



Bounce Back & Bounce Up

#ThroughThick&Thin

SUSTAINABILITY AND
ANNUAL REPORT 2020



ABOUT THE COVER

Bounce Back. Bounce Up.

The year 2020 will be long remembered as the year that brought challenges of unforeseen magnitude. The COVID crisis has clearly dramatically changed the way we live and the way we do business, and can now be easily considered as the worst year of the restaurant industry to-date.

Some good did come out of all of this. We made further improvements to our delivery business and fast-tracked the deployment of various format and channel innovations. Our people were put to the test and responded with decisiveness and guest centricity, and showcased teamwork. Most importantly, we were able to provide comfort food to our loyal guests who craved comfort and familiarity during a precarious time. Our brand's mission of Wowing our Guests has become a truly huge competitive edge.

As we pass the first anniversary of the COVID lockdowns that went into effect in mid-March 2020, we are relieved that we survived, an end to the pandemic is in sight, and we are preparing to **BOUNCE BACK and BOUNCE UP** as fast as possible to benefit all our stakeholders.

ABOUT THE REPORT

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This report covers the period from January to December 2020 and has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option



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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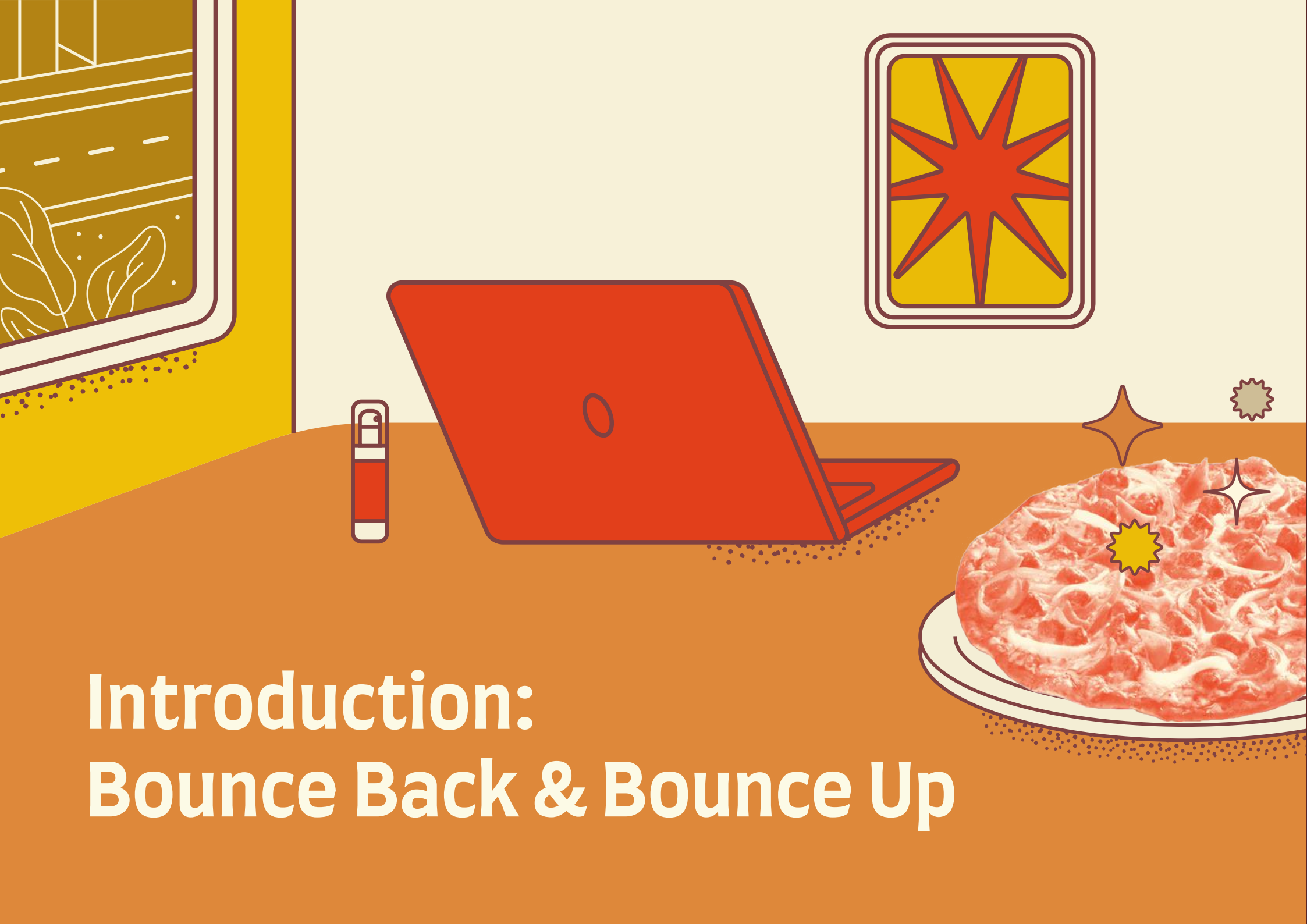
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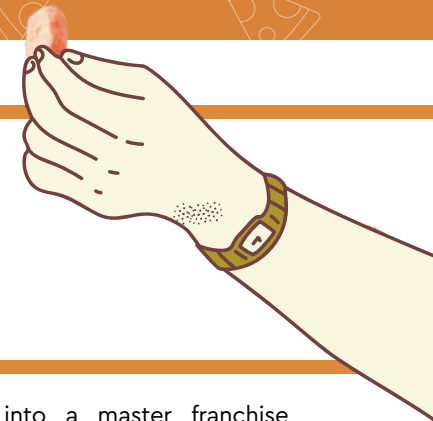


Providing Good Times and Great Memories

Get to Know Us

Shakey's Pizza Asia Ventures, Inc. (PIZZA) is one of the Philippines' leading operators of full-service, fast casual restaurants, focused primarily on family casual dining. We are engaged in operating,

maintaining, and franchising the "Shakey's", "Peri-Peri Charcoal Chicken and Sauce Bar" ("Peri") and "R&B Milk Tea" ("R&B") brands.



Shakey's

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.



Peri

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



R&B

In 2020, PIZZA entered into a master franchise agreement to bring R&B milk tea to the Philippines. R&B is one of the leading milk tea and bubble tea players in Singapore. It currently has more than 1,000 outlets worldwide, spanning across China, US, Singapore, Cambodia, Vietnam, Malaysia and Indonesia.

The Company was awarded the territorial rights to sell R&B milk tea, bubble tea, and other specialty tea drinks in the country, through stand-alone store formats and co-branding in select Shakey's and Peri outlets. This co-branding strategy allows PIZZA to leverage on its well-established store network throughout the Philippines, and its strong delivery presence thanks to an already established in-house delivery infrastructure.



2020 at a Glance

245 Shakey's Stores



34 Peri Stores



276 Total Stores in the Philippines

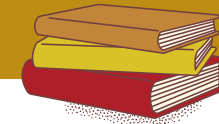
3 International Stores



PHP 5.1B in Revenues



PHP6.6B In System-wide Sales



9.1M Pizzas Sold



3.3M kg of Chicken Sold



Launch of R&B Milk Tea in the Philippines

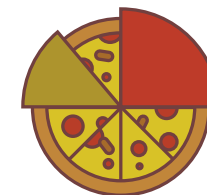


4th Anniversary of Listing on the Philippine Stock Exchange (PSE)



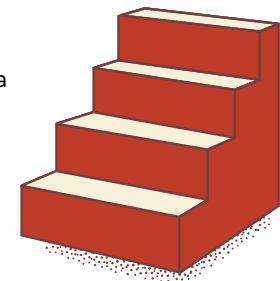
30% Market Share*

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



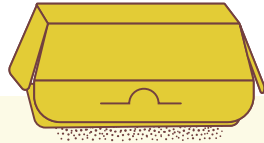
68% Market Share*

Leader in Full-Service Pizza Chain Restaurants



* SOURCE: EUROMONITOR, 2020

2020 Milestones



PLASTIC NEUTRALITY

PIZZA marks first year of being "100 percent plastic-neutral" following its push in 2019 to be "plastic-neutral" by 2020.

IMPLEMENTING SAFETY PROTOCOLS

Select Shakey's and Peri outlets remained operational while implementing safety protocols aligned with World Health Organization (WHO) recommendations.

GRADUAL RE-OPENING

256 Shakey's and Peri stores re-opened, representing 91% of the Company's total store network.

SHAKEY'S AT 45

Shakey's Pizza celebrated its 45th Anniversary in the Philippines.

PARTNERSHIP FOR HEALTH AND SAFETY

PIZZA partnered with RelianceUnited to provide the company with a COVID Infection Control Program focused on long-term adoption of occupational safety and health measures.

31-MINUTE DELIVERY, "IF IT'S LATE, IT'S FREE"

Shakey's Philippines pilots its 31-Minute Delivery, "If It's Late, It's Free" guarantee in select areas in Metro Manila, to further solidify its already strong equity in delivery amidst the ongoing COVID-19 Pandemic.



PLANT-BASED IS NOW

PIZZA launches its first plant-based meat menu item "The Good Burger" across all chains to signify its move into the plant-based format with the use of the 'unMeat' brand of CNPF.

Jan

Feb

Mar

Apr

May

Jun

Jul

Aug

Sept

Oct

Nov

Dec

SUPERCARD+ LAUNCH

PIZZA launches Supercard+ that combines benefits from Shakey's and Peri.



RESILIENCE AMIDST THE PANDEMIC

Company maintains partial operations in more than 200 stores (close to 75% of its overall store network) as restrictions gradually get lifted.



R&B IN THE PHILIPPINES

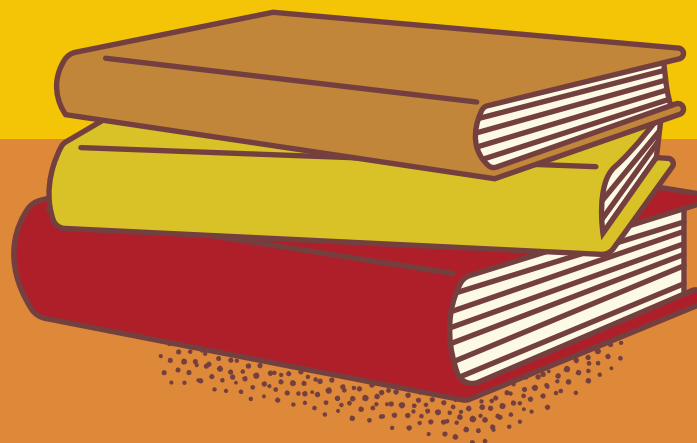
PIZZA officially acquires R&B Milk Tea, one of Singapore's largest milk tea brands, bringing it here into the Philippines through its master franchise agreement with Singapore-based Koufu. Group Ltd

1ST IN THE PH

PIZZA acquired plastic neutrality certification from Plastic Credit Exchange (PCEX) making it the first company in the Philippines' food service industry to pursue verification for a plastic offsetting initiative.

OFFICIAL R&B MILK TEA LAUNCH

Official launch of R&B Milk Tea in select Shakey's Philippines and Peri-Peri Charcoal Chicken and Sauce Bar branches nationwide.



Our Business Presence

102-6

Dine in

33%

of 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, distinct, and safe store environment.

279

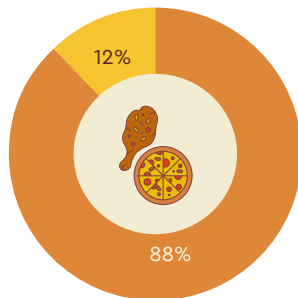
Stores

Before the COVID-19 pandemic put our expansion strategy on hold, we had been actively growing our store network. With evolving consumer habits, this strategy has adapted to ensure we maximize both

our in-store and out-of-store presence. Our new store openings in 2020 cater not only to our guests' dine-in preference, but also their increasing need for more convenient and flexible out-of-store options.

Systemwide Store Network

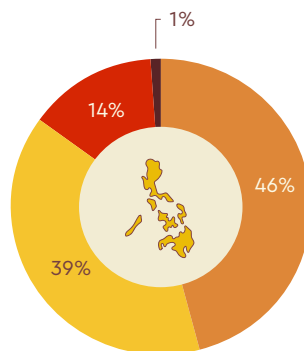
By brand



Shakeys Peri

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.

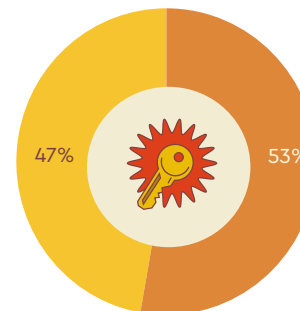
By location



NCR Luzon Ex-NCR
Visayas and Mindanao International

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.

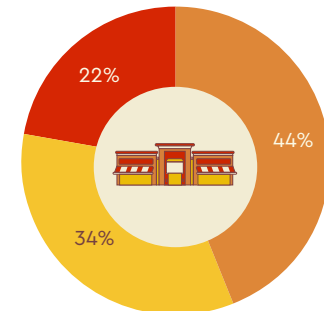
By ownership



Company-Owned Franchised

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



Mall Stores Free-Standing Stores
Others

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

Delivery & Carry-out

67%

of system-wide sales

Guests can also enjoy our products via our off-premise 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 safety-conscious to enjoy Shakey's or Peri within the comforts 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 #77777



Mobile app



Official website



Third-party aggregators



Carry-out

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



Others

SuperCard Classic and Gold

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



Financial Highlights

For the 12 Months Ended 31 December (In PHP million)

Profit and Loss Statement	2020	2019	%Change
Systemwide Sales	6,622	10,384	-36%
Revenue	5,297	8,239	-36%
EBITDA (Reported)	459	1,971	-77%
EBITDA (Ex-One Offs)	606	1,971	-69%
Net Income (Reported)	-254	865	-129%
Net Income (Ex-One Offs)	-137	865	-116%
Balance Sheet			
Cash	608	508	20%
Total Assets	12,220	12,333	-1%
Interest-Bearing Debt	4,839	4,387	10%
Total Liabilities	7,436	7,264	2%
Total Equity	4,784	5,069	-6%
Cash Flow			
Operating Cash Flows	328	1,704	-81%
Capital Expenditures	167	417	-60%
Free Cash Flows	161	1,286	-87%
Net Change in Cash	100	74	35%
Ratios			
Return on Equity	-2.8%	18.0%	
Net Gearing Ratio	0.9x	0.8x	
Net Interest-Bearing Debt-to EBITDA Ratio	7.0x	2.0x	

64%

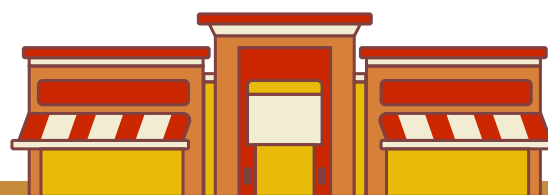
Sales recovery vs. 2019

11%

Recurring EBITDA Margin

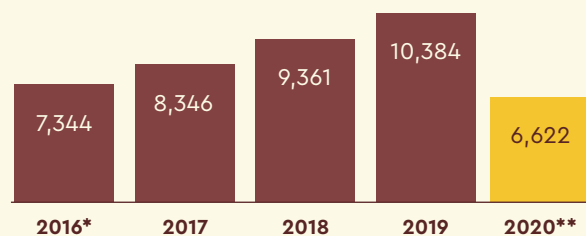
0.9x

Net Gearing

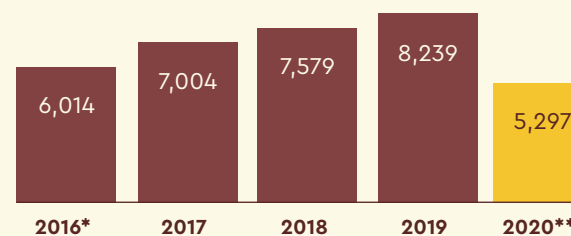


P&L Highlights

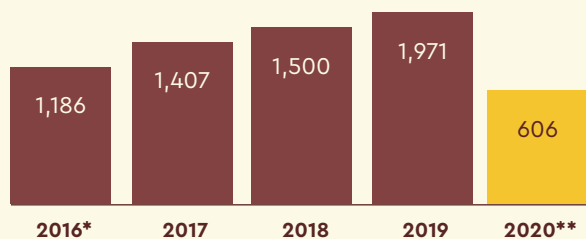
Systemwide Sales



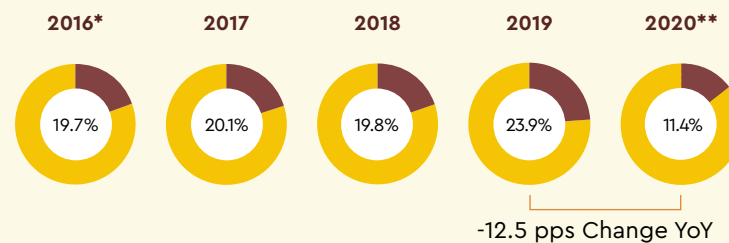
Revenues



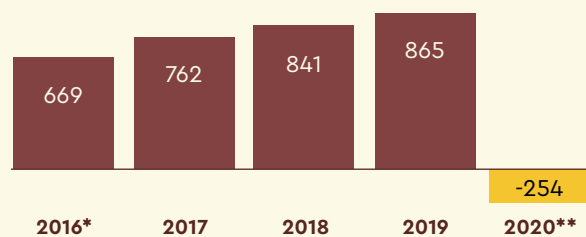
EBITDA



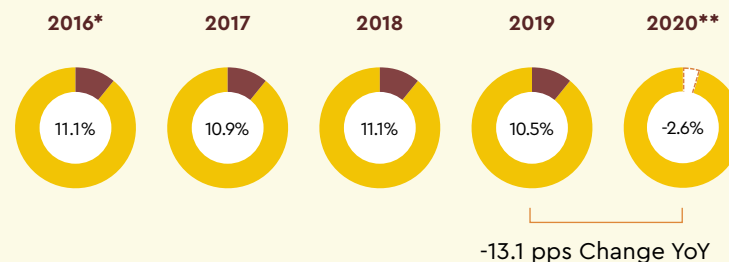
EBITDA Margin



Net Income



Net Income Margin



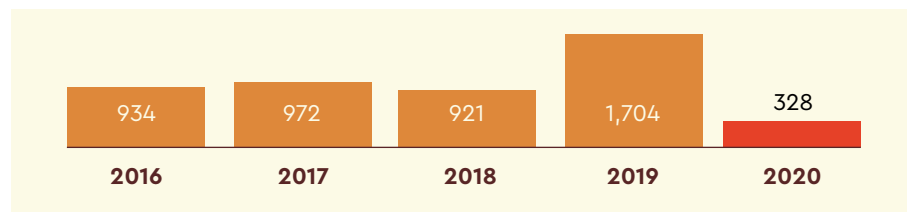
*FY 2016 figures represent pro forma numbers for one-off items.

