeting. The Corporate Secretary read the questions, which were answered by the Chairman and President.

The first question was about how the foot traffic for dine-in business was and what are the Company's expectations for the 50% dine-in capacity in Shakey's stores. The President, Mr. Vicente L. Gregorio responded that since the government only allowed 50% dine-in in June, recovery is slower than expected and customers' fear in dining in is still very strong. However, with this implementation, 15 to 20% of pre-COVID sales have been recovered and the Company is expecting for big boost in dine-in sales.

The next question is about the Company's look out of acquisitions as some restaurants are closing because of the pandemic. The President answered that the focus of the Company as of now is to navigate through the crisis and focus on the current brands. The Chairman, Mr. Christopher T. Po, also added that the Company is at 55% recovery of business and will keep focusing on preserving resources and cash via operational streamlining for now. But the Company is not closing its doors for opportunities if something comes with an attractive valuation.

The third question is how the international stores are doing and what are the plans for international expansions. The President responded that the Company closed two (2) stores in the Middle East and they have to put a pause on accepting franchise inquiries and focus on the bulk of business here in the Philippines for the meantime.

The next question is about the Company's measures in boosting the financial performance, operational rationalization measures and investments in digital. Mr. Gregorio answered the Company invested heavily in digital and continue the upgrade on the delivery platforms. The Company will pivot towards smaller, more delivery-focused stores rather than big boxes and will have to expedite experiments in ghost kitchens which are already operational and have performed very well during the pandemic.

The last question is when we can expect things to go back to normal. The President responded that even though a vaccine has come into place and is readily available, things will not go back to its previous level. The Company thinks that 2022 would be a good estimate that things can go back to normal which gives the Company the opportunity to reevaluate the business model and contingency plans. The Chairman also added that the posture of the management is to take the measures now assuming that this set-up will continue in two to three years and make sure that the Company do what it needs to do to conserve its resources so when the normal times come back, the Company can be in the position to step on the gas again.

**IX. Adjournment**

There being no further business to transact, and upon motion duly made and seconded, the meeting was adjourned.

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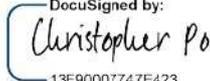


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**MARIA ROSARIO L. YBANEZ**  
Corporate Secretary

**ATTESTED:**

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**CHRISTOPHER T. PO**  
Chairman