**FY 2020 figures adjusted for COVID-related one-off items

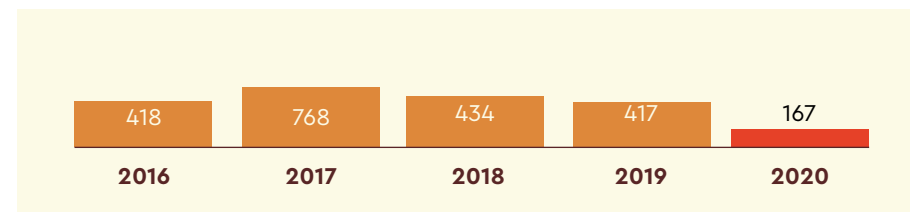
Cash Flow Highlights

in PHP Mill

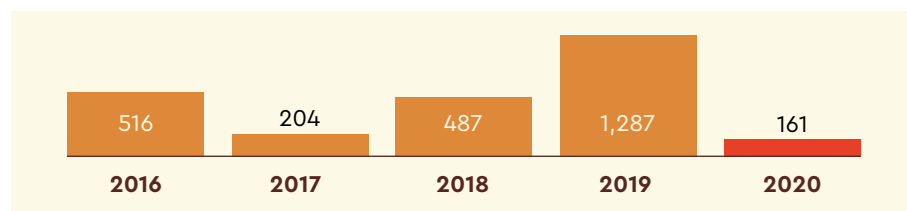
Operating Cash Flow



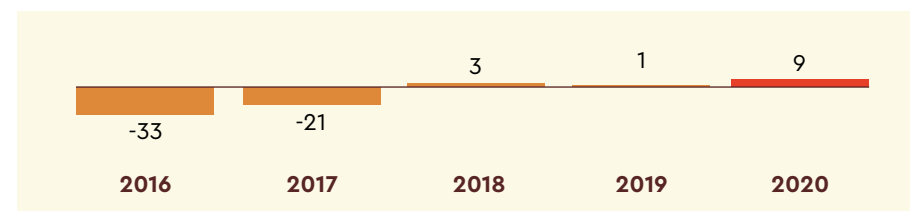
Capital Expenditure



Free Cash Flow

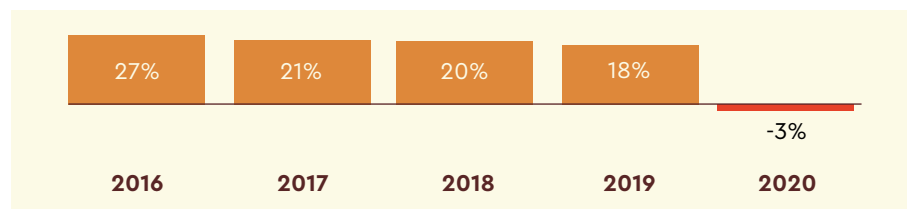


Cash Conversion Cycle

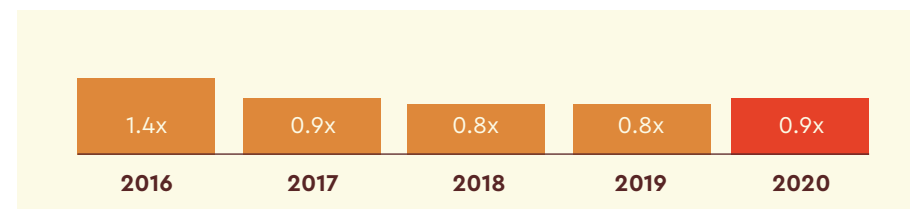


Other Highlights

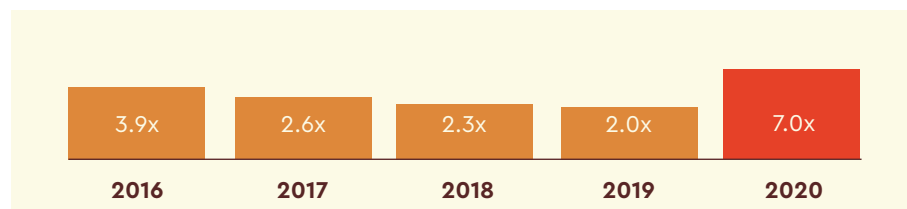
Return on Equity



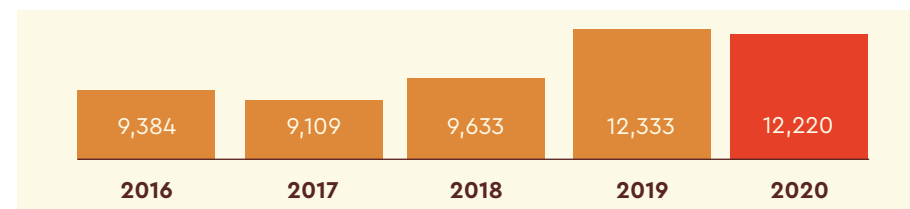
Net Gearing Ratio



Net Interest-Bearing Debt-to-EBITDA Ratio

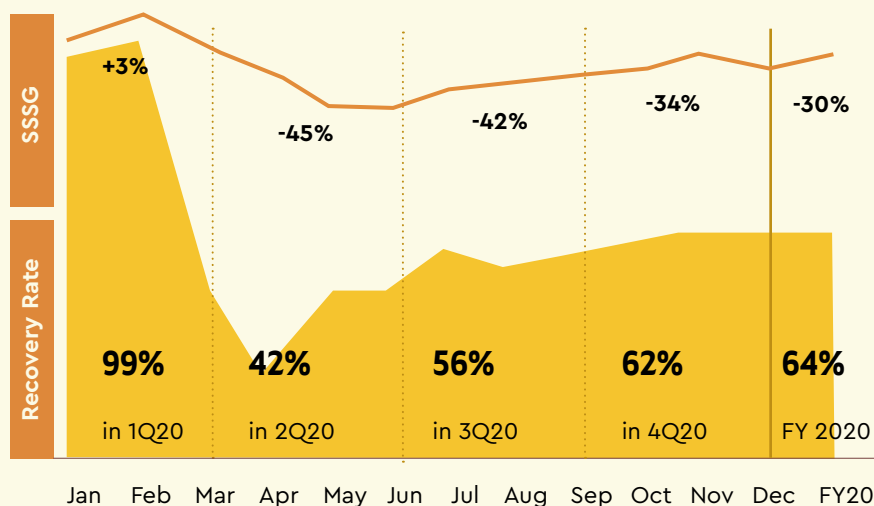


Total Assets



Measuring Our Financial Performance

Quarterly System-wide Sales Recovery & SSSG

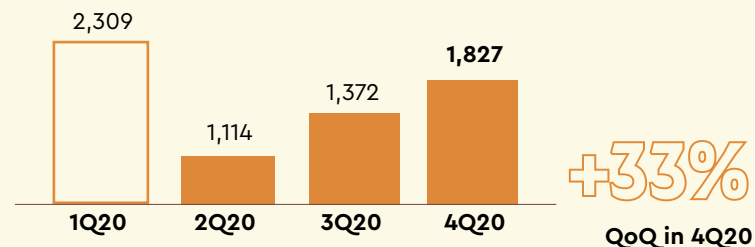


Systemwide sales, the combined sales of both company-owned and franchise stores, totaled Php6.6 billion for full-year 2020, equivalent to a 64% recovery relative to the previous year. For most of 2020, the Philippines was under different phases of lockdowns which, at its peak, forced the temporary closure of 91% of the Company's store network at the end of March. Quarantine measures have since eased with dine-in traffic inching up slowly, alongside robust demand for delivery and carryout throughout the year.

For the last three months of 2020, sales recovery of 62% is a notable improvement compared to the third quarter's 56%. The uptrend was primarily driven by the sustained recovery of dine-in traffic, thanks to gradual easing of quarantine measures and renewed consumer confidence especially during the holiday season.

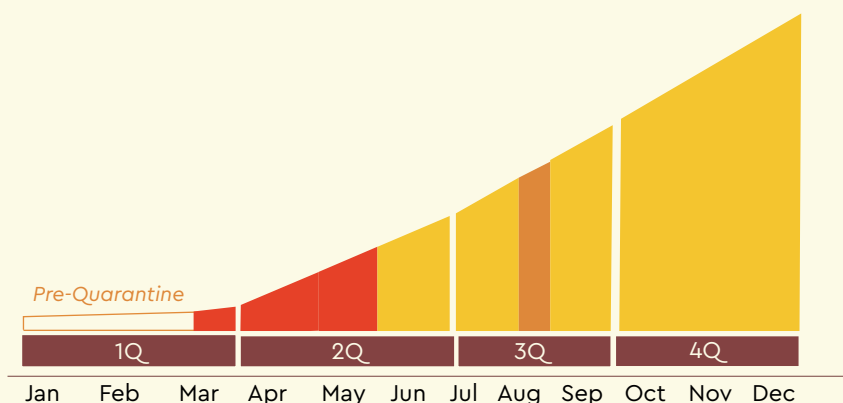
Systemwide Sales QoQ Trend

in PHP Mill



COVID restrictions implemented in mid-March

Metro Manila Quarantine Timeline

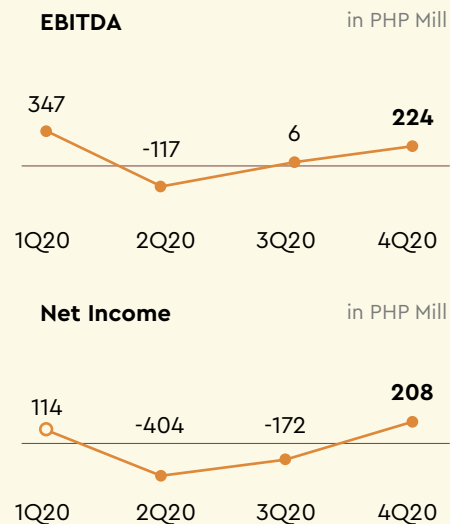


- ECQ - Enhanced Community Quarantine
- MECQ - Modified Enhanced Community Quarantine
- GCQ - General Community Quarantine - Dine-in allowed

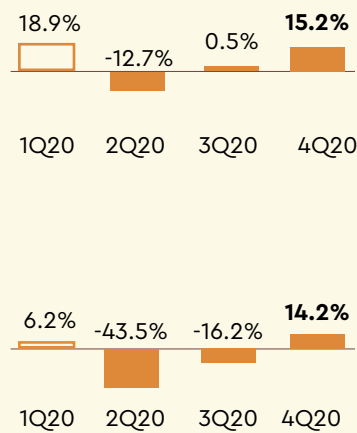
This expanded sales base, combined with implemented cost efficiency and restructuring programs, likewise resulted in improved profitability on a sequential basis.

These restructuring initiatives include: (1) the permanent closure of 5 company-owned and 5 franchised outlets, or a total of 10 stores representing 4% of our total store network; (2) right-sizing of our organization; (3) as well as other streamlining programs.

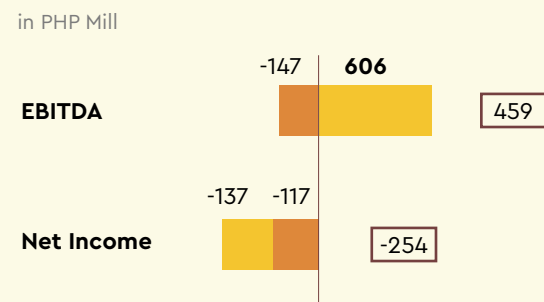
Reported Sequential Trend



Sequential Margins



Full-Year Profitability



FY20 Margins Reported

8.7%
EBITDA

-4.8%
Net Income

■ Restructuring Cost
 ■ Recurring
 Reported

From a full-year perspective, 2020 reported EBITDA totaled Php459 million while EBITDA margin stood at 8.7%, even with Php147 million in restructuring costs incurred during the year.

All in all, reported net income for the full-year 2020 stood at negative.

2020 was definitely a one-of-a kind year amidst the COVID-19 pandemic and the many challenges it brought to the restaurant industry. Nonetheless, we have made various adjustments to our business – streamlining operations, managing our costs, and doubling down on delivery and carry-out for all of our brands. We have managed to pull through to end the year with positive cash flows, improved cost structures, and greater abilities to take advantage of higher off-premise demand.

These initiatives, implemented during mid-2020, have permanently enhanced our cost structures as evidenced by our continued recovery in terms of profitability and cash flows



Building A Stronger and Better Shakey's

Despite the continued challenges in the environment, we remain optimistic about the future and continue to invest in our brands, our people, and our stores.

New Store Openings

Amidst the uncertainty of 2020, we have put our store network expansion plans on halt as we first tried to understand the situation and the guests' evolving needs. This year, however we are ready and geared up to expand again, despite continued challenges around COVID-19 and government lockdowns. We will do this very prudently, adapting to the new requirements of the post COVID world.

These stores will have smaller store formats and reduced investment requirements. This will ensure payback periods are kept short and return on capital remains high.

A number of these locations will be co-branded to maximize the asset base. We will also be rolling out ghost kitchens or kitchen extensions to further strengthen our delivery business.



Delivery and Carryout

The COVID pandemic has forced us to double down on our delivery and carry out business. Across all our brands, we will continue implementing a multi-platform delivery strategy that will leverage on our existing in-house capabilities, as well as our growing partnership with third party aggregators

We are continuing to invest towards making our own in-house delivery channels – especially digital ones such as our own app and website – more user friendly and easier to use.

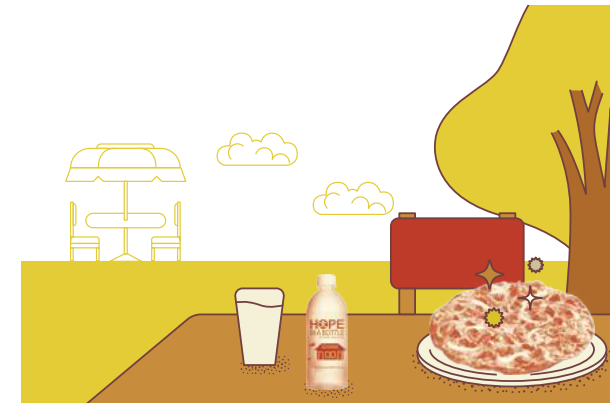
We also continue to push our 31-Minute, If It's Late, It's Free' guarantee in select areas in Metro Manila – which have proven to undoubtedly lift sales in the areas where we have launched them.

Another exciting initiative is our investments in building up the delivery business of our other, non-Shakey's brands.

Health and Safety Protocols

Health and safety will remain our critical priority, especially given the increasing number of COVID cases locally and the re-implementation of stricter quarantine measures throughout Metro Manila and nearby provinces.

Across all Shakey's and Peri stores, we continue to implement strict sanitation and safety procedures, which exceed minimum requirements of government and key health organizations. That our guests know, feel and see that they are safe whenever they are in any of our stores, remains paramount.



We are managing the business taking into consideration guests' likely need for continued convenient and flexible out-of-store options, as al fresco dining and outdoor seating more widely available across our network.

We likewise continue to roll out Park & Order and Park & Dine-in, convenient options for guests who would prefer to remain inside the confines of their vehicles.

Product 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 R&D and marketing teams, allows us to attract guests, whether old-timers or newcomers, to try our new products and flavors along with our classic mainstay menu items.

We will also continue to provide our guests with value-for-money options, keeping in mind today's tougher economic environment. Our brand has always been known to create WOW-ing experiences at very affordable prices.

R&B Milk Tea



Peri Healthy Eats



Truffle Green Pizza and the Good & Baaad Burger



Organization

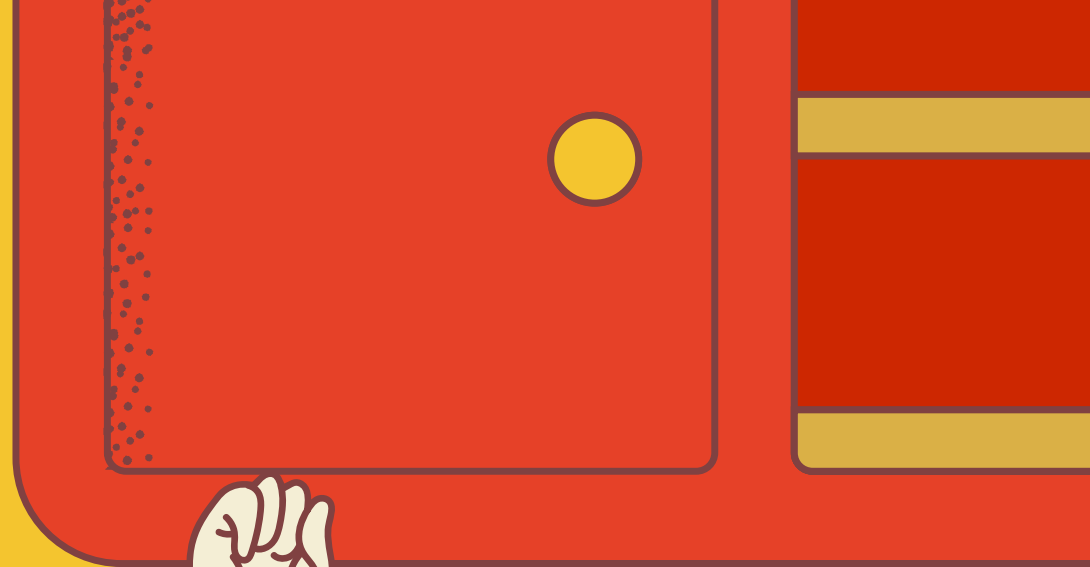
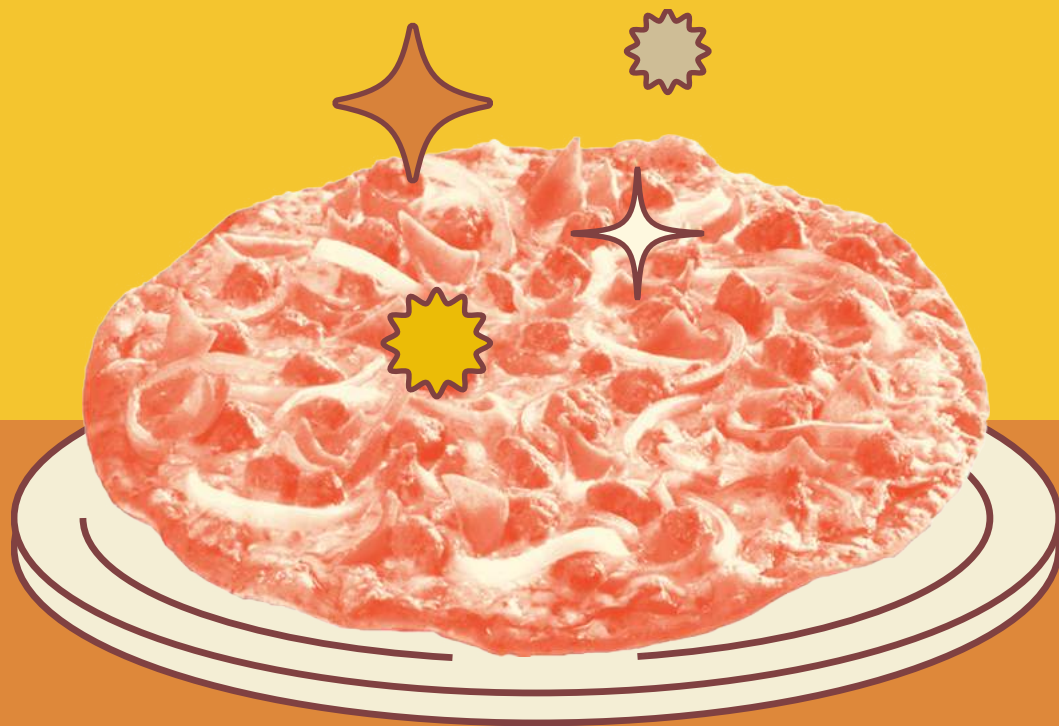
PIZZA is full of passionate and WOWING people who love the brand and are dedicated to excellence. The Company places importance on the hiring, development, and retention of high performers by providing a healthy work environment and proper compensation, among others. With the Executive and Management 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.

Even in this new post-COVID world, our tried and tested formula of **WOW-ING culture** and **GUEST CENTRICITY** will remain at the core of what we do.

Sustainability

The Company continues to make strides in integrating sustainability across its value chain after beginning its ESG (Environmental, Social, Governance) journey back in 2018. Last year, we finalized and released our Company's sustainability strategy and targets. These serve as our guide in growing the business in a sustainable and responsible manner.





What Keeps Us Going

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Purpose

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

Mission

We are a guest-centric organization. Our solid commitment to our stakeholders to create superior value results in 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 Business Partners

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

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 Community

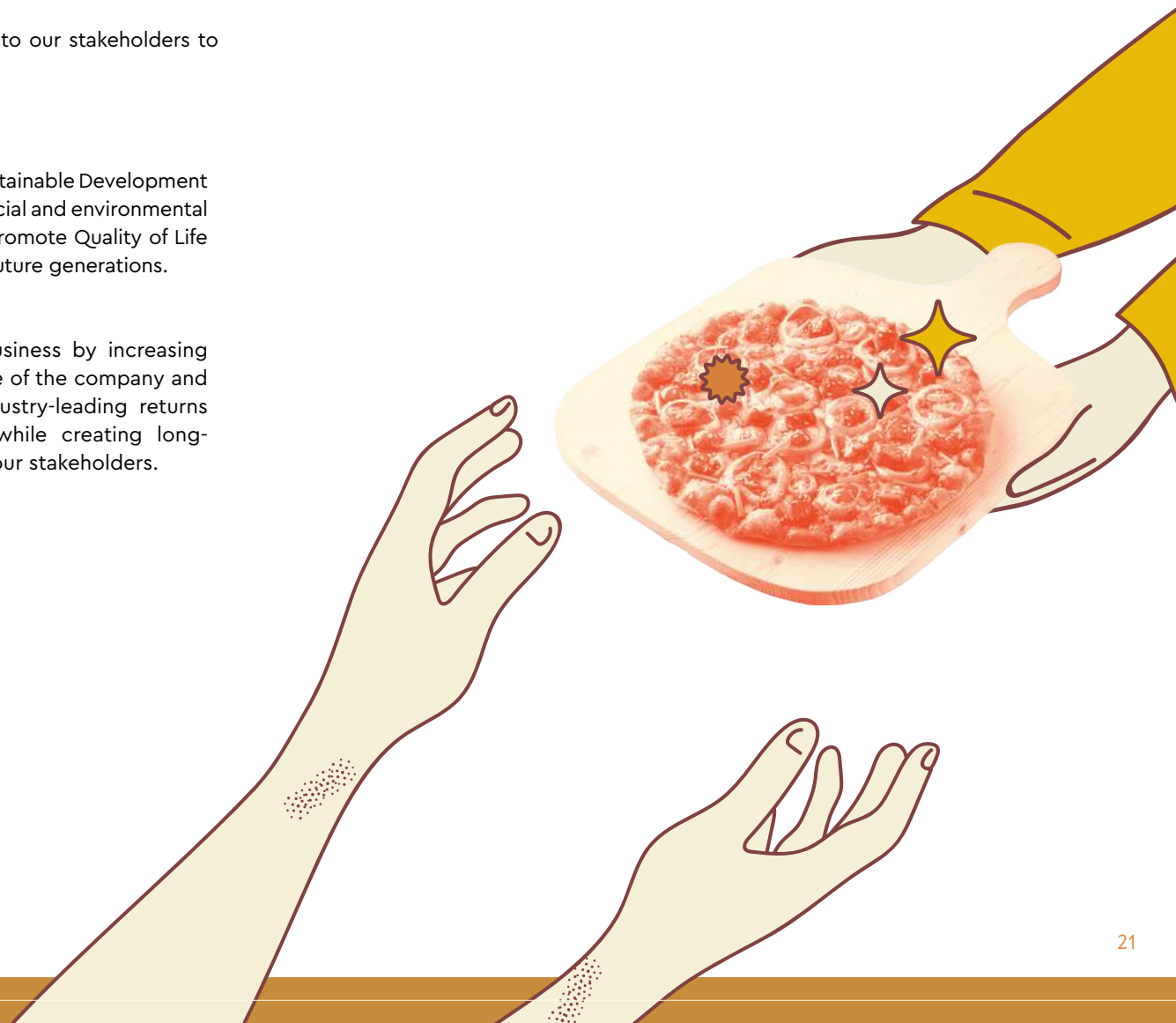
We commit to Sustainable Development by engaging in social and environmental causes that will promote Quality of Life as our legacy to future generations.

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.

Vision

To be the preferred and dominant family casual dining restaurant in the Philippines, and successful in our chosen overseas markets.



Core Values

Guest-Focused

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

Understanding & 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.

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 "*gigil*" and have the urgency to get things done.

Trustworthiness

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



"When the going gets tough..."

To say that 2020 was a tough year for the restaurant industry and for Shakey's would be a huge understatement. Many superlatives have been used to describe the upheaval brought on by the pandemic. But among various industries, restaurants are among the hardest hit.

Even with the kind of year we have had, especially given everything that is going on in the world right now, I am profoundly grateful for how the company was able to perform. Our tough and resilient team "did get going".

Almost overnight, a business with annual systemwide sales of more than PHP10 billion shrank by half. Our store-level economics and corporate overhead, as well as commissary structure, needed to drastically change to stop the bleeding. Our business model where dine-in and in-store events accounted for over 60% had to pivot to delivery and off-premise dining.

This necessitated decisive actions on operations and painful decisions on restructuring and cost control. The decisions, especially around loss of livelihood, were tough and not taken lightly. It required balancing the interest of all stakeholders and putting the company in a position where we could ride out the pandemic. In the end, when we did have to cut jobs, I would like to think that we did so in a thoughtful and fair manner, where we did extra in order to cushion the blow to those affected.

The drastic restructuring and sacrifices taken eventually paid off such that by the fourth quarter, the company was net income positive and covering all our costs. This put us in a position to play offense again: we started opening new stores, reinvested in improving guest experience both on- and off-premise, innovated new – and in a number of cases – healthier products, and even

launched R&B milk tea from Singapore. This allowed us to recover some of the lost jobs. In fact, to-date, we have either outplaced some displaced employees to franchisees and other companies in the ecosystem or even rehired employees. To date we have either outplaced or rehired over 50 previous employees, with more in the pipeline for redeployment.

If we look at our financial report card, the company sales contracted by 36% and we posted a net loss of PHP 254 million – the worst in our company's history. I believe we need to set the numbers aside and applaud how the men and women of the company performed. Risking personal health and safety, the team served and in many cases WOW-ed our guests, management was in the offices or in the field turning the business around, franchisees worked hand in hand with company reps, and our commissary team members continued to keep the plant going. The result of all this, is a turn-around of the business in three months' time.

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I believe we need to set the numbers aside and applaud how the men and women of the company performed.

Some good did come out of all of this. We made further improvements to our delivery business, rolling out our "31 Minutes, if it's late, it's free" promise to more and more locations. We fast-tracked the deployment of delivery-only ghost kitchens and other format and channel innovations such as Peri Jr. mini-stores, co-branded Shakey's and Peri-Peri outlets, Park & Order, among others. Management was put to the test and responded with decisiveness and guest centricity, and showcased teamwork. All of these efforts contributed to the sequential improvement in our topline recovery. Most importantly, we were able to provide comfort



food to our loyal guests who craved comfort and familiarity during a precarious time.

I am writing this letter just as we pass the first anniversary of the COVID lockdowns that went into effect last mid-March 2020. The milestone gives me relief that we survived, an end to the pandemic is in sight, and we are preparing to bounce back.

“

We plan to create new jobs or even re-hire our former team members who were let go. We plan to bounce back in 2021 and get back to our pre-pandemic trajectory by 2022.

This 2021, we plan to open 30 or more stores. As in the past, we will look for short payback periods. Most will be smaller than our pre-pandemic formats to be fit for an age where off-premise dining behavior, especially in Tier 1 cities, will be more entrenched. We plan to continue to invest in our digital project and leverage our data to get more intimate with our guests and have more targeted offerings. We plan to continue launching more better-for-you, better-for-the planet menu items. We plan to create new jobs or even re-hire our former team members who were let go. We plan to bounce back in 2021 and get back to our pre-pandemic trajectory by 2022.

We would like to take this opportunity to again thank the men and women of PIZZA for the WOW-ING guest centricity, loyalty and tenacity.

Thank you to our franchisee partners for joining hands with us throughout this crisis. Thank you to the members of our Board of Directors for the support and counsel during the darkest times, and there were many, of the past year. And last but not least, thank you to our shareholders for your continued trust and support, **through thick and thin.**



Christopher T. Po
Chairman of the Board of Directors

March 2021



Never in my life have I been happier to see a year end. The year 2020 will be long remembered as the year that brought challenges of unforeseen magnitude. This unprecedented COVID crisis is a bonafide "Black Swan" event for us and has brought about horrific economic consequences and has exacted tremendous human toll worldwide. It has clearly dramatically changed the way we live and the way we do business, and can now be easily considered as the worst year of our industry to date.

2020 in Review

Ironically, we started the year very strong; the first 12 weeks of 2020 were one of our best starts for a very long time. By mid-March of last year, our year-to-date results showed double digit same-store sales growth and we exceeded all revenue and profit targets. This made us confident that we would again extend our double-digit growth run on sales and profits to 17 consecutive years. That was until the government announced the very tough quarantine rules on March 16.

Prioritizing Safety, Business Continuity & Guest Service

When the government implemented one of the strictest quarantine mid-March last year, we immediately had to prioritize the safety of employees and guests, along with our business continuity. We also had to find a way to serve the special needs of our guests during this crisis. However, given the huge uncertainty, safety risks and travel difficulties, we had no choice but to close more than 90% of our stores within a week after the declaration of ECQ. We had to move quickly to develop new safety protocols and processes and to ensure safe operations and that they not just comply but exceed the minimum requirements by the government before we could re-open stores. I am proud to say that within just two

weeks from the start of the lockdown, we were able to quickly launch our Shakey's Secure Atmosphere and Food Execution (S.A.F.E.) program. This program enabled our guests to KNOW, SEE and FEEL safe with our products and services and gave us the confidence to re-open stores. And so, while we were among the first to shut down most of our stores, we were also one of the first to re-open most of our stores. It is something we can be proud of.

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Restructuring and Reorganization

As soon as the massive store closures happened, our sales immediately suffered from a huge drop with the second quarter posting the strongest decline in revenues. And while our reopening rate was fast, the sales averages of all opened stores were nowhere near pre-COVID levels. The sales decrease came so quickly and with such magnitude, our cost structures and overhead could not handle it. To navigate and survive the crisis, our main objective was to ensure we conserve cash, thus the need to re-structure and re-organize properly. To help our cash position we halted our expansion and renovation programs, liquidated excess inventory, and negotiated with our suppliers and lessors to reduce costs and allow us to navigate through the crisis. We also needed to assist our employees and franchise partners. These cost reduction initiatives helped but unfortunately, as the crisis dragged on it became clear they weren't going to be enough. Thus, as a matter of last recourse, management was forced to adopt



the more difficult and most painful process of right sizing our workforce. We were a hard-hit company in a hard-hit industry and almost all companies in the Food service, Travel and Hospitality industries had to make this move. No less than the Department of Labor in many instances acknowledged the need for severely affected companies to reduce staffing to ensure they survive.

I would like to assure you the program to reduce our workforce was done in a manner that was fair and beyond what the law required us to do. Full transparency was adopted and we did all we could to make our employees understand the true situation. We also worked closely and sought alignment and support with our employees' union. Furthermore, we invited Department of Labor and Employment representatives to observe the process and serve as witness to our right sizing initiative. I am proud to say that we did the program with empathy and in a way that was more than fair to the affected. Management was also confident that as soon as we recover from the crisis, we will be able to bounce back and have the opportunities to recall deserving employees we had to painfully let go. As of writing, we already see at least 50 people we had to let go having outplacement or rehiring opportunities. Our efforts paid off and we ended the year with a positive cash balance and in a good position to take advantage of the opportunities both during and after the crisis.

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2020 by the Numbers

We ended 2020 with consolidated system-wide sales reaching PHP6.6 billion, equivalent to a 64% recovery of 2019 sales. Revenues were likewise lower by 36% at PHP5.3 billion.

Our off-premise channels, primarily delivery and carryout, accounted for 67% of total sales in 2020. Meanwhile, dine-in sales contributed 33% of overall topline. Total store count stood at 279 as of end of 2020,

consisting of 245 Shakey's outlets and 34 Peri stores.

Amidst the challenges induced by the pandemic, we ended the year with a net loss of PHP254 million, a reversal from 2019's net income of PHP865 million.

Strong Brand + Passionate & Capable People = Execution Success

I have always believed success is almost always guaranteed when you have a STRONG BRAND in the hands of a STRONG TEAM! In our business, both have to be present to have a good chance to successfully execute business plans. This has proven to be even more critical when it comes to navigating or surviving a crisis.

This Covid-19 crisis has clearly shown how resilient and strong our brands are. We would not have shown high recovery rates if our products and services were not relevant to our guests. The strong brand equity we have built through the last 45 years has paid dividends during this crisis when consumers gravitated to brands they Know, Trust and Love. Indeed, food adventurism went down in this crisis as people wanted to make sure they spend their peso very wisely and go for brands they know provide superior value. Our brand's mission of Wowing our

Guests has become a truly huge competitive edge. I would also be remiss not to share with you the heroics shown by our employees during this crisis. We are very fortunate to have people who really care for our company and are passionate about our brands and what they stand for. They willingly went the extra mile to help the company survive this crisis. Against the risks and difficulties they faced, they continued to do their jobs to the best of their abilities. The unique culture, strong sense of mission and shared values we have built over time allowed our people to work as a team dedicated to delivering results in a very agile way.



Our Advantages Moving Forward

As of writing, there are new reports that some cities will re-introduce curfew and partial lockdowns due to a noted surge in COVID cases. While we may have survived 2020 and it is clear the crisis is far from over, I am confident we are in a very good position to recover this year and bounce back by next year or latest by 2023. We expect to end 2021 once again delivering profits and achieve pre-COVID levels by end 2022 at the latest. I am confident of this because of the following key advantages:

- The strong and positive equity of our flagship brand Shakey's, coupled with the natural attrition that will happen as a result of this pandemic will be very helpful in our sales recovery campaigns.
- Our early and continued investments in our Digital, Data Analytics and Delivery platforms as well as our early partnerships with Food Aggregators give us unique advantages and allow us to compete well and lead in the off-premise category.
- The structural and cost changes we implemented during the crisis will improve our ability to compete moving forward and allow us to create more value for our guests and will continue to provide benefits even after the crisis.
- Our industry-leading margins have been and will continue to be a major competitive edge as it allows us to provide superior value for our guests.
- The core products of all our three brands (Pizza, Chicken, Milk Tea) are all delivery and take-out friendly and thus very relevant in off-premise consumption.

- Our multi-channel revenue sources (dine-in, delivery, carry-out) and multi-channel store network (malls, free standing, kiosks, ghost kitchens) give us extreme flexibility in facing the different phases of this crisis.
- Our newly acquired Peri-Peri and R&B brands will provide us great opportunities for expansion and growth within Metro Manila as Shakey's continues its growth plan in the provinces and select international markets.
- Our vaunted product innovation capabilities will allow us to lead in developing new and healthy products for our consumers. We have taken the first-mover advantage in the plant-based meat alternatives.
- Once the vaccine becomes widely available, our previous strength in group dine-in will once again be a major source of same-store sales growth.
- Last but not least, we have a team of dedicated and very capable people from the very top down to the store frontlines and dedicated franchise partners all sharing the same mission, values and commitment to move fast and allow our company to bounce back and bounce up fast.

BOUNCE BACK and BOUNCE UP fast!

In my more than three decades in the Food service Industry, never has a single crisis had such a devastating impact and lasting effects on our business and industry. But alongside this, never have I been prouder of our company's ability to meet and overcome the toughest of challenges.

Our ability to navigate the very tough 2020 would not have been possible without the work and commitment of our experienced Board of Directors, who remained

dedicated to PIZZA's success throughout, even during the most challenging moments. Their continued trust and confidence in the team and their unwavering support have been a strong source of motivation. I would also like to thank our business partners and suppliers for all the support they gave us during this most difficult time. This will always be remembered.

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In behalf of the entire PIZZA family, we thank you, our shareholders, for your continued support and trust. The team remains very committed to creating long-term value for the company and we will do our best to ensure that we BOUNCE BACK and BOUNCE UP as fast as possible to benefit all our stakeholders. I assure you, as we remain deep inside this crisis the team commits to WOW!

I am certainly eager for the day when we can all see each other again, face-to-face. Until that time, please be safe and stay well.



Vicente L. Gregorio
President and CEO

March 2021

Updates from Our General Managers

Shakey's

The year 2020 was indeed a year like no other in the past. Shakey's started off the first 10 weeks with double-digit SSSG until the government instituted a lockdown in mid-March. 95% of our stores had to close and the Company was obliged to confront the new reality. New protocols to ensure both staff and guest safety was the initial and preeminent concern. Undaunted, the Company immediately embarked on a course to, not just survive, but thrive in the aftermath of this black swan event.

By the end of April, more than 90% of our original store network had reopened to serve guests, whose dining options were then severely limited. We leveraged our already established delivery business infrastructure and many freestanding stores while store expansion plans were reviewed. We right-sized our stores to cater to the new normal. We successfully and quickly instituted service innovations like Curbside Pickup and Park & Order, while expanding our ghost kitchen coverage.

Utilizing insights gleaned from research, industry trends, social media and data science analytics, by mid year, we launched a new range of healthier product offerings like the Good & Baaad Burgers and Truffle Green Pizza that were all well received by our guests and social influencers. Shakey's mounted a series of marketing initiatives catering to new behaviors like simultaneous delivery for online meeting and party packages, as well as promotional campaigns like seasonal advanced offer deals, Home Bonding Offer. and Bring Back the Cheer.

Recognizing the acceleration of digital transformation, we launched order via chat, upgraded our website and are in the process of soon introducing our most advanced version of the Shakey's app. We defined the complementary role of food aggregators in meeting an



Jorge Ma. Q. Concepcion
General Manager – Shakey's

underserved niche of our guests and therefore tapped their services to contribute incremental revenue.

Our franchise business partners were not spared the difficulties we all had to face, so we actively reached out to guide, support, and share with them measures to better manage new efficiencies or more favorable terms in inventory, warehousing, distribution, cash, finance and lease arrangements.

We are pleased with the robust and steady pace of the Shakey's recovery in the months since the lockdown and now face 2021 confident that we will bounce back and bounce up, fast!

Peri



Maria Elma C. Santos
General Manager – Peri

2020 will forever go down in the books as the toughest year to-date for Peri and many others in the industry. The year was peppered with the best and worst for many. Amidst this challenging time, we put our energies towards the mode of survival. Cash generation, people management, safety operations, cost control and wowing service were key priorities we had to juggle to enable the brand to remain afloat. We had to close stores for some time due to the lockdowns, but once we had the opportunity, we pounced on every possible way we can to get back on track.

Key to our surviving 2020 was the quick pivot to Delivery and Carry Out servicing. We were able to offer what was relevant to the times in a very

R&B

challenging pandemic scenario. We tried our very best to continue to WOW our guests. Our original plan to expand rapidly saw us take a very conservative approach as restrictions hindered us from building stores. Yet, we were still able to open stores in areas where demand for the brand was high. The belief that our guests had in us, management's support and the team's resilience and teamwork were enough to get us through the year that was. I am in awe of the passion of our dear Peri frontliners, braving each day to come to work despite the risk of contracting the virus. For that, we are very grateful because they held onto our vision, they held onto the belief that we will weather this storm together.

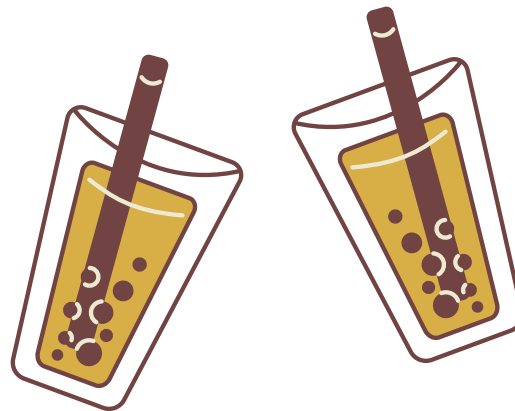
2020 may have slowed us down, but it never hampered our spirits. We anchored on the hope that brighter days are coming ahead for Team Peri. This may be a huge setback on our plans, but we know we can bounce back, bounce up...fast soon. In 2021, we will be back and ready because...a new flavor adventure begins!



2020 was supposed to be the year R&B Milk Tea opens its first stand-alone store in the Philippines. R&B, one of the most well-loved milk tea brands in Singapore known for its fresh milk with brown sugar pearls and refreshing fruit teas, was eyed to excite the milk tea market in the Philippines when the COVID pandemic hit hard. Instead, the brand pivoted its strategy and opened co-branded stores in select Shakey's and Peri restaurants.

It opened its first 30 co-branded stores on October 2, 2020, offering six product variants for dine in, carryout, and delivery. The product variants were milk and milk tea with brown sugar pearls, milk and milk tea with cheese cream, and milk and milk tea with cheese brulee. By the end of December 2020, R&B's co-branded store count reached 122.

Aware that other players are available via food aggregator delivery, R&B started selling in Shakey's and Peri's Grab food aggregator platform in January 2021. It also introduced new products such as the macchiato tea series with cheese cream: black oolong and peach oolong tea. A month after, R&B launched its Grab Virtual Store in 116 selected locations and its third macchiato series which is the Strawberry green tea macchiato.



Gilbert L. Tolentino

Shakey's CBU Director and GM – R&B Tea

This 2021, R&B is set to fulfill its original goal of launching its first standalone store with a complete product line, while increasing its presence in more co-branding locations. The brand looks forward to increasing its market share in the "Better Milk Tea" category with its premium tea, cheese cream, and brown sugar pearls while maintaining a very competitive pricing. An affordable luxury, indeed!



Beyond the Crisis

Safety First

The world as we know it has changed and as the world remains well within its battle against the COVID-19 pandemic – many aspects of our future still remain uncertain. So many things have changed and continue to change – none of which anyone could have adequately prepared for.

What has not changed however are our commitment to our guests and our constant desire to WOW them. This commitment now encompasses their health and safety as well – every time they walk into any of our stores.

Since the start of the pandemic, we 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.

We believe that our guests should KNOW, FEEL and SEE that they are safe whenever they are in a Shakey's store. This is paramount in building confidence and instigating traction in dine-in.

We have also rolled out al fresco dining and outdoor seating to further spur dine in sales, and we are happy to note that we are getting positive qualitative feedback from our guests about the experience.

Taking the Shakey's Experience Out of the Store

Delivery and carry-out will, however, play a critical role in the Shakey's of the future. We have always benefited from a strong in-home and out-of-store presence, even before COVID, with delivery and carry-out sales accounting for 37% of total topline as of end 2019.

This is no surprise as our core product pizza is the quintessential delivery product since it is very difficult to prepare and cook well at home. We have

also made considerable investments in our in-house delivery and digital platforms over the last several years, giving us a much-desired edge in terms of delivery systems and infrastructure.

Today, we continue to implement contactless delivery protocols – which means the whole guest journey – from delivery to payment – is strictly 'no touch'.

We have also piloted our "31-Minute Delivery, If It's Late, It's Free" guarantee in select areas in Metro Manila. We expect this move to further solidify our equity in delivery, especially at a time when off-premise channels are gaining prominence amidst evolving consumer trends.

We also recently rolled out Park & Order and Park & Dine-in, leveraging on our flexibility and agility in providing more convenient options to guests, such as those who would prefer to remain inside the confines of their vehicles.

We will also continue to invest and plow resources into the digital space, focusing on the use of data analytics, mobile ordering, and web resources – all necessary in supporting the out of store ecosystem we are trying to build.



New Brands

The newest members of our brand family have also supported our recovery during these challenging times. Peri continues to WOW our guests with its trademark flavorful chicken and its string of adventurous sauces and flavors. We continue to believe the brand has significant potential and we look forward to continuing its growth trajectory amidst this new environment.

Last August 2020, we also entered into a master franchise agreement to bring the R&B milk tea brand, one of the leading milk tea and bubble tea players in Singapore, to the Philippines. Through a co-branding strategy, we can leverage on our well-established store network and strong delivery presence, as we cater to the growing milk tea and bubble tea market locally.



We've also launched a new line of Shakey's "Take and Bake" brand of frozen, ready-to-heat pizzas, which leverage the Shakey's brand, but appeals to a completely different set of guests and guest experiences.



Multi-Sales Channel and Multi-Store Format Toolkit

Our multi-sales channel and multi-store format approach will continue to be an integral part of our tool kit, giving us the much needed operational flexibility as we navigate through this so-called new normal.

This strategy is complemented by our brand's industry-leading margins, providing us adequate buffers and financial legroom amidst the uncertainties of today's environment.

We are also grateful for our millions of loyal and loving guests. Now – more than ever – brand LOVE and brand TRUST have become key customer considerations. These uncertain times have led many back to brands that are more familiar, close to the heart, and resonate in people's minds very strongly. The Shakey's brand – with more than 45 years in the Philippines – fits all those criteria and we are thankful for the continued support of our guests. This multi-decade, multi-generational relationship with our guests is one of our best assets and the hardest for competitors to replicate.

Where do we go from here?

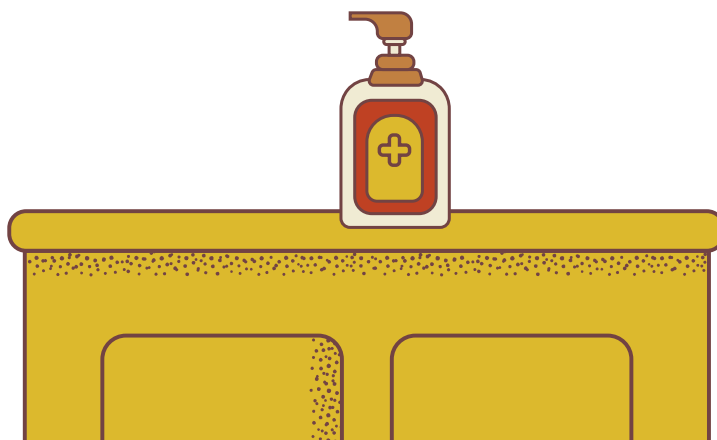
Shakey's Philippines is no stranger to crises, having been through numerous ones since 1975.

Throughout these challenges, and more specifically in the last 16 years, we have not only survived, but also thrived, and there is no reason why we cannot do it again.

And while very different and more serious than anything the Company has previously faced, this new test will make the Shakey's team and the Shakey's brand only stronger and better than before.

Even in this new post-COVID world, our tried and tested formula of WOW-ing culture and guest centricity will remain at the core of what we do.

Our task now is to fully understand what the guest needs and expectations will be in this 'new normal', and then strive – to not only meet them – but EXCEED them as well.



Hear It From Our Guests

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“Inspiring Frontliner”

“Hi, I would like to commend **Ms. Chris of Shakey's Magsaysay branch** for giving me a great customer service, even if most of the people like her are having hard time going to work due to the COVID-19 pandemic. She still has the attitude and professionalism to entertain a customer like me. I admire her for being such a truly inspiring frontliner.”

“Words of Appreciation”

“I would like to thank the **Sta. Cruz, Laguna branch** for all the hard work you put in not only to prepare our food and get it to me as fast as you can, but also on putting yourselves at risk despite our situation right now. Your jobs are highly valued not only this time of crisis but since then, I appreciate your work. You are the people who got to us when we need special celebrations just like today.”

“Hindi Hadlang Ang Pandemya Para Magpasaya Ng Kapwa”

“A **Shakey's San Jose's delivery rider** sings a Happy Birthday to the Guest celebrating a birthday during MECQ. Delivering great times and great memories at your doorstep!”



“Salute”

"I salute **Shakey's Ayala Marikina Heights** for keeping their spirit on working and serving the people in the time of pandemic... They are all approachable and super kind sa guest nila... I can say that they are all worthy of their title... to be called captains and managers because they are so professional enough..."

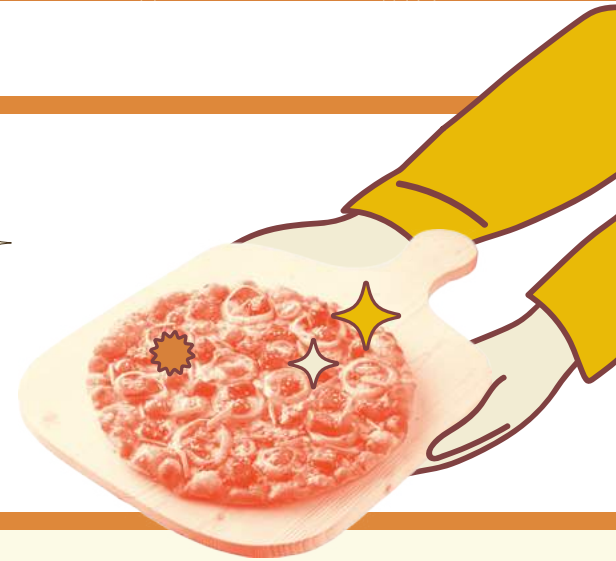
“Safety Protocols Compliant”

"I just want to commend **your team in V Central Molino** for their exceptional service... I must say that your staff is really taking the new procedures by heart. **Randolph**, your delivery staff has practiced the Contactless Delivery Policy by wearing a mask and following the physical distancing rule... I'm really glad with the service that I got from your team today and so I wanted to send this commendation. Thanks again and will be sure to place an order again!"



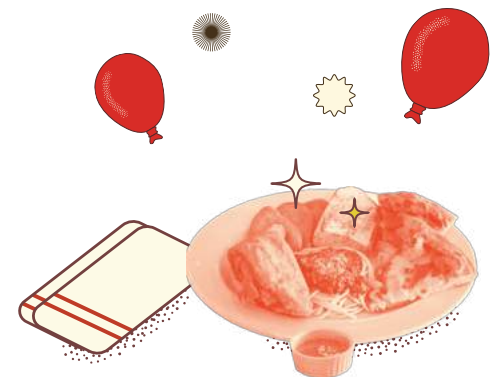
“Highly Recommended Service”

"Big credits to **Shakey's SM Trece** dahil sa good delivery na may pa-card pa na sobrang na-appreciate ng taong naka-receive. A simple thing that makes someone smile."



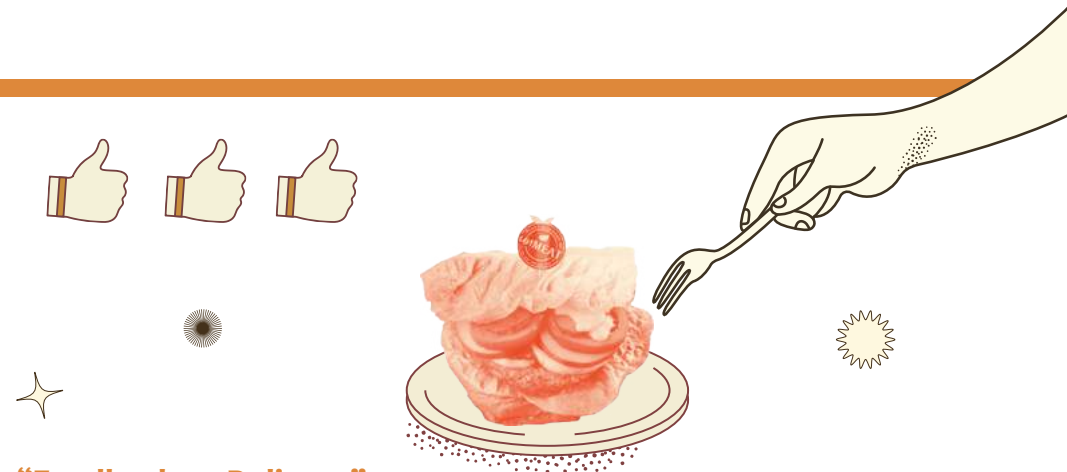
“Shakey's San Pedro is ♥”

"Hi Shakeys Team, I wanted to commend **Shakey's Pacita San Pedro Branch** for their excellent service. We chose the branch as our Wedding reception venue. We are aware of the GCQ protocol and we are happy with how the Shakey's Pacita team, especially Raymond made sure that we are compliant. Thank you **Raymond and Pacita Team** for making our day memorable... We were able to have fun while ensuring our health safety. Kudos to Pacita San Pedro Manager, to Sir Raymond, and to the team!! Thank you and stay safe."



“3 Thumbs Up”

"I'm so happy for the fast service of **SM Shakey's Rosales**, especially to **Sir Wyndel Domiguez** for the smooth and fun transaction... 3 thumbs up! He truly cares on what you need even if it is lockdown in that area. He makes sure to give the best and deliver on time... I am truly thankful he also granted my wish to buy a surprise cake to my fiance because it is his birthday... Thank you so much! It is highly recommended to everyone to try the service of Shakey's at SM Rosales."



“Feedback on Delivery”

"I would just like to commend the smooth and fast transaction I had today with **your branch in Halang, Calamba City**, as well as the polite and good quality delivery service provided by **Mr. Jomar Lopez**... I also would like to praise the great service you provided and how safely you handled the customers' demands during the enhanced community quarantine."



“Shakey's Is Family”

"Accept my heartfelt thanks to you and your dedicated workforce. My family has been celebrating countless birthdays and important gatherings in your stores in the past 5 years. Aside from the great food, it's your people's friendly and enjoyable service that kept me and my family coming back. Today we celebrated a rare and special occasion – my wedding proposal to my girlfriend... Shakey's is no longer just a favorite place for celebration for me. It is now my family place."



UP CLOSE: Gale Roque, Head of Research and Development

With a career in the foodservice industry that spans 20 years, Gale upholds that even the smallest incremental change could help channel the market in the right direction. Whether as a maverick or a game-changer, she pieces together some thoughts on how PIZZA can leverage its strong innovative spirit to continuously offer WOWing products to an evolving market.



Please tell us about yourself and your career with PIZZA.

As a food technologist, I have been a product developer for 20 years now, and have built my career mainly in the foodservice industry. I handle the upkeep and improvement of existing menu, as well as the development of new and innovative products. I've been with PIZZA for over two and a half years, leading the Research & Development and Quality Assurance units.

What are you responsible for in the Company?

In R&D, we work on new and innovative products. We ensure that these products are "wow-ing" so that our guests will love them. We also continue to improve existing menu items to ensure that quality standards are met and that these items meet or exceed our customers' expectations.

We also look into ease of store execution on the kitchen side and that food costs are managed well. In terms of our sustainability goals, part of food cost management is to reduce food waste wherever we can. My team also works to ensure that the products are safe for consumption and maintain pure quality through our quality assuring systems and processes, which include supplier audits and accreditations. Usually, for the stores and the franchisees, we also resolve raw material quality concerns.

What would you consider to be the most difficult activity?

All activities have their own areas of challenge. But quality assurance is all based on systems, so once the systems are in place then everything should flow more easily and smoothly. The interesting thing about R&D is that the market is very fluid and competitive so it becomes both challenging and exciting for us. Every day brings a new challenge and we're never really bored in our department.

How do you approach product development and innovation overall?

For Pizza R&D, we align our innovation with the sources of growth as we see them, and it's really good that our management team is really on top of things. In terms of development we read up and look at the market constantly in search of how things are going especially during this pandemic, so aligning with sources of growth is really key for us in terms of research allocation. Also, our development plan is learning-driven. We test assumptions as much as we test prototypes. We also assess the risks, especially in execution.

Could you talk specifically about your key deliverables in 2020 and how did you fare against them?

During the lockdown, we had to re-prioritize and focus on the essentials. The first essential being a shift towards the need for virtual auditing of our suppliers, their facilities, and their systems. We had to quickly create a remote audit process.

The second was a pivot towards healthier products. We were tasked to develop a flavorful vegetarian pizza, seeing the trend on health and wellness, and to develop and launch the first plant-based burger in the Philippines by a chain.

“

The first essential being a shift towards the need for virtual auditing of our suppliers, their facilities, and their systems. We had to quickly create a remote audit process.



I'm pleased to share that we were able to deliver all the essentials and even add more. After coming up with our plant-based "Goood Burger", we came up with a "Baaad Burger" as well. We were never really known as a sandwich brand, but right now both burgers are actually doing well.

What new research & development trends do you see in 2021?

For 2021, a lot of the trends would still be about health. The market is really looking into immunity boosting ingredients and products. Plant-based products will continue to gain ground.

Also local sourcing – helping out local businesses who have suffered from the pandemic will be a continuing trend in 2021. I think it's a natural human reaction to support your local community. Part of that also is that global supply chains have been greatly affected.

There is also a direction wherein people are looking for comfort food in new formats. I guess it's triggered by the nostalgia of wanting to go back to the good times. People want to eat something easy, that is time-saving, but with the feeling that the food is homemade.

What excites you the most in the progress and development of PIZZA moving forward?

There's a lot. There's so much we can do and this is not just limited to the products we can come up with but also the services that we offer. We have yet to fully develop certain channels to reach more people, and our team is working towards that. Even as a decades-old brand, there are still countless ways to reach more people.

What do you like most about working in PIZZA?

PIZZA is a place for both professional and personal growth. It's a really great place to be in if you want to learn. There's an abundance of growth ideas in PIZZA and all the teams are highly collaborative. There's also the sense of gratification I get, as compared to other industries, when people enjoy our food. You see how they share and post about the products, and even sometimes they get back to you and feedback personally. So there is that sense of gratification in being part of this whole team and process.



UP CLOSE: Rodrigo Nanjari, Chief Technology Officer

Creating a seamless digital experience for Shakey's guests can be both intriguing and challenging amid these evolving times where guests may not necessarily be in the stores but instead, are ensconced in their homes and still expecting that WOWing Shakey's experience they have all grown to love. Rodrigo Nanjari leads his team as they usher guests into the digital landscape.



Please tell us about yourself and your career.

I come from Chile in South America. I've been in the Philippines for the past 5 years. Before that, I was working back in my country in different industries: Banking, FinTech, Telecom, Utilities and Education. I used to explore different industries because that's my passion. In Asia, I've been

working in different countries and deploying projects – in China, Malaysia, Vietnam, Bangladesh and across the region. That's how I ended up in the Philippines. Before Shakey's, I worked in FinTech and HR Products. All in all, we're talking about 15 years dedicated to IT, mostly projects, products and team development. I'm really passionate about creating high performance teams.

What are you responsible for now in the Company?

In Shakey's I'm responsible for the entire IT infrastructure of all our stores, both business owned and franchised, and our headquarters. I'm also responsible for the systems. When it comes to systems you have three categories. The first being corporate systems. The next category being in-store systems. Finally, one of the most important, the guest facing systems. These include digital channels such as mobile, web app – implementing the online ordering capabilities of the company.

Another big responsibility is to develop a high performance team. Also, to understand the different needs of the different departments. That takes up a big part of my agenda – talking to different business owners and business units, trying to understand what ideas they have and what they'll be doing in the next couple of quarters.

How do you approach digitalization overall?

The approach of digitalization here in Shakey's is to identify all those processes that heavily rely on manual intervention. Digitalization will help expedite all the processes to provide all the information all the way. That is just one example.

I think the most important or one of the most impacting as the brand would be the guest facing systems. They have to be more digital, and it's beyond having a website where you can order online. What can you

offer to the guest that is relevant to them and in a timely fashion? It's a lot about personalization.

Now what is the ultimate goal? Today, Shakey's is a recognized brand that provides a great guest experience in the stores. It's a real experience to go to the stores. Of course, the food and the pizza may be a bonus, but it's the way people feel when they step into our stores that differentiates the brand from the competition. How we take our guests into the digital landscape and still provide them with the same experience is the ultimate goal for digitalization.

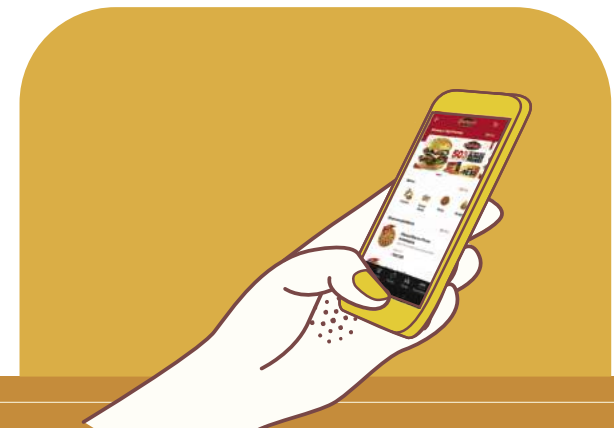
How do you prioritize the numerous projects that require IT development?

The answer is really simple. It is always – guest first. Everything related to offering the best experience to our guest is, to me, top priority.

What new IT trends do you see in 2021?

Guests will be demanding more efficiency. All these digital channels need to have personalization.

Second, everything related to the operations. How do you automate the routing? How do you select the best store to serve that order? How will you distribute your riders in a way to minimize the delivery time? How can we shorten the production time? How can we shorten the delivery time so that we can secure that delivery within 31 minutes?



What excites you the most in the progress and development of PIZZA moving forward?

There are so many things that excite me. To me, the end goal is to be recognized as the best... I want to ask someone what is the best app, what is the best digital experience when it comes to ordering pizza? I want them to, without hesitating, say our name. In order to get there, we need to have strong engineering capabilities, a strong provider network - mostly, a strong team. That, I would say, is the most important.

What do you like most about working in PIZZA?

I like to work here because there's so many different channels and in the past, I've been working in companies with a single product. You work around that in so many different ways, with new versions and stuff but in Shakey's, there's so many things to do, there's so many areas where I can help and that keeps me really excited because it challenges my creativity, challenges the way that I approach different problems.

Another thing that excites me working in Shakey's and why I'm proud- I'm a father of three. I have my kids, they live here in the Philippines with my wife, and me and we have a great fondness for Shakey's, even before joining the company. Being able to work for a company that offers something that you really like and you really use, it's my first time. If you asked my kids, what are the companies or what is your father working on before Shakey's? They won't be able to tell. But Shakey's, they know it and I'm proud and as a father, I'm really proud to be working in something that is tangible for them, they can talk about it and share that with their friends. It's really fun, and I feel really happy about it.





People, Planet, Pizza



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Our
Sustainability
Focus

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Creating Value
Across Our
Business

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How We
Engage

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Our
Sustainability
Journey

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People

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Pizza



Our Sustainability Focus

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In our third 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.

People



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

Employees

- Diversity and Inclusion
- Talent Acquisition & Management
- Employee Engagement
- Workplace Culture & Environment

Guests

- External Guest Engagement

Communities

- Job Creation
- Livelihood Support

Good Governance



The Company recognizes the importance of good governance to successfully progress in its sustainability journey and create greater value for shareholders. 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.

Planet



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

Natural Resource Efficiency

- Energy Consumption Reduction
- Water Consumption Reduction

Environmental Impact Management

- Greenhouse Gas Emission Reduction
- Plastic Neutrality
- Landfill Waste Reduction

Supply Chain Management

- Supplier Credibility
- Local Sourcing

Pizza



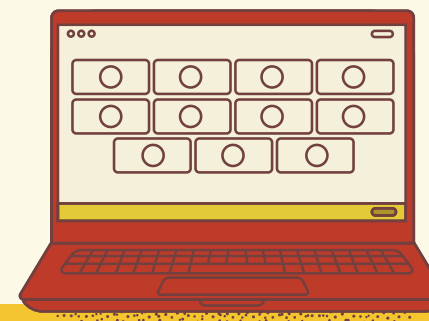
Our products remain at the heart of our operations. Our processes ensure that they are safe and of high quality. At the same time, we are constantly looking for new ways to WOW both our guests and our planet through innovation and responsible sourcing.

Profit-Purpose Alignment

- Product Development & Innovation
- Food Safety & Quality

Industry Pioneer

- Healthier Products
- Nutritional Transparency



Our Sustainability Focus

People

Employees

Diversity and Inclusion

We are committed to building a diverse and inclusive business that places a premium on skills and potential and does not discriminate based on ethnicity, religion, or gender.

Talent Acquisition & Management

We regard our employees as partners in growing the business. We invest considerably in promoting their professional and personal growth.

Employee Engagement

We continuously engage with our employees to ensure they are dedicated to their jobs and committed to the organization.

Workplace Culture & Environment

Our employees are consistently able to WOW guests as we cultivate an inclusive culture and ensure a safe and healthy working environment.

Guests

External Guest Engagement

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

Communities

Job Creation

Our growth around the country generates jobs for local communities.

Livelihood Support

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

Planet

Natural Resource Efficiency

We strive to improve our efficiency in utilizing natural resources by adopting industry best practices in energy and water management.

Energy Consumption Reduction

Water Consumption Reduction

Environmental Impact Management

Greenhouse Gas Emission Reduction

We manage our use of natural resources to control our impact on the environment, including the resulting greenhouse gas generated by the energy we utilize.

Plastic Neutrality

We are committed to 100% plastic neutrality (third-party verified) for the total business.

Landfill Waste Reduction

We explore ways to minimize our packaging and waste footprint.

Supply Chain Management

Supplier Credibility

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

Local Sourcing

We aim to source more materials locally via exploring contract farming and local processing

Pizza

Profit-Purpose Alignment

Product Development & Innovation

We continue to provide value to our guests with our diversified menu, keeping both old and new guests excited.

Food Safety & Quality

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

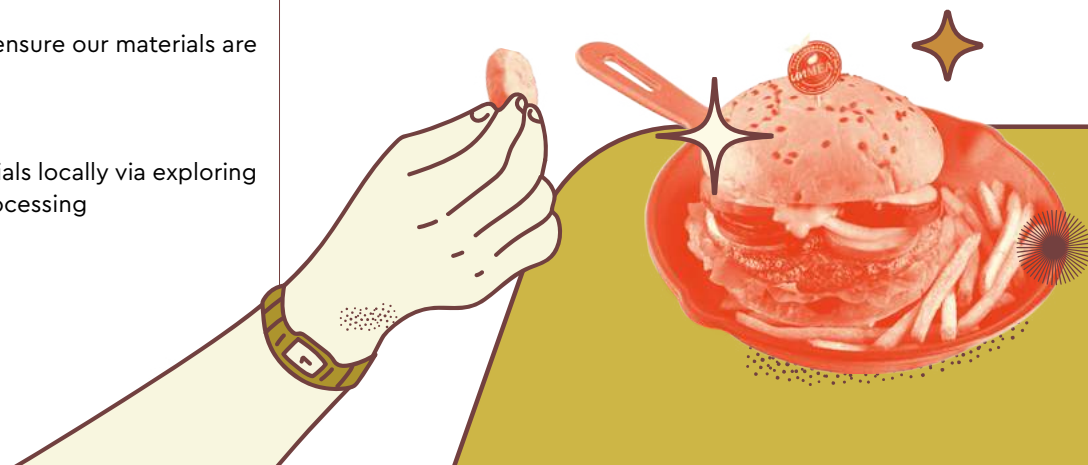
Industry Pioneer

Healthier Products

As we continue to diversify our offerings, we aim to introduce menu items with healthier nutrition profiles.

Nutritional Transparency

We target to disclose nutrition profiles of menu items for transparency.



Economic Value We Create

103-1

103-2

103-3

201-1

Economic Value Generated

We were able to generate a total of Php 5.3 billion in economic value for 2020, a 36% decrease from last year. This is attributed to the adverse impact of COVID-19 on the foodservice industry.





Creating Value Across Our Business

102-9

102-31

We crafted our 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 & Development	 Sourcing	 Store Operations	 Business Segments	 Guest Engagement
	Formulating and testing of food products and non-food materials	Procurement, storage, and distribution of food and non-food materials	Preparation of food products and services, including the management and maintenance of store logistics and facilities	Offering of products and services through dine-in, delivery, carry-out, functions, and the SuperCard	Marketing and feedback mechanisms conducted for guests
Value Creation & Economic Flows					
People	Talent Acquisition & Management				
	Workplace Culture & Environment				
	Employee Engagement				
	Diversity & Inclusion				
				External Guest Engagement	
		Job Creation			
Planet		Livelihood Support			
		Energy Consumption Reduction			
	Plastic Neutrality				
	Landfill Waste Reduction				
	Water Consumption Reduction				
	Greenhouse Gas Reduction				
Pizza	Product Development & Innovation				
	Food Safety & Quality				
	Healthier Products				
Good Governance	Business Ethics & Compliance				
	Labor Practices				

How We Engage with Stakeholders

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	Channels of Engagement	Concerns	How We Address Them
Employees	• Town hall meetings • Performance appraisals • Training and development programs • Informal training and mentorship • Email blasts and social media • Team building activities • Collective Bargaining Agreement	• Company culture • Career growth and development • Employee salaries and benefits • Safe working environment • Equal opportunities	• 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	• Store service • In-store feedback mechanism • Guest feedback channels (Email, SMS, Website, App) • Social media channels – Facebook, Twitter, Instagram, Viber	• 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, PWD and other worthy causes	• Daily QSCH 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 • RM Assembly, Specialists Assembly to address Guest Related issues, Best Practices sharing
Community	• Consultation sessions prior to store opening • Community and advocacy events	• Quality of service • Hiring opportunities • Corporate social responsibility	• Partnerships with social enterprises • Annual charity and advocacy events
Suppliers	• Communication lines (phone, email, meetings) • Supplier accreditation process • Supplier negotiations and bidding • Order placement and PO issuance	• Issues with bidding and procurement • Scheduling and logistical concerns • Minimum accreditation requirements and schedule	• Regular engagement with suppliers • Supplier orientation process on Company policies and commitments





	Channels of Engagement	Concerns	How We Address Them
Government	• Annual audits, reports, and publications • Press releases	• Compliance with laws and regulations • Opportunities and areas for public and private sector collaboration • Completeness and accuracy of reports • Transparency and accountability	• 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	• Investor touch points (meetings, conferences, commissary visits, email, phone) • Press releases	• Business viability and growth • Financial outlook and disclosures • Business risks and opportunities	• Facilitating effective two-way communication between the Company and financial community • Transparency and accountability with regard to the Company's strategic plans • Regular engagements through different touch points with investors and shareholders
Media	• Press briefings and conferences • TV and radio advertisements	• Proper representation and labeling • Marketing practices	• Regular consultations • Branding and marketing guidebook





Our Sustainability Journey

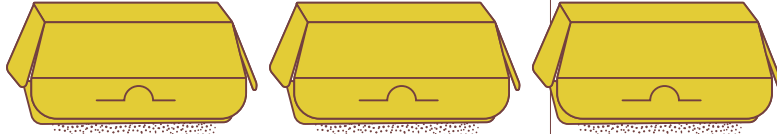
Where We Were

Where We Are Now

	2017	2018	2019	2020
Type of Report	Annual Report	Sustainability and Annual Report		
Scope	Shakey's Pizza Asia Ventures, Inc. and wholly-owned subsidiaries			
Company Updates	- Covered the acquisition of the Company by Century Pacific Group, Inc. (CPGI) and its successful IPO in late 2016 - Opened its 200th store in 2017 - Moved into the "Shakey's WOW Center" – named after the Company's strong guest-centric and WOWING culture	- Improvement of internal non-financial performance monitoring system through the use of the Global Reporting Initiative (GRI) Standards - Started reporting based on the key pillars of People, Planet, Pizza - Started focusing on ESG integration throughout the company - Integration of the ESG initiative "Project InSpire" across the entire Company, resulting in KPIs that allow the Company to improve along social, human capital, and environmental dimensions	- Continued emphasis on sustainability through the use of the company's framework of People, Planet, Pizza - Engaged with The Purpose Business (TPB) to help develop PIZZA's Sustainability Strategy for 2020 and beyond - Establishment of a governance structure for sustainability	- Continued emphasis on sustainability through the use of the Company's framework of People, Planet, Pizza - Responsible Business Forum was held in March 2020 to gauge the sustainability issues our employees were passionate about
Content Reported	Guest Service and Satisfaction: Number of WOWING experiences achieved across all service channels			
	Sustainability Value Chain Map			
	Sustainability Highlight			
	Stakeholder Engagement			
	Economic Value Created			

Where We Were

Where We Are Now

	2017	2018	2019	2020
People				
Employees		• Development Programs and Trainings • Talent Acquisition and Management • Workforce Profile • Promotions and Retentions • Engagement and Evaluation		
	Consistent compliance with all local laws and regulations pertaining to compensation and benefits requirements, as well as by strictly conforming to all relevant statutes of labor and employment through our code of business conduct and ethics			
Guests		External Guest Engagement via our store staff, WeCare email, Electronic Guest Comment Card, Shakey's delivery hotline, Shakey's website, Shakey's mobile application, Facebook, Twitter, and Instagram		
Communities	• Partnership with Down Syndrome Association of the Philippines, Inc. for the establishment of the Love 'Em Down program • Partnership with Friends of Hope for the establishment of the "Hope in a Bottle" program			
	• Provision of opportunities to students through Special program for Employment of Students (SPES) • Seasonal employment of people with special conditions or disabilities through SMILE		 Meal packs donated to Filipino healthcare workers	
Planet				
Natural Resource Efficiency		Monitoring of: • Energy Consumption and Intensity • Water Consumption and Intensity • Greenhouse Gas Emission and Intensity Installation of thermal insulation and low-flow handwashing machines in select stores		
Environmental Impact Management		• Partnership with World Wide Fund (WWF) for #AyokoNgPlastik campaign • Partnership with Republic Cement and Plastic Credit Exchange Towards Plastic Neutrality		

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Where We Were

Where We Are Now

	2017	2018	2019	2020
Supply Chain Management		Supplier Accreditation Policy		Supplier Code of Conduct & Ethics
		Establishment of Supplier Accreditation Policy to ensure that all suppliers and contractors are qualified to meet their commitments to the Company		
Pizza				
Business Alignment				
Industry Pioneer				
	• Product Innovation, Design, and Lifecycle Management • Food Safety and Quality: • Food Safety Journey • QSCH Audits • Food Safety Training			Launch of Goood Burger – plant-based burger

Operationalizing Sustainability

The Company's Board of Directors encompass a number of Board Committees that are meant to support the effective performance of the Board's functions. The Board's Corporate Governance & Sustainability Committee oversees the implementation of the sustainability framework mentioned above and periodically reviews this framework to ensure that it remains appropriate in light of material changes to the corporation's business strategy and its external environment. It is chaired by a Non-Executive Independent Director which allows for an independent and objective view of what truly matters with regard to sustainability, separate from management's potential other business concerns.

To operationalize the Company's sustainability framework and the guidance of the above mentioned board committee, management has set up a number of Steering Committees composed of senior executives (including the Company's Chairman and CEO) to oversee the various sustainability initiatives and make directional decisions.

There is a Core 'Sustainability Steering Committee' which encompasses all 3 P's of the Company's sustainability framework then three other sub-committees for each of the 3 P's.

Every quarter, separate Steering Committees for Pizza, Planet, and People meet to cover the initiatives and directives for that specific P. The Core committee members attend all three meetings every quarter, whilst members of the sub-committees attend the steering committee meeting for their respective P.

The Board's Corporate Governance and Sustainability Committee is updated of management's progress twice a year in meetings dedicated to sustainability matters.

There is no dedicated Chief Sustainability Officer or Sustainability Office as the Company believes sustainability is EVERYBODY's job. It believes assigning sustainability to a certain person or department will not affect the necessary change; for sustainability initiatives to be truly material and long-lasting, they need to be part and parcel of the way we do business. As a result, members of management's sustainability steering committees are key leaders of the business who are made part of this initiative so that both business decisions and sustainability decisions are incorporated into one.

The Investor Relations Department, however, acts as a secretariat to the various sustainability committee meetings and ensures that this governance structure is organized and operating properly.

Ultimately, the Company's Board of Directors, through its Corporate Governance & Sustainability Committee, is accountable for the success of sustainability initiatives.

In management, the Board looks to no less than the Executive Chairman to ensure proper execution and implementation of sustainability initiatives. The Company's Chairman and its CEO form part of the Company's Core Steering Sustainability Committee. This means they attend each quarter at least three steering committees – one for each priority pillar (Pizza, Planet, and People). That is a total of 12 steering committee meetings relating to sustainability.

Members of the sustainability steering committees represent some of the Company's most senior business leaders including the Chairman, the CEO, Heads of R&D, Procurement, and all Business Unit General Managers.



People Development

Talent Acquisition and Management

102-8

103-1

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103-3

203-2

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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 2020, the following programs were facilitated and delivered.

Shakey's Programs	2020 Graduates	Program Description
Management Development Program	50	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	63	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.
New Store Opening Training	60	A program designed to equip core teams of opening stores with technical requirements in preparation for store operations.
Restaurant Staff Development Program	45	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.
Operations Training Programs	267	In-house and external training programs that aim to acquire or improve competencies of Store Operations employees that will enable them to perform their jobs successfully and let them acquire new knowledge or trends that will enable them to perform their jobs successfully.
Corporate Support Training Programs	175	Workshops that build the competencies of our corporate support office members, reinforcing company goals, philosophies, means, and standards to the participants. External training providers offer learning opportunities to employees to enhance skills and knowledge as well as improve attitude and habits.

8,437

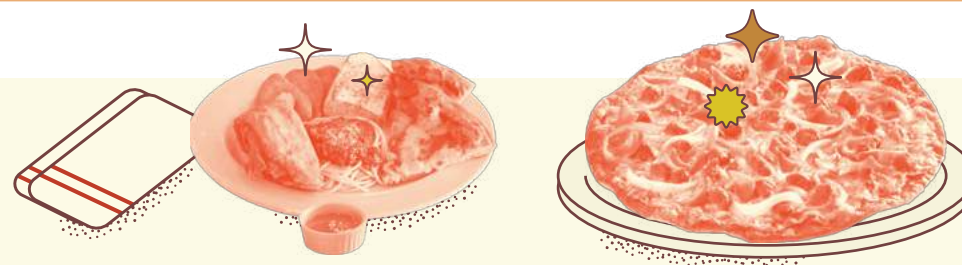
jobs supported

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

1,247

employees in the PIZZA workforce

Due to corporate streamlining initiatives undertaken in response to the COVID-19 pandemic, the number of our permanent and probationary employees from our corporate support office and company-



owned stores declined by 29% in 2020. We retained an almost 1:1 ratio between male and female employees, with 46% being female. We have a pool of young talents as 35% are aged 30

and below. 91% of our workforce are officers, supervisors, and rank-and-file employees, while the rest are part of senior and middle management.

Talent Acquisition and Management

Peri Programs	2020 Graduates	Program Description
Crew Development Program	382	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	5	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	72	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	45	A training intervention where new or improved products are discussed to participants, covering procedures through demos, drills, and check techniques.
Corporate Support Training Programs	37	Training programs designed to (1) align employees on the Covid-19 protocols inside the workplace and (2) set a principle-centered approach to both personal and interpersonal effectiveness for employees.

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.

Project Nerdy: NEar and ReaDY

Project Nerdy ("Near and Ready") was an initiative of the Company allowing employees to be closer to their place of work. Based on the baseline study conducted last August 2020, only 50.06% travel to work for 30 minutes or less. On average, a Store Operations employee travels for 43 minutes, with an average distance of 8.14 kilometers to commute to work. This has several effects on their job satisfaction, as time spent in traffic has been proven to affect negatively both productivity and overall well-being.

With the initial rollout of the project last February 2021, a total of 108 employees were already transferred to a store closer

to their residence. This increased the percentage of those who travel 30-minutes or less to 56.03%. This in turn decreased the percentage of those who travel 1-hour or more from 14.76% to 11.25%.

Overall average travel time has now improved to 39 minutes, and the average distance to work shortened to 7.14 kilometers.

Project Near and Ready will continue its efforts to reduce the travel time of Store Operations Employees. A target has been set that 80% of company owned store employees must have a travel time of 30 minutes and a travel distance of 7 kilometers.

Not only will this improve employee productivity and satisfaction in the workplace, but it also makes Shakey's more 'crisis-ready' amidst the on-going implementation of COVID-19 related lockdowns and their corresponding impact on public transportation.



29%

of PIZZA's workforce
attended formal training

Each received an average of 34 total training hours in 2020.

29

movements in rank and
positions

Each received an average of 34 total training hours in 2020.

Workplace Culture and Environment

103-1

103-2

103-3

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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.

Our Organizational Development and Employee Experience team regularly released internal communications which focused on Physical, Emotional/ Mental, Intellectual, Spiritual, Environmental, Social, Financial, and Occupational Wellness, Health & Safety, Wowing Stories, COVID Stories, and Corporate Social Responsibility Initiatives.

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

“

We believe that a positive culture in the workplace attracts talent, drives engagement, impacts satisfaction, and affects performance.

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.

172

Enthusiasts' Club members

67.5 / 100

Net Promoter Score among corporate support employees

22

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 & Hospitality, Best in Cleanliness & Condition, Most Improved Store, Franchisee of the Year, Best in Local Store Marketing, People Developer, and Supercard Top Seller.

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.

197,028
guest feedback

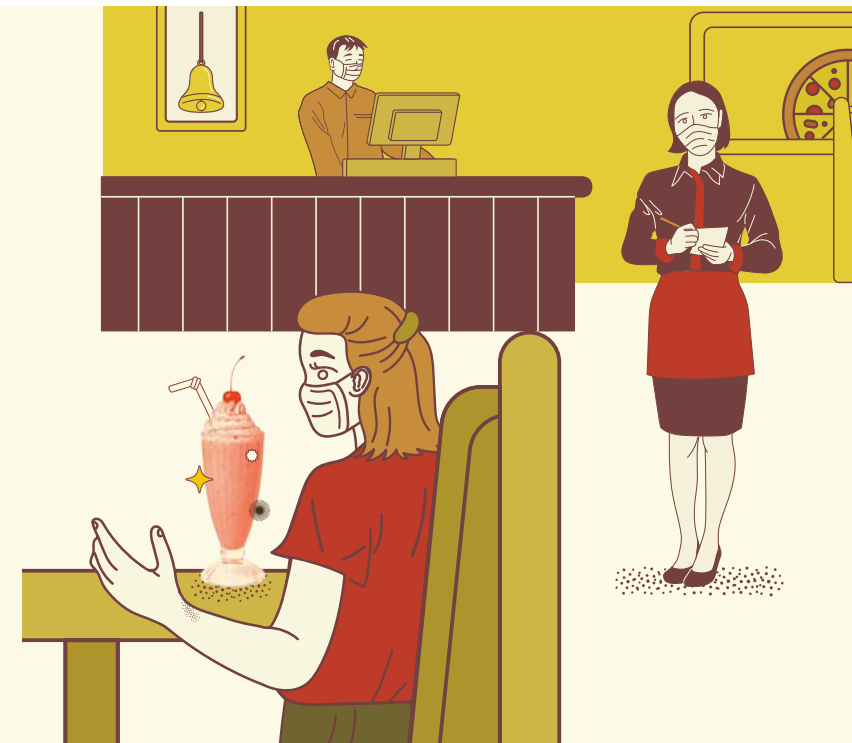
The significant decline versus last year's 342,299 guest feedback was due to the shift of majority of our business operations towards off-premise due to the COVID pandemic. Guest feedback indicates our guests' trust and confidence in our sense of partnership and commitment to provide better experiences.

86%
of feedback received from social media

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

25
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.

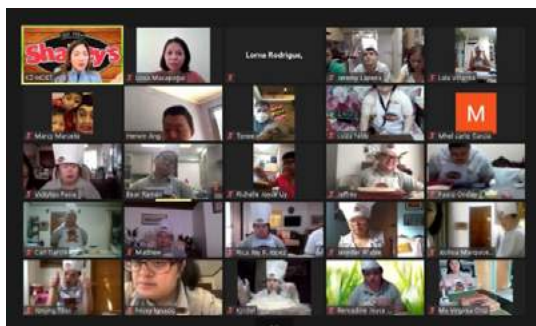


In our pursuit of enduring partnerships with change agents who share our visions of transformation, PIZZA has sustained various advocacies that resonate with our core values that go beyond our commitment to providing quality products and services.

Love 'Em Down

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 celebration of the "National Down Syndrome Consciousness Month" in February 2021, Shakey's took part in the activities of DSAPI to continue raising awareness of Down Syndrome (DS). The highlight was the pizza making activity by the kids, right at their home.



As COVID-19 put a pause to our Love 'Em Down Program, we hope that we will be able to continue this advocacy once it is declared safe for our participants.

As part of Project InSpire and as indicated in our Corporate Mission, we commit to sustainable development by engaging in social and environment causes that will promote quality of life as our legacy to future generations.

Project Firebolt

Project Firebolt is the Company's initiative to pilot its own rider program with variable compensation and performance incentives to help sustain our 31-minute delivery time commitment but also provide employment opportunities to displaced restaurant-industry employees.

Through this initiative, additional part-time work has been made available amidst the COVID pandemic and its challenging effects on food service institutions.

The utilization of so-called "Firebolt riders" in stores during peak hours and surge periods has also been more efficient and cost-efficient to the Company. In stores where this initiative was deployed, we were able to cut in half lead times in the sourcing and deploying of riders to meet surges and/or cover for unexpected absenteeism.

Finally, as the majority of the participants of the Firebolt program comes from a pool of previous employees (former Shakey's riders as well), the quality of service is still guaranteed to WOW!

67

Love 'Em Down participants

Shakey's Pizza to vaccinate all employees for free, donate 5,000 doses to government

Shakey's Pizza Asia Ventures Inc will implement a free COVID-19 vaccination program for all its employees, in support of the government's national vaccination plan to safely reopen the economy.

The Company has contracted 20,000 doses through tripartite agreements between the Philippine government, private sector, and vaccine manufacturers. These shall be administered for free to all PIZZA employees nationwide on a purely voluntary basis, and in full compliance with the Department of Health's (DOH) guidelines on the vaccination roll out.

The Company's vaccination plan will prioritize and cover all employees from all its brands – Shakey's Pizza, Peri-Peri Charcoal Chicken and R&B Milk Tea – as well as its corporate support and commissary workforce. PIZZA will likewise make available vaccine doses for dependents of its employees, as well as business partners including franchisees, service providers, and contractors.

In addition, 5,000 doses will be donated to the government through the DOH and will be deployed following its allocation framework and prioritization plan.

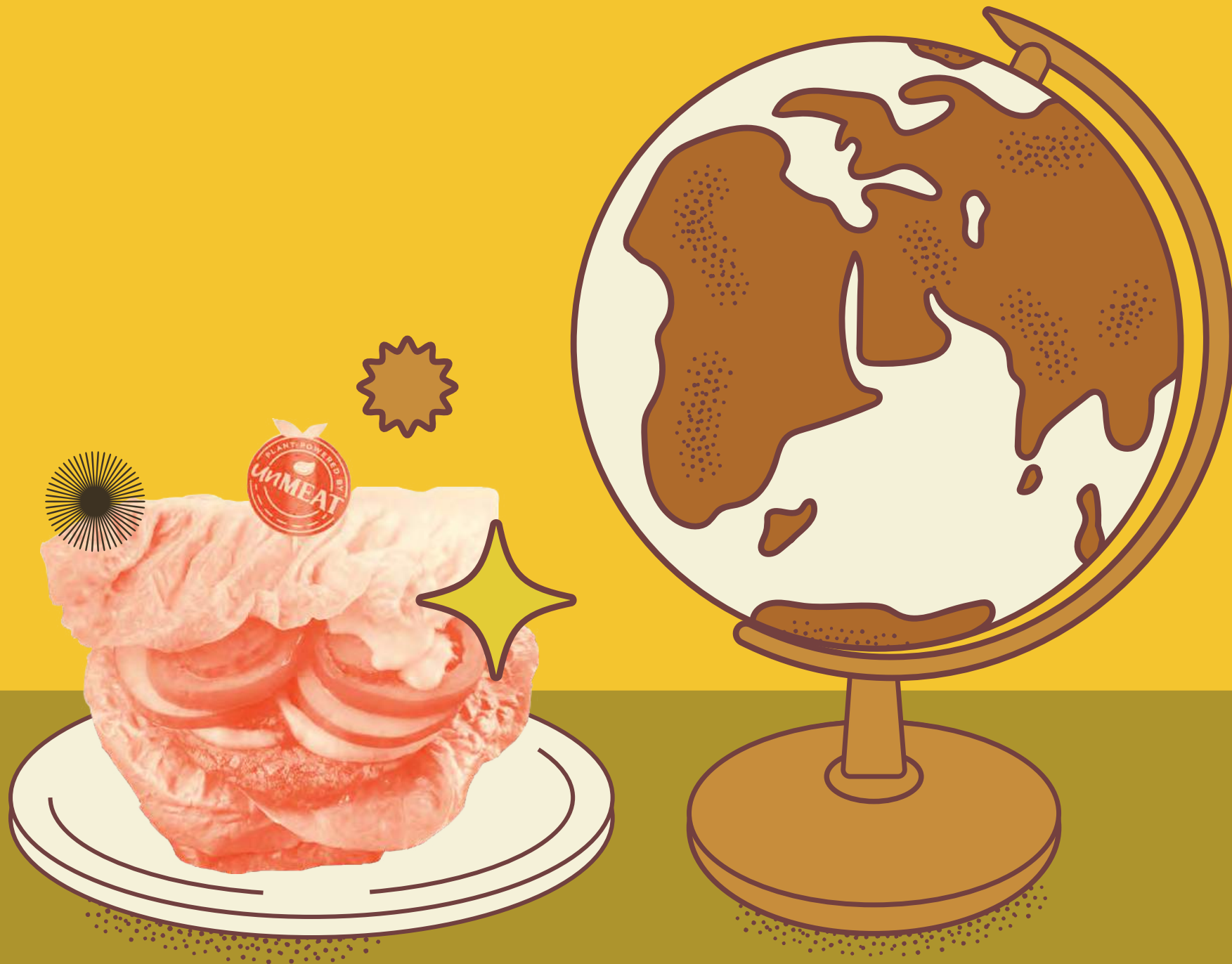
"Health and safety will always remain our top priority. Our philosophy is that guests must know, feel, and see that they are safe. A crucial component of that is ensuring that our employees are safe as well," said Vicente Gregorio, PIZZA's President and Chief Executive Officer.

Gregorio added, "Since the beginning of the pandemic last year, we have implemented strict sanitation and safety procedures that are aligned with World Health Organization recommendations. We likewise rolled out more convenient off-premise options to our guests, such as Park & Order and Park & Dine-in. We remain fully committed to ensuring the safety and well-being of both our guests and employees."

12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



Planet



Natural Resource Efficiency

103-1	103-2	103-3	302-1	302-3	302-4
302-5	303-1	305-1	305-2	305-4	305-5

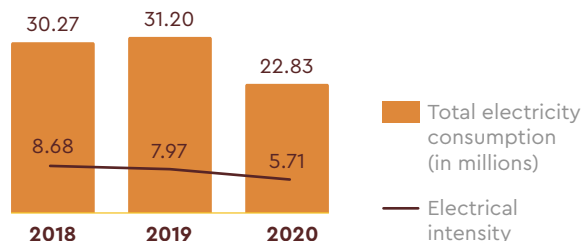
As a company, we have the obligation to run and operate our business responsibly, utilize our resources efficiently, and manage our environmental impacts actively.

22,825,792

kilowatt-hours of electricity consumed¹

This is 27% lower than our electricity consumption in 2019 given the temporary store closures and reduced operations as a result of the COVID-19 pandemic.

Electricity Consumption & Electricity Intensity of Company-Owned Stores



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. As of end 2020, 29 of our stores are fitted with thermal insulation, translating to lower carbon emissions.

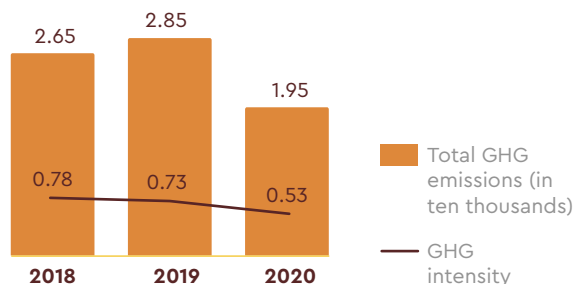
As part of our efforts to reduce water consumption, we have installed automatic low-flow hand washing machines in 15 of our stores for guests and employees. These machines release the right amount of water for washing hands, ensuring cleanliness while conserving water. As a result of this initiative, we saved a total of 202,000 liters of water in 2020.

19,474

tonnes of greenhouse gas (GHG) emissions²

Our Scope 1³ and Scope 2 emissions account for 17% and 83% of our total GHG emissions respectively, with our GHG intensity at 0.53 tonnes per square meter.

Greenhouse Gas Emissions of Company-Owned Stores



An equivalent amount of clean drinking water was donated to the Made Blue Foundation on behalf of the Company. The Made Blue Foundation invests in water projects in countries with severe water scarcity.

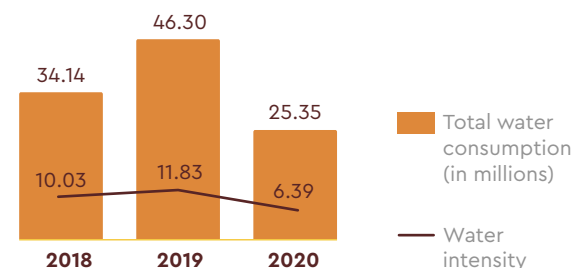
Apart from these initiatives, we are also reviewing our store procedures to determine areas where we would be able to further support our goal in reducing energy and water consumption.

253,474

cubic meters of water consumed⁴

This is 45% lower than our water consumption in 2020 given the temporary store closures and reduced dine-in operations due to the COVID-19 pandemic.

Water Consumption & Water Intensity of Company-Owned Stores



15

stores with low-flow hand washing machines

This resulted in total savings of 202 cubic meters of water in 2020.

29

stores with thermal insulation

¹ Calculations for electricity consumption were based on monthly store bills.

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.

Environmental Impact Management

103-1	103-2	103-3	301-1	301-2
301-3	306-1	306-2	306-3	

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 third 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 #AyokoNgPlastik 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. Last year, we signed an agreement with Plastic Credit Exchange (PCEx) for the certification of our plastic neutrality, making us the first food service company in the Philippines to pursue such third party verification for a plastic offsetting initiative.

PCEx is a non-profit organization that helps businesses offset their plastic footprint through its network of partners that recover, process, and recycle plastic waste. A third party then independently audits and verifies the businesses' plastic footprints and their corresponding offsets, completing the plastic neutral certification process.

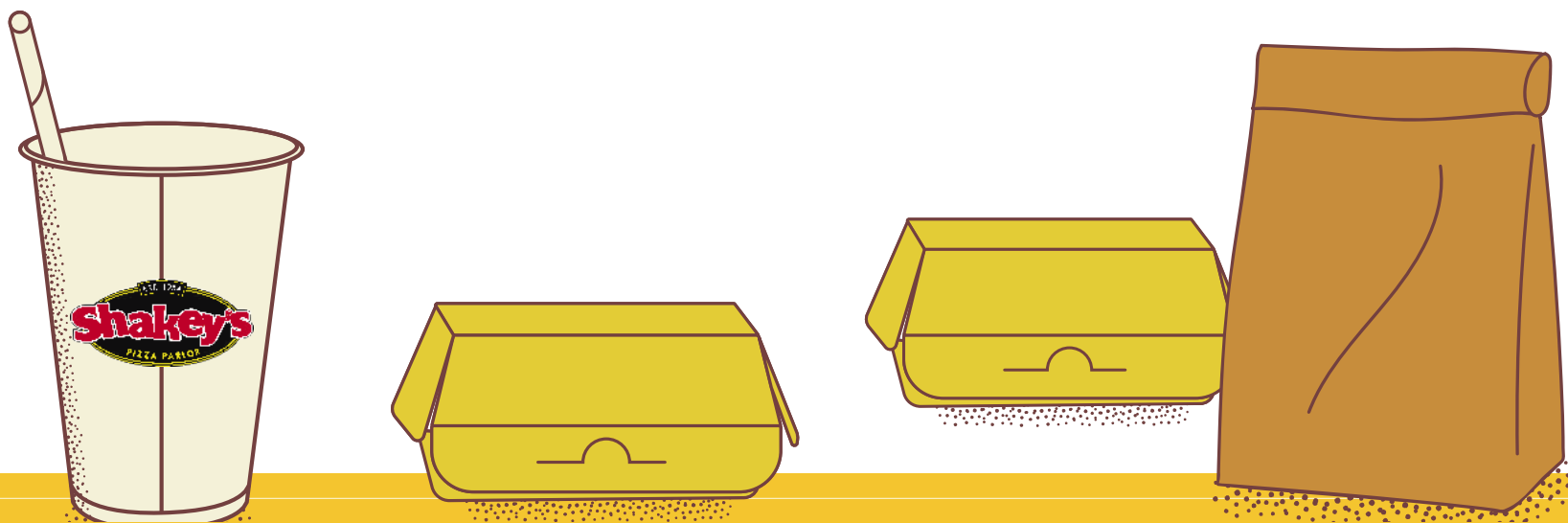
We celebrated our second year of being 100% "plastic neutral" in early 2021, following a push in 2019 to be plastic neutral by 2020. This means the Company is able to recover an amount of plastic equivalent to what it uses.

The plastic neutral certification takes this initiative to the next level by engaging a third-party audit and verification which will follow a set of global standards for plastic neutrality.

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.

This 2021, we are working on reengineering the existing packaging materials across all our brands. Development of eco-friendly packaging, particularly for pizza boxes, chicken boxes, paper cups, and pasta containers, is ongoing together with our partner suppliers.

We are likewise coordinating with our partner suppliers for the conversion of plastic cups, plastic bags, sauce containers, and straws to biodegradable materials or other sustainable packaging.



155,000

kilograms of plastic waste generated

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

2

years plastic neutral

Plastic Neutrality 101

What does 'plastic neutrality' or 'being plastic neutral' mean?

A company is plastic neutral when it has a net zero (i.e. neutral) plastic footprint.

This is achieved by balancing the amount of plastic it uses with an equivalent amount of plastic that is recovered and prevented from polluting the environment.

How does Shakey's Pizza achieve its plastic neutrality?

PIZZA is able to achieve plastic neutrality by purchasing plastic credits from the Plastic Credit Exchange (PCEX), in a plastic offset mechanism that resembles and is inspired by the carbon offset industry.

PCEX is the world's first global, non-profit, fully integrated plastic offset platform that adopts best practices of carbon credit, applying it to plastic with transparency and impact at its core. It delivers to PIZZA a Certificate of Plastic Credit with full audit documentation and publishes the offset in its credit registry.

What does PCEX do with the equivalent amount of recovered post-consumer plastic?

PCEX has built a wide ecosystem of partners that recover, process, and recycle plastic waste. It continuously seeks out the most environmentally sound solutions to plastic waste reduction. It redirects plastic waste to the safest, most environmentally-preferred end destination using only processes that comply with international industry best practices.

Of the plastic collected, those that are recyclable will be sent to vetted partners and reconverted into new useful products. Whatever cannot be recycled will be used as an alternative fuel to coal in cement co-processing, i.e. the use of suitable waste materials for the purpose of energy and resource recovery and resultant reduction in the use of non-renewable resources.

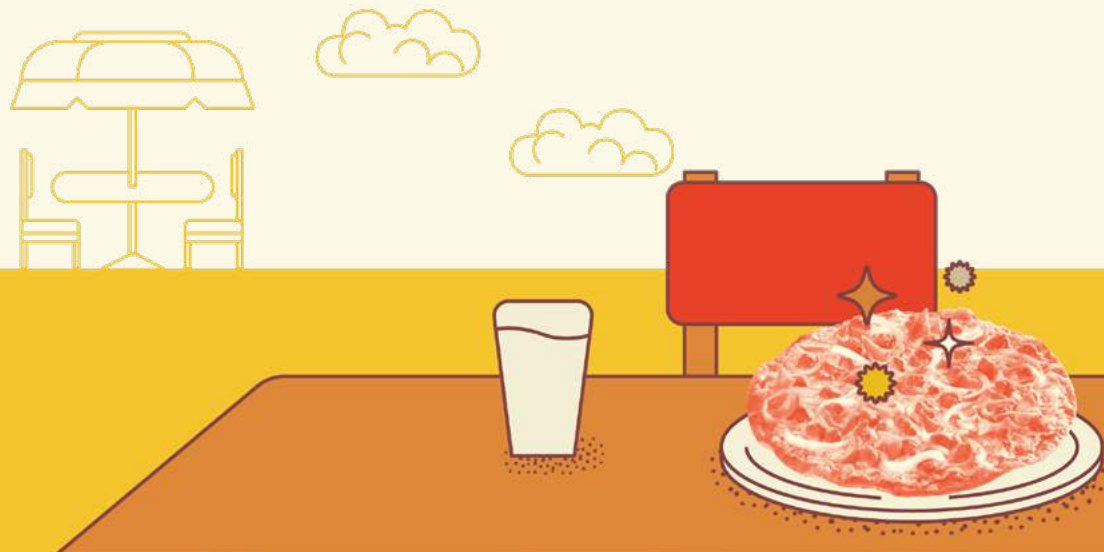
Co-processing is recognized by the United Nations Environment Programme (UNEP) as the environmentally preferred option for managing end-of-life plastics.

Since when has Shakey's Pizza been plastic neutral?

Last January 2021 marked PIZZA's second year of being "100 percent plastic-neutral". This followed a push in 2019 to hit this target by 2020, making it one of the first companies in the Philippines to pursue such an initiative.

What sparked the idea?

Consumer and retail companies, like PIZZA, face significant cost and performance challenges in finding more sustainable alternatives to plastic. There are immediately no good options to replace plastic packaging outside of the premium market. Nonetheless, reduction of plastic is a key pillar of the Company's sustainability strategy and, alongside PCEX, it has found plastic neutrality to be an innovative solution that provides a solution to the plastic problem whilst ensuring our services remain accessible and affordable to majority of Filipino consumers.



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.

In early 2021, we formalized and institutionalized Supplier Code of Conduct and Ethics covering actions of all raw material suppliers and service providers. It covers the following issues: (a) Human Rights (child labor, forced labor and human trafficking, non-discrimination, harassment, working hours, wages and

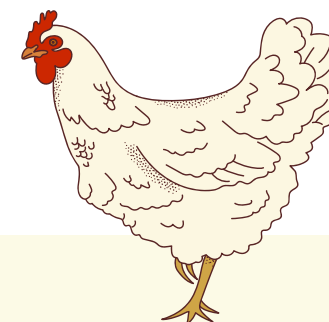
benefits), (b) Ethics (business integrity, no gift policy, fair competition, privacy and intellectual property, conflict of interest), (c) Health, Safety and Quality, (d) Environment, and (e) Management Systems.

The Supplier Code of Conduct covers the systematic assessment of suppliers' 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.

The role of our Board's Corporate Governance Committee was likewise expanded to include ESG matters, establishing board- level responsibility for supply chain management. We will also engage with NGOs, labor groups, or industry peers to be conversant with social supply chain issues and amend our Code of Conduct and Ethics when necessary, and will create formal channels that will enable workers throughout our supply chain to elevate concerns.



84%

of total procurement of food items is spent locally

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)

28

internal store audits

175

mystery guest audits

Potato supplier meets energy efficiency guidelines and is energy star certified

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

3 GOOD HEALTH
AND WELL-BEING



Pizza



Profit-Purpose Alignment

Product Development and Innovation

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.

15

new products in 2020

4

people in Research and Development
doing innovation



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 R&D 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.

Quality, Service, Cleanliness, Hospitality (QSCH) 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.

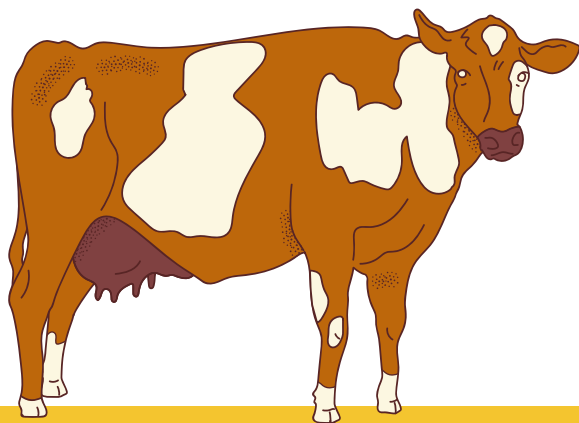
Our QSCH internal audit is conducted across all our stores thrice a year as internal validation of

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.



Healthier Products

In 2020, Shakey's Pizza has made its biggest move yet into the meat-free market, making available a plant-based burger across all of its outlets in the Philippines.

'Good Burger' tastes as good as any meat-based product out there, but is much healthier and friendlier to the environment.

Shakey's is the first major restaurant chain in the Philippines to move into the plant-based format in a big way, making meat-alternative affordable and accessible to a broader segment of the population.

The product's patty makes use of the local 'unMeat' brand, a recent innovation of sister company Century Pacific Food, Inc. – one of the largest branded food manufacturers in the Philippines.

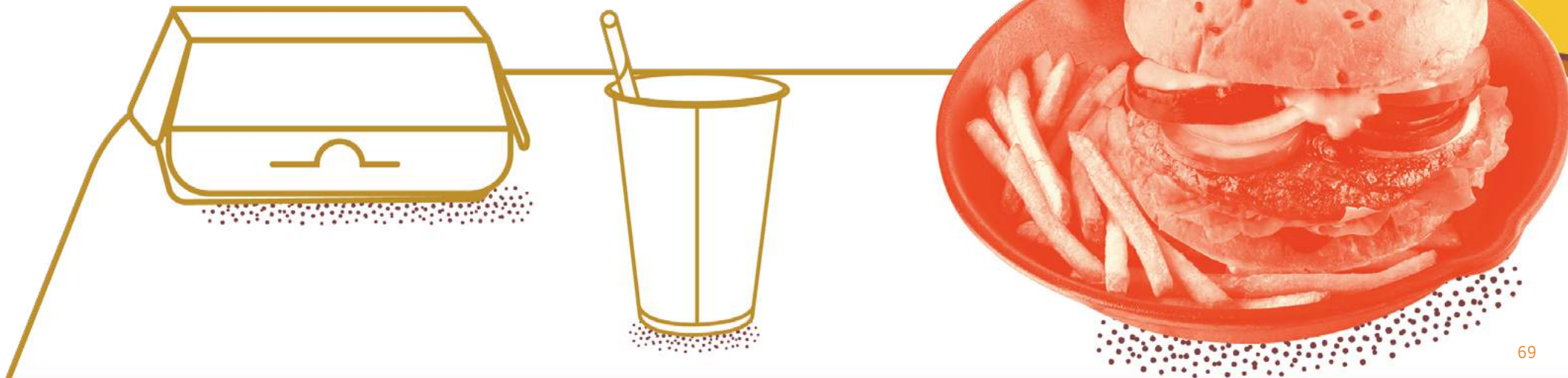
"unMeat", currently sold to institutional customers only, serves as a healthy meat alternative made with non-GMO plant-based ingredients, with no cholesterol and trans-fat content, while remaining a good source of protein and fiber.

For Shakey's, the result is a 100% meat-free patty that still provides that grilled-meat taste.

The Company has always wanted to land on a winning formula for a plant-based menu item, with environmental and health consciousness growing within a subsegment of the population. Since then, it has been working hard – alongside Century Pacific – to come up with just the right product that meets all its requirements – healthy, tastes good, priced affordably, and positive for the planet."

Following a series of focus group discussions and initial feedback from guests, we believe our new 'Good Burger' with 'unMeat' patty is the product we've been looking for and may even pleasantly surprise guests who are less familiar with plant-based menu items.

Apart from being plant-based, the supply chain for 'unMeat' also requires lower consumption of various natural resources such as water, land, and energy, and generates less greenhouse gas emissions compared to the production process for meat.

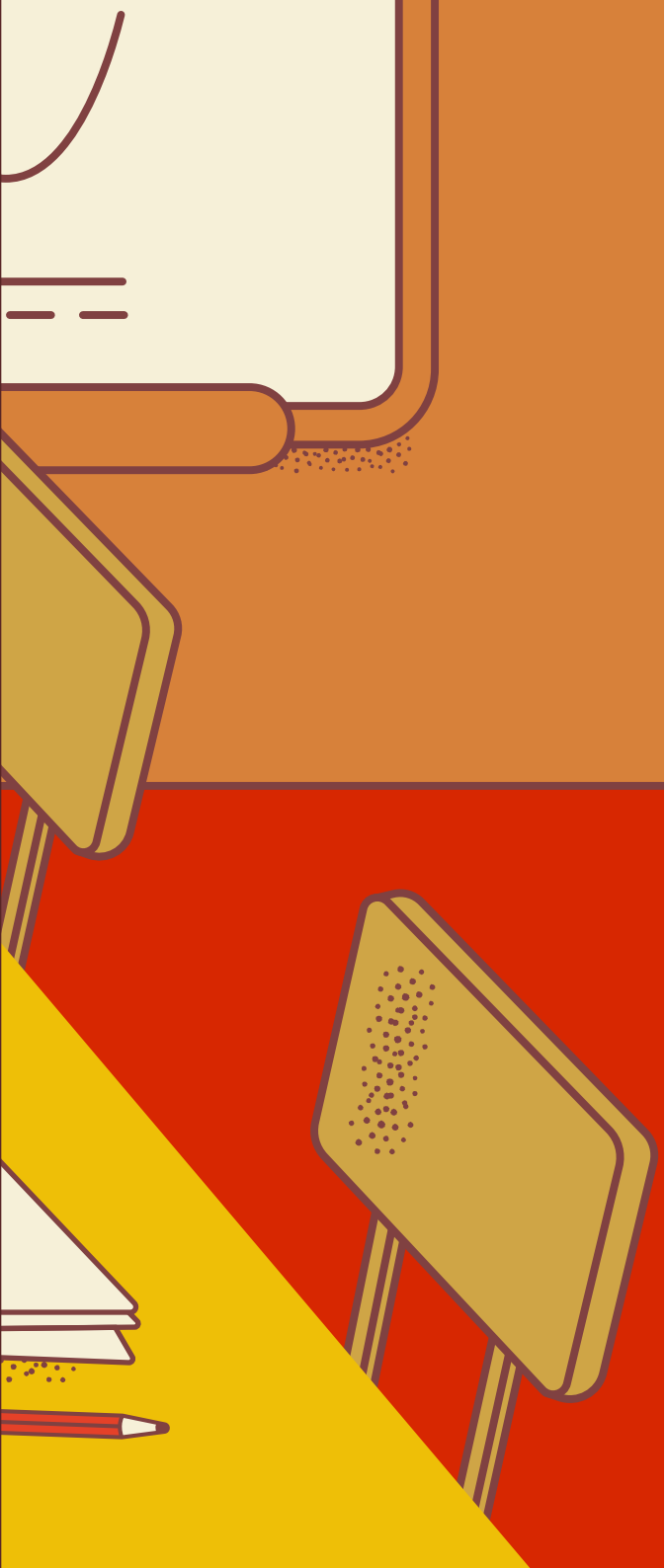


16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS



Governance





72

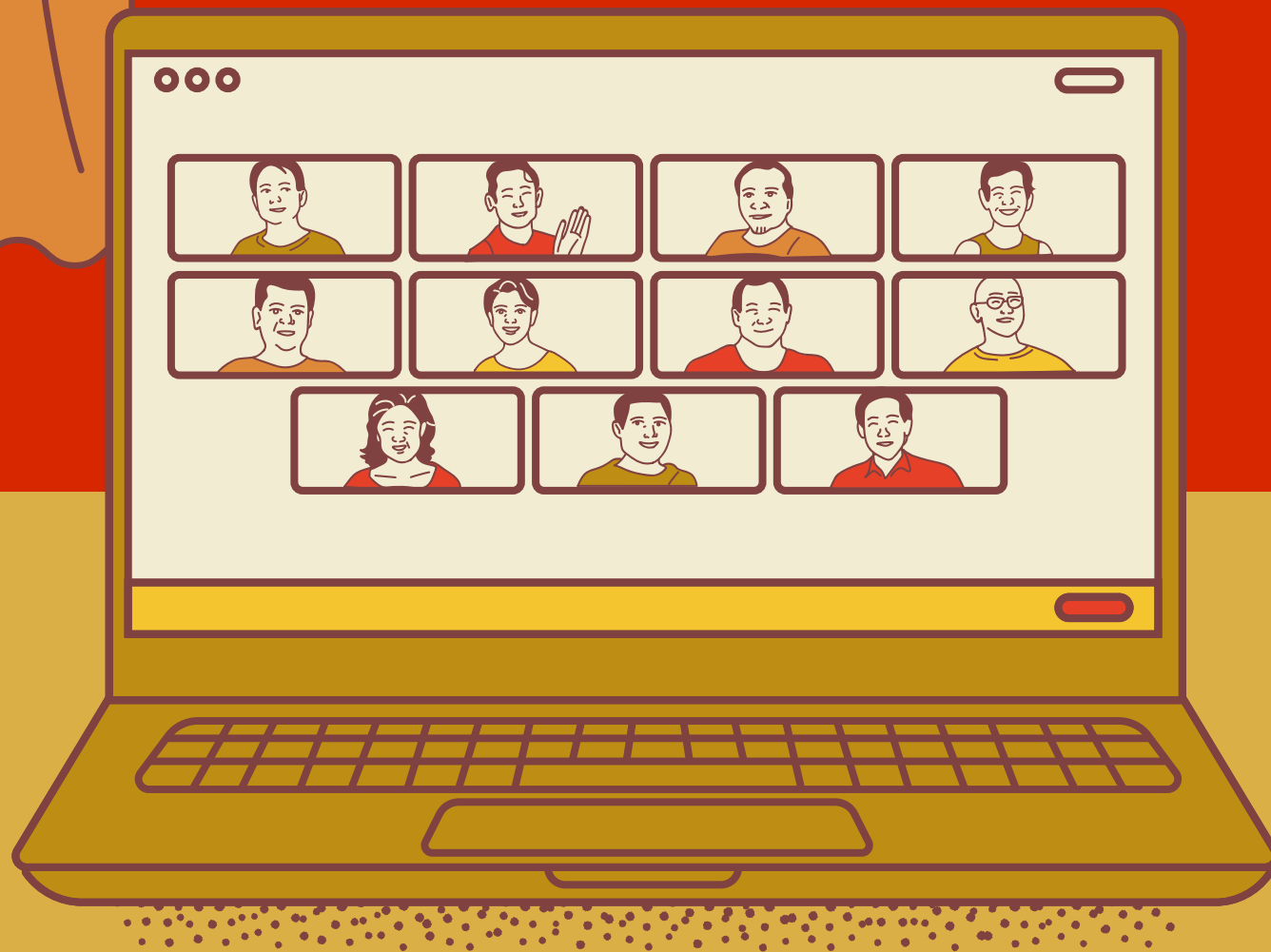
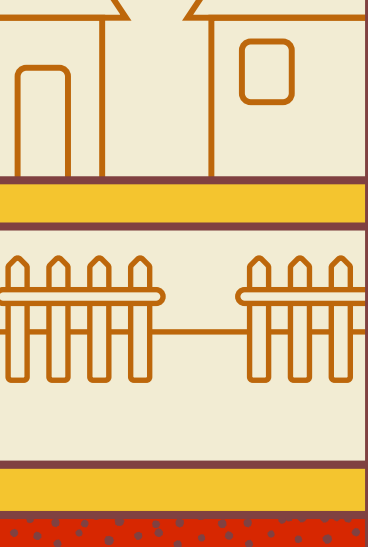
Our Board of
Directors

78

Leaders of the
Organization

84

Corporate
Governance



Our Board of Directors

102-23

102-27

Board of Directors

Christopher T. Po



Chairman
Filipino, 50

Date of Appointment
March 31, 2016

**Length of Service
(as of 31 December 2020)**
4 years

Academic/Professional Qualification

- Former Managing Director for Guggenheim Partners, a U.S. financial services firm where he was in charge of the firm's Hong Kong office
- Former Management Consultant at McKinsey and Company
- Former Head of Corporate Planning for JG Summit Holdings
- Graduated Summa Cum Laude from the Wharton School and College of Engineering of the University of Pennsylvania in 1991 with dual degrees in Economics (finance concentration) and Applied Science (system engineering)
- Holds a Master's Degree in Business Administration from the Harvard University Graduate School of Business Administration

- Member of the Board of Trustees of the Ateneo de Manila University as well as a member of the Board of Asia Society Philippines
- President of the CPG-RSPo Foundation

Present Directorship(s)/Position(s) Other Publicly Listed Companies — Affiliates

- Executive Chairman of Century Pacific Food, Inc.
- Director of Arthaland Corporation

Ricardo Gabriel T. Po



Vice Chairman
Filipino, 53

Date of Appointment
March 31, 2016

**Length of Service
(as of 31 December 2020)**
4 years

Academic/Professional Qualification

- Graduated Magna Cum Laude from Boston University with a Bachelor of Science degree in Business Management in 1990
- Completed the Executive Education Program (Owner-President Management Program) at Harvard Business School in 2000
- Former Executive Vice President and Chief Operations Officer of CNPF from 1990 to 2006

Present Directorship(s)/Position(s) Other Publicly Listed Companies — Affiliates

- Vice Chairman of Century Pacific Food, Inc.
- Vice Chairman of Arthaland Corporation

Teodoro Alexander T. Po



Vice Chairman
Filipino, 51

Date of Appointment
March 31, 2016

Length of Service
(as of 31 December 2020)
4 years

Academic/Professional Qualification

- Graduated Summa Cum Laude from Boston University with a Bachelor of Science degree in Manufacturing Engineering in 1990
- Completed the Executive Education Program (Owner-President Management Program) at Harvard Business School
- President and Chief Executive Officer of Century Pacific Food Inc, where he has held various positions since 1990. Designed, built, and managed several factories of the Group

Present Directorship(s)/Position(s)

Other Publicly Listed Companies — Affiliates

- Vice Chairman of Century Pacific Food, Inc.

Leonardo Arthur T. Po



Director and Treasurer
Filipino, 43

Date of Appointment
March 31, 2016

Length of Service
(as of 31 December 2020)
4 years

Academic/Professional Qualification

- Graduated Magna Cum Laude from Boston University with a Bachelor of Science degree in Business Administration
- 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

Present Directorship(s)/Position(s)

Other Publicly Listed Companies — Affiliates

- Treasurer and Director of Century Pacific Food, Inc.
- Director of Arthaland Corporation

Vicente L. Gregorio



Director, President & Chief Executive Officer

Filipino, 55

Date of Appointment

March 2013

Length of Service (as of 31 December 2020)

7 years

Academic/Professional Qualification

- Has more than 35 years of experience in the food business, 25 of which are in top executive positions of major food chains
- Led PIZZA since February 2003, overseeing the Company's achievement of consecutive double-digit growth for 16 years—a feat before seen in the food service industry
- 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

- Holds a Bachelor of Science degree in Electrical Engineering from the Central Colleges of the Philippines
- Earned units from the Business Administration Master's program of the Graduate School of Business at Ateneo de Manila University

Present Directorship(s)/Position(s) Non-Listed Companies/Organizations:

- Member of the board of the Philippine Franchise Association, Cavallino, Inc., Don Bosco Technical College, Bosconian International Chamber of Commerce, and Plan Master Insurance and Financial Services, Inc.

Eileen Grace Z. Araneta



Director

Filipino, 60

Date of Appointment

March 5, 2019

Length of Service (as of 31 December 2020)

1.9 years

Academic/Professional Qualification

- Has over 25 years of experience as a marketing and advertising practitioner, having held senior positions at Unilever Philippines and J. Walter Thompson
- Occupied a Southeast Asia regional post as Vice President of Brand Development for Knorr for Unilever
- Former Managing Director for Unilever Foods Philippines handling the Knorr, Lady's Choice, Best Foods, and Lipton brands
- Former 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

- Graduated Magna Cum Laude with a Bachelor of Science degree in Business Economics from the the University of the Philippines

Fernan Victor P. Lukban



Lead Independent Director
Filipino, 60

Date of Appointment
October 14, 2016

Length of Service
(as of 31 December 2020)
4 years

Academic/Professional Qualification

- Highly regarded consultant in family business, strategy, entrepreneurship, and governance
- Holds undergraduate degrees in engineering (Industrial Management - Mechanical from De La Salle University, Manila)
- Holds graduate degrees in economics (MSc in Industrial Economics from the Center for Research & Communication, now University of Asia & the Pacific) and in business (MBA from IESE Barcelona, Spain)
- Consultant, mentor, and guest lecturer at University of Asia & the Pacific
- Founding fellow of the Institute of Corporate Directors

Present Directorship(s)/Position(s)

Other Publicly Listed Companies - Affiliate Companies:

- Independent Director of Century Pacific Food, Inc.
- Independent Director of Arthaland Corporation

Other Non-Listed Companies:

- Director of Central Azucarera de Tarlac, Inc. (CAT)

Frances J. Yu



Independent Director
Filipino, 51

Date of Appointment
August 16, 2018

Length of Service
(as of 31 December 2020)
2 years

Academic/Professional Qualification

- Former Chief Retail Strategist of Mansmith and Fielders, Inc.
- Former Vice President and Business Unit Head of Rustan's Supermarket
- Former Vice President and Head of Marketing Operations for Rustan's Supercenters, Inc.
- Founder of FJY Consulting, Inc.
- Former Vice President and General Manager of a marketing research and consulting firm catering to the top 500 corporations in several sectors
- Former Chairperson for the National Retail Conference and Stores Asia Expo (NRCE) Programs Committee of the Philippine Retailers Association from 2003 to 2005
- Graduated Summa Cum Laude from Fordham University, New York with

a Bachelor of Arts degree in English Literature

Present Directorship(s)/Position(s)

Other Publicly Listed Companies - Affiliate Companies:

- Independent Director of Century Pacific Food, Inc.

Paulo L. Campos III



Independent Director
Filipino, 37

Date of Appointment
October 14, 2016

**Length of Service
(as of 31 December 2020)**
4 years

Academic/Professional Qualification

- Co-founder and Chief Executive Officer of ZALORA Philippines, having founded the company in late 2011
- Former 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
- Former Special Assistant to the President of Ayala Land, Inc.
- Holds a Master's degree in Business Administration from Harvard Business School

- Graduated Magna Cum Laude from Princeton University with a degree from Woodrow Wilson School of Public and International Affairs

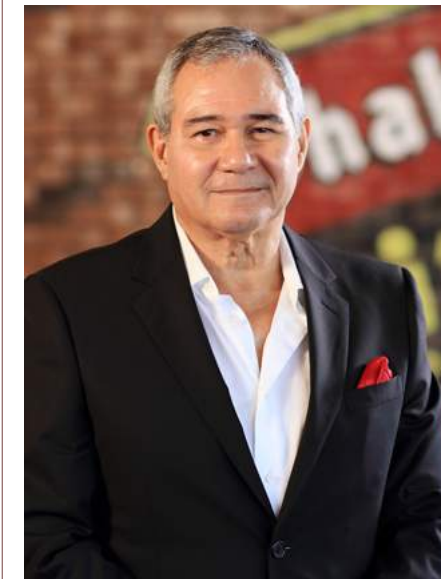
Ma. Pilar P. Lorenzo



Academic/Professional Qualification

- Graduate of Marymount College, New York with a Bachelor of Science degree in Business Administration major in Finance
- 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
- Currently serves as Chairman of Panda Development Corporation (Dunkin' Donuts franchisee), Director of Cavallino, Inc. (RACKS) and Tencav Corporation (Tenya)
- Member of The Beacon School's Board of Trustees

Leopoldo H. Prieto, Jr.

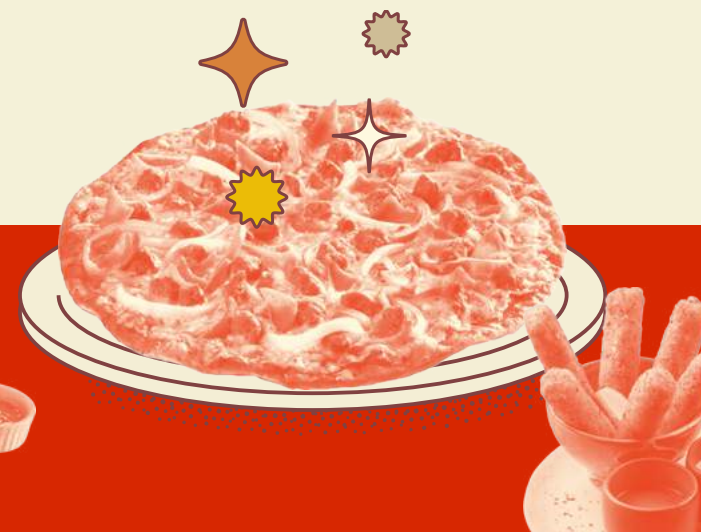


Academic/Professional Qualification

- Graduated from Georgetown University College of Arts and Sciences with a Bachelor of Arts degree in Economics and International Finance in 1971
- Chairman of IFFSI until the sale to Century Pacific Group
- Currently serves as Chairman of Cavallino, Inc. and Tencav Corporation
- Member of the Board of LLP Enterprises, Inc.



Leaders of the Organization



Vicente L. Gregorio



President & CEO

Year joined
2003

Experience

Has more than 35 years of experience in the food business, 25 of which are in top executive positions of major food chains. Under his leadership, the Company posted double-digit growth consecutively for the past 16 years. He earned units from the Business Administration Master's program of the Graduate School of Business at Ateneo de Manila University

Manuel T. Del Barrio



**Chief Finance Officer,
Chief Risk Officer,
Chief Information Officer**

Year joined
2016

Experience

Also serves as the Company's Compliance Officer. Previously the Assistant VP for Finance of CNPF and The Pacific Meat Company, Inc. Previously worked as an Industrial Accounting Manager in TEMIC Telefunken Semiconductors, Inc. and held accounting positions in Hooven Philippines and Sanara, Inc. A Certified Public Accountant and a Certified Management Accountant

Jorge Ma. Q. Concepcion



General Manager – Shakey's

Year joined
2014

Experience

Previously held the position of General Manager in Gallo Giro, Red Ribbon Bakeshop, Inc., and Hunts Universal Robina Corporation. Has also held various positions in California Manufacturing Company and was a Brand Manager of the Foods Division, Philippine Refining Company of Unilever Philippines. Has a Master of Science in Engineering and Operations Research from the University of the Philippines

Maria Elma C. Santos



General Manager – Peri Peri

Year joined
2004

Experience

Previously Shakey's Guest Engagement Director in 2015, and General Manager of Project Pie from 2016 to 2017. Mid of 2017, became Shakey's Delivery Systems Head and headed the HR Division of Shakey's until mid-2019. Currently leads the team of Peri-Peri as the General Manager starting from its acquisition in June 2019. She earned her Master's degree in Business Administration from the Ateneo-Regis Program

Alois Brielbeck



**General Manager – In-House
Commissary**

Year joined
2005

Experience

Moved to the Philippines in February 2000 as the Chief Operating Officer for Culinary Systems Specialists Inc., a company involved in the production of bakery products to both local and export markets. Held key positions in pastry kitchens in Hong Kong and Tokyo, Japan before moving to the Philippines. Fully-qualified Baker with a Baker Master Diploma from the Master School of Lochham in Munich, Germany

Jose Arnold Alvero



**Franchise & BD Head, VP-
International**

Year joined
2017

Experience

Has more than 37 years of transnational experience in Hotel Operations, Restaurant General Management, Franchising, Business Development, Strategic Planning, Mergers & Acquisitions, Market Entry Start-up, and Team Development. Held previous positions for Shakey's Philippines such as Business Unit GM for Franchised Store Operations, Director for Franchise and Business Development, and Planning and Business Development Director

Rodrigo Nanjari



Chief Technology Officer

Year joined
2020

Experience

Has more than 14 years of experience in various IT industries such as Banking, Utilities, Telcos, HR and Fintech. Former CTO of Truemoney and Storm Technologies. He was responsible for assembling and leading a multicultural Product and Engineering team deployed in China, Philippines, Vietnam, and Chile to support the implementation of Fintech services in multiple telecommunication firms in China and SEA countries

Gilbert L. Tolentino



Shakey's CBU Director and GM For R&B Tea

Year joined
2006

Experience

Has 33 years of experience in the food industry and has handled different departments like Operations, Training, Organization Development, Franchising, Business Development, and Technical Services. Previously the Group Training Manager for Pancake House, Dencio's, and Teriyaki Boy. He has been with PIZZA for 15 years

Kelda Centeno



Delivery Business Unit And Digital Acceleration Director

Year joined
2019

Experience

Former Chief Operating Officer of Storm Technologies. Founder and Managing Director of Adobo Connection, Chopstop, and Sisig Society. Started her career in Unilever and handled two of the largest hair brands in the country. She graduated from Ateneo de Manila University's Management Honors Program with latin honors

Mary Jennifer S. Tan



Group Procurement Director

Year joined
2016

Experience

Leads corporate procurement for Century Pacific Food, Shakey's Pizza and Pacifica Homes. Has over 20 years of extensive experience in end-to-end supply chain management, including strategic sourcing, procurement, logistics and third party manufacturing management in the Philippines and the ASEAN region. Previously held procurement leadership positions at Coca-Cola FEMSA, Avon Products and SCJohnson. Earned MBA units from De La Salle University. Holds a bachelor's degree in Chemical Engineering from De La Salle University

Severino M. Manotok IV



Technical Services Director

Year joined
2016

Experience

A licensed Mechanical Engineer and an accomplished senior manager. Previously served as the Maintenance Manager under Technical Services and eventually the Logistics Manager under Materials Management Department for Shakey's Philippines starting 2004. He was a Property Administration and Purchasing Head for a multinational bank from 2008 before rejoining the Company in 2016

Samuel Basilio D. Baltazar



Systems and Project Management Director

Year joined
2019

Experience

Previously served as General Manager in electronics at Megacomm, Inc. and educational publishing at Rex Bookstore, Inc. Has served various positions in Red Ribbon Bakeshop Inc - from Plant Operations to Restaurant Systems and Quality Management. He completed his Masters Degree in Business Administration from De La Salle University

Jennifer V. Lapa



**Executive Development
Consultant**

Year joined
2013

Experience

Graduated with a bachelor's degree in Foreign Service from St. Theresa's College. Obtained her Cognate in Organization Development, major in Enterprise Leadership and her PhD in Organization Development from the National University of Singapore. Worked as VP for Human Resources for The Expressions Company; Former President of Enthos, Inc. Former AVP – Organization and Management Development at San Miguel Beer Group. Former VP of HR for the Greater China business of San Miguel Brewing Group International

Giovanna M. Vera



Investor Relations Director

Year joined
2016

Experience

Held leadership roles in major M&A and capital-raising initiatives of the Century Pacific Group. Awarded as Best IR Officer Small-Mid Cap and Rising Star in Southeast Asia by IR Magazine in 2019 and Best IR Professional in the Philippines by Institutional Investor in 2020. Chartered Financial Analyst. Holds a bachelor's degree in Management Engineering from Ateneo de Manila University and holds a Master's Degree in Business Administration from Columbia Business School

Rolando H. Bonifacio



Guest Engagement Director

Year joined
2003

Experience

Currently heads the QSCH and WeCare Shared Services of Shakey's. Started his career in the food industry as a Shakey's crew in 1982 and became QSCH Supervisor in 1988. Assigned as Assistant Operations Manager of Tia Maria's Mexican Restaurant from 1991 to 1994, a Shakey's acquisition back then

Maria Florentina Cuevas-Capili



**Franchise
and Business
Development Head**

Year joined
2020

Experience

Has over 30 years of experience in the mall and restaurant industries. She spearheaded the first international mall project in District 7 of Ho Chi Minh City in Vietnam. After working in Vietnam, she worked in Robinsons Land Corporation and Filinvest Land. Currently handles local and international business development for all SPAVI brands. Holds a bachelor's degree in Hotel and Restaurant Administration from University of the Philippines

Regina R. Asa



**Corporate
Marketing
Manager**

Year joined
2014

Experience

Worked in Operations and Marketing for Shakey's Philippines since 2004. Also served as Special Projects Manager. Outside the organization, she led the Delivery Department of Kenny Rogers Roasters Philippines. Returned to Shakey's as the Shakey's Channel Marketing Manager in 2014. She played a key role in one of the most successful Marketing Promotions and New Product launches for Shakey's as Corporate Marketing Manager. Holds a bachelor degree in Business Administration

Gale Roque



R&D Manager

Year joined
2018

Experience

Has 20 years of experience as a Research and Development and Quality Assurance professional, mostly in the foodservice industry from QSR to full-service restaurant chains. Currently serves as the R&D Manager for Shakey's, leading both Research and Development and Quality Assurance units for the brand. Graduated from the University of the Philippines-Diliman with a Bachelor of Science in Food Technology

Kathrina M. David



**Supply Chain
Manager**

Year joined
2017

Experience

Supply Chain Manager of Shakey's Pizza, Peri-Peri and R&B Tea, bringing in almost 14 years of experience in Procurement, Audit and Accounting. Prior to this role, she was the Shared Services Manager for SPAVI, handling Corporate Procurement and Administrative Shared Services. She holds a bachelor's degree in accountancy from Holy Angel University and is a Certified Purchasing Professional

Catherine Joyce B. Espinoza



Call Center Manager

Year joined
2015

Experience

Started her career at Sykes Asia Inc., one of the biggest and pioneer call center in the Philippines. Formerly the Assistant Manager for Delivery Systems and Services of Yellow Cab Pizza Co. and former Business Channel – Delivery Officer of Jollibee Foods Corp, managing all of the Jollibee brands before joining Shakey's in 2015. Holds a bachelor's degree in Computer Science

Atty. Maria Rosario Ybanez



Corporate Secretary

Year joined
2018

Experience

She concurrently serves as the Legal Counsel and Compliance Officer of CNPF. Atty. Ybanez graduated with a Bachelor of Arts degree in Legal Management from the Ateneo de Manila University and obtained her J.D. from the Ateneo de Manila School of Law. She has been involved in the practice of Civil, Labor, Criminal, Corporate and Intellectual Property laws since 2001

Atty. James Earl Chew



**Corporate Legal Counsel and
Data Protection Officer**

Year joined
2016

Experience

Graduated from Ateneo de Davao University with a degree in Political Science Major in Political Science and Government and immediately took Law in Far Eastern University Institute of Law. His fields of legal practice are in labor, corporate, tax, civil and privacy laws where he is invited to speak on these topics in various public and private forums. He joined Shakey's in 2016 to lead the Employee Relations Department and in 2017 became the first In-House Legal Counsel of the company and its subsidiaries

Ma. Veronica P. Mercado



**CBU Operations
Manager**

Year joined
2008

Experience

Previously worked at Kenny Rogers Roaster in 2001 as a Restaurant Manager. Joined Shakey's as a Restaurant Manager, eventually becoming one of the pioneers of the Restaurant General Management Program. Promoted as an Area Business Manager handling both Company-Owned and Franchise stores. Holds a bachelor's degree in Hotel and Restaurant Management from La Consolacion College Manila

Emily Alvarez



**CBU Operations
Manager**

Year joined
1999

Experience

She has been serving Shakey's for over 30 years, starting as a Restaurant Staff and rising through the ranks as a Restaurant Manager. She was given the opportunity to become an Area Manager, handling Company owned and Franchise stores. She is now the Operations Manager of more than 60 Company-Owned stores. Holds a bachelor's degree in Industrial Engineering from Mapua Institute of Technology

Celeste Tubu



**FBU Operations
Manager**

Year joined
1999

Experience

She started as a Restaurant Staff in Shakey's and climbed the ladder in Store Operations. Promoted as Area Business Manager in 2010, and an Operations Manager of the North Business Unit handling in 2018. Since 2019, she has been assigned as the Operations Manager, handling multi-store franchisees. Holds a bachelor's degree in Foreign Service from Lyceum of the Philippines

Lixles B. De Mesa



**Franchise
Operations
Manager**

Year joined
2013

Experience

Has several years of experience in different Food Industries. Previously worked at the Peacock Rest at Century Park Hotel. Also worked as Senior Area Manager for Kenny Rogers, and as a General Manager for Dunkin Donuts (Franchised). Joined Shakey's in 2013 as Area Manager. Holds a bachelor degree in Hotel & Restaurant Management from St Paul College Manila

Mary Joy S. De Villa



Marketing Head, Peri Peri and R&B

Year joined
2020

Experience

Has 19 years of experience in consumer marketing, both local and international. Prior to working in Shakey's, she held key leadership roles in the Asia Pacific Region of TGI Fridays, and the Southeast Asia region of Outback Steakhouse. She holds a Master in Business Administration from Ateneo de Manila University Graduate School of Business, and has recently completed the Entrepreneurship Essentials course in Harvard Business School Online.

Donato M. Dalisay



Peri Peri Delivery Head

Year joined
1999

Experience

Has several years of experience in Operations, Quality Assurance & Systems, and Delivery. Since 2008, he has held several positions within the company such as Operations Manager, Quality Assurance, and Systems Manager where he has led the enhancement of key operational systems design and concepts that aided Operations in achieving optimum business results.

Ma. Dolores Isip



Peri Peri Operations Manager

Year joined
2000

Experience

She started her career at Equitable Bank prior to joining Shakey's. In 2000, she joined the company as a Shift Manager. She climbed the ranks and was promoted to Restaurant Manager, and then eventually a Restaurant General Manager. She is currently the Operations Manager of Peri-Peri. She holds a bachelor's degree in Behavioral Science from University of Santo Tomas

Roger S. Briones



Learning and Development Manager

Year joined
1999

Experience

He started his professional career in Shakey's as a rank and file employee then promoted to Restaurant Manager. He was transferred to the Learning and Development Department and handled important programs such as Restaurant Staff and Management Development as an Assistant Training Manager. Holds a bachelor's degree in Sociology from the Polytechnic University of the Philippines

Jesher H. Vidon



Financial Accounting Manager

Year joined
2015

Experience

Prior to joining the Company, he was an Auditor at SyCip Gorres, Velayo and Co. In Shakey's, he previously held the position of General Accounting Manager. Concurrently, he serves as Financial Accounting Manager and Project Automation Champion of Finance and Accounting in the Company. He is also a Certified Public Accountant. Holds a bachelor's degree in Accountancy from Araullo University- PHINMA

Marilyn P. Jaring



Financial Planning and Analysis Manager

Year joined
2017

Experience

Her career started in the banking industry as a Branch Operations Officer. She then served as a Sales Analyst for Red Ribbon Bakeshop and as a Business Performance Manager for One Food Group handling the Mister Donut brand. Currently, she serves as Financial Planning & Analysis Manager for Shakey's and Peri-Peri. She holds a bachelor's degree in Economics from Adamson University

Darel Pallesco



Corporate Internal Audit Manager

Year joined
2014

Experience

A former internal auditor of SGV & Co. / Ernst & Young Philippines working on various consulting engagements on risk management, internal controls and governance with clients from diverse industries. He has worked for multinational companies including PMFTC Inc. and Johnson & Johnson. He is a Certified Internal Auditor and a Certified Public Accountant. He holds a bachelor's degree in Accountancy from San Sebastian College - Recoletos de Cavite

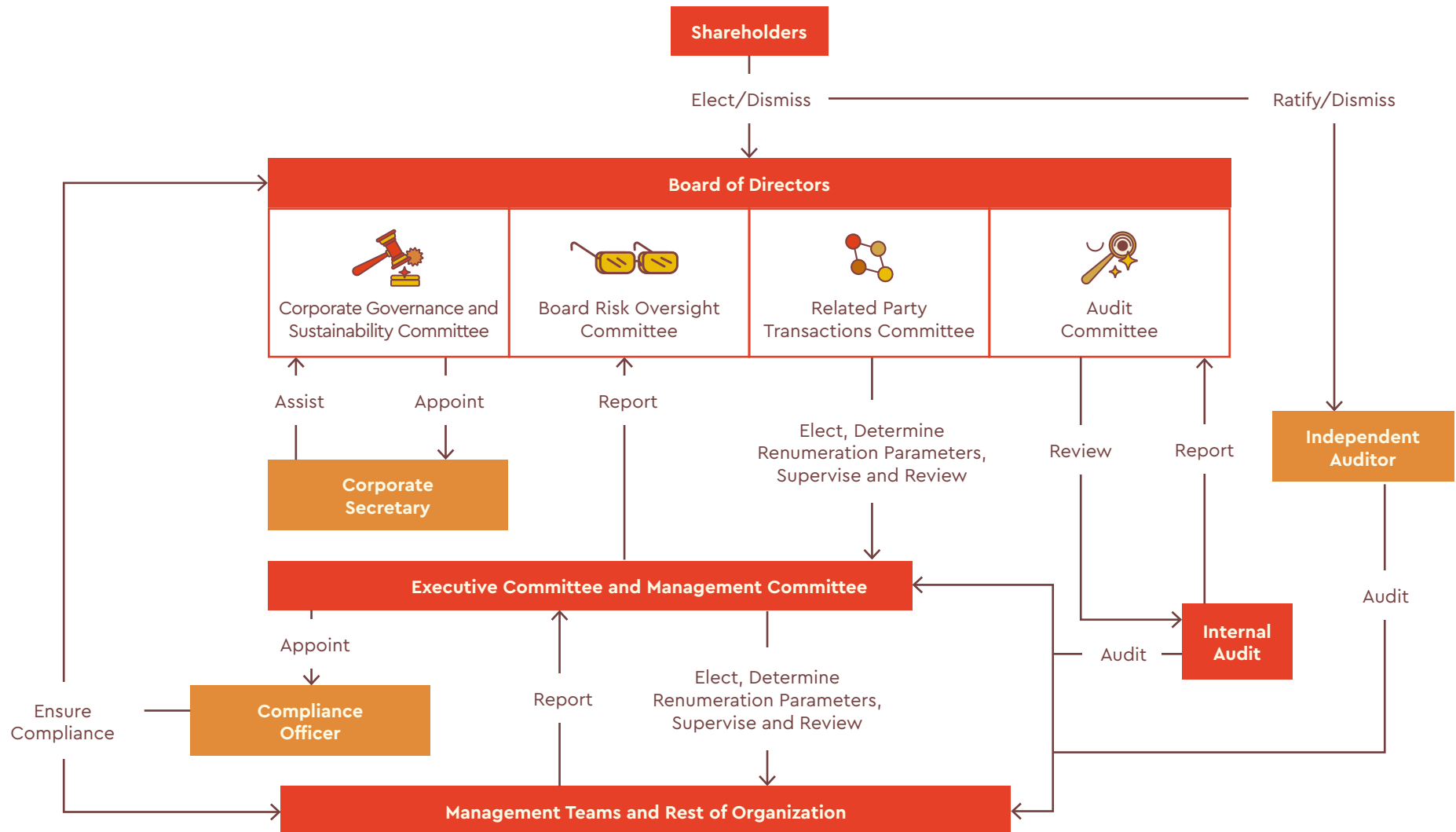


Corporate Governance

102-18	102-19	102-20	102-22	102-24	102-26	102-28
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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.

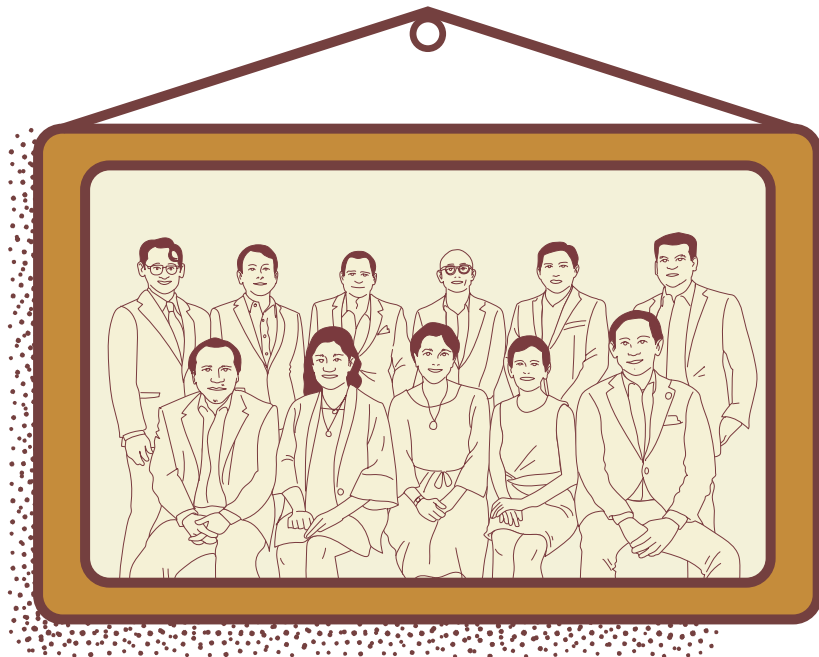


Shareholders

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

1. Participating and voting during stockholders' meetings
2. Exercising the appraisal right on instances stated in Section 81 of the Corporation Code
3. Voting and being voted as director or officer of the Company
4. Inspecting records of all the Company's business transactions and minutes of any meeting
5. Receiving dividends declared by the Board of Directors
6. 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

1. Approve the selection and assess the performance of Senior Management and other control functions
2. Ensure an effective performance management framework is in place to certify Management and personnel performance are on par with set standards
3. 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
4. Attend and actively participate in all meetings of the Board and its respective committees
5. Oversee the development of and approve business objectives and strategies and monitor their implementation
6. Assure the Company has an appropriate internal control system, including a mechanism for managing potential conflicts of interest of the Board, Management, and shareholders
7. Make certain there is a sound enterprise risk management framework for key business risks

To Shareholders

1. Encourage active shareholder participation and minimize costs and administrative impediments to said participation
2. Be transparent about and fairly promote shareholder rights, and provide processes and procedures for them to follow
3. Attend and actively participate in all shareholders' meetings
4. Have a formal and transparent board nomination and election policy
5. 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.

Composition of the Board of Directors

The Board of Directors is to have a collective working expertise that is relevant to the Company's industry or sector.

Majority of the Board should consist of non-executive directors in order to secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances.

Additionally, at least three or one-third of the Board, whichever is higher, must be independent directors.

This ensures that no director or group of directors can dominate the decision making process, protecting the Company's interest over the interest of individual shareholders.

A lead independent director is designated should the Chairman of the Board not be independent and is authorized to lead the Board in cases where management has clear conflicts of interest.

The diversity of our Board of Directors is vital as we aim to create a diverse and inclusive organization. The Company's Board Diversity Policy can be found in its Board Charter.

Current Composition



Directors

■ EXECUTIVE DIRECTOR

■ NON-EXECUTIVE DIRECTOR

Independent Directors

9
Board members

33%
Independent

52
Average age

2 Board Seats
Held in Publicly
Listed Companies
on Average

Qualifications

The Board ensures that it has an appropriate mix of competence and expertise. Its members should also remain qualified for their positions individually and collectively in order to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.

Some of the qualifications of directors include the following:

1. College education or equivalent academic degree

2. Practical understanding of the business of the Company
3. Good standing in the relevant industry, business, or professional organization
4. Relevant previous business experience

In addition to the above, non-executive directors can only concurrently serve as directors in a maximum of five publicly listed companies to ensure he or she can allot sufficient time for company matters.

Training

The Company has set guidelines and procedures concerning the orientation program for first-time directors.

Its directors attended corporate governance seminars conducted by the Institute of Corporate Directors (ICD) in August 2020.

Succession Plan

The Board ensures that an effective succession planning program for directors and key officers is in place. This is to help secure the continuous growth of the Company.

Board Meeting Attendance

C – CHAIRMAN

VC – VICE CHAIRMAN

M – MEMBER

Details	Membership and Attendance		
	Stockholder & Board		
Meeting	Annual Stockholder	Regular*	Special*
No. of Meetings	1	4	14
Christopher T. Po Chairman	C 1/1	C 4/4	C 14/14
Teodoro Alexander T. Po Vice Chairman	— 1/1	M 4/4	VC 14/14
Ricardo Gabriel T. Po Vice Chairman	— 1/1	VC 4/4	VC 14/14
Vicente L. Gregorio President	— 1/1	M 4/4	M 14/14
Leonardo Arthur T. Po Treasurer	— 1/1	M 4/4	M 14/14
Eileen Grace Z. Araneta Director	— 1/1	M 4/4	M 14/14
Fernan Víctor P. Lukban Independent Director	— 1/1	M 4/4	M 14/14
Paulo L. Campos III Independent Director	— 1/1	M 4/4	M 14/14
Frances J. Yu Independent Director	— 1/1	M 4/4	M 14/14

* IN 2020 AND DURING THE INCUMBENCY OF THE DIRECTOR

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.

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 10 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 2020 during the Annual Stockholders' Meeting last July 15, 2020, 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 2020, SyCip Gorres Velayo & Co. was paid PHP3.11 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 July 15, 2020.

Corporate Governance and Sustainability Committee

The Corporate Governance and Sustainability 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.

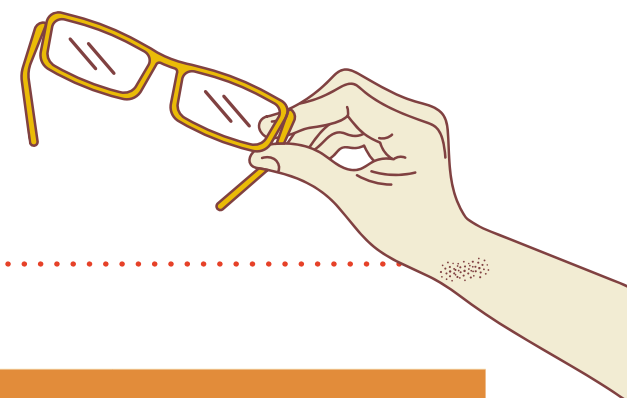
The Committee's responsibilities will be expanded to include sustainability matters which involve environmental, social, and sustainability governance concerns.

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.

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.



Committee Meeting Attendance

C – CHAIRMAN M – MEMBER

Details	Membership and Attendance			
	Board Committee			
Meeting	Audit Committee	Corp Gov and Sustainability Committee	Board Risk Oversight Committee	Related Party Transactions Committee
No. of Meetings	4	2	1	2
Ricardo Gabriel T. Po Vice Chairman	M 4/4	—	M 1/1	M 2/2
Fernan Victor P. Lukban Independent Director	C 4/4	M 2/2	M 1/1	M 2/2
Paulo L. Campos III Independent Director	M 4/4	—	C 1/1	C 1/1
Frances J. Yu Independent Director	—	M 2/2	C 1/1	—

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 July 15, 2020, 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 2020.

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 July 15, 2020. He attended his training on corporate governance conducted by the ICD in August 2020.

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.

**Report of the Audit Committee to the Board of Directors
For the year ended 31 December 2020**

The Audit Committee is tasked to oversee Senior Management in maintaining an effective internal control framework. The Audit Committee held meetings every quarter last year and discussed the following:

1. Results of the Internal Audit; Discussions with external auditor SGV for 2019 Audit
2. 2nd Quarter accomplishments
3. Post-COVID 19 Restructuring
4. Internal Audit Results summary as of July 31, 2020
5. Right-sizing Initiatives
6. Preparation for 2020 Audit
7. Wrap-Up 2020: Internal Audit Results

**Report of the Corporate Governance and Sustainability Committee to the Board of Directors
For the year ended 31 December 2020**

The Corporate Governance and Sustainability Committee is tasked with ensuring that good corporate governance principles and practices are complied with and observed by the company. In line with this mandate, the Committee met twice and accomplished the following in 2020:

1. Moving from Corporate Social Responsibility to sustainability purpose-driven journey. Assign the Subcommittee to focus on the ESG issues and on expanding the Corporate Governance Subcommittee's scope beyond the governance but to environmental and social as well.
2. Discussed the Company's Sustainability Framework to be focused on (1) People, for Employees, Guests and Communities; (2) Planet, for Natural Resource Efficiency, Environmental Impact Management and Supply Chain Management; (3) Pizza, for best-in-class products and Industry pioneer; and (4) Good governance.
3. Approval of Amended Corporate Governance and Sustainability Charter

**Report of the Board Risk Oversight Committee to the Board of Directors
For the year ended 31 December 2020**

The Board Risk Oversight Committee is tasked to oversee the Company's enterprise risk management system to ensure its functionality and effectiveness. The Committee discussed the following:

1. COVID-19 risk assessment and mitigation measures
2. Issues in supply chain, right-sizing, and risks relating to health and safety in stores and in the office.

**Report of the Related Party Transactions Committee to the Board of Directors
For the year ended 31 December 2020**

The Related Party Transactions Committee is tasked to review all material related party transactions of the Company. The Committee discussed the following:

1. Amounts covering related party transactions of the Company with affiliates in the Century Pacific Group of Companies



Code of Business Conduct and Ethics

103-1

103-2

103-3

102-17

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205-1

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.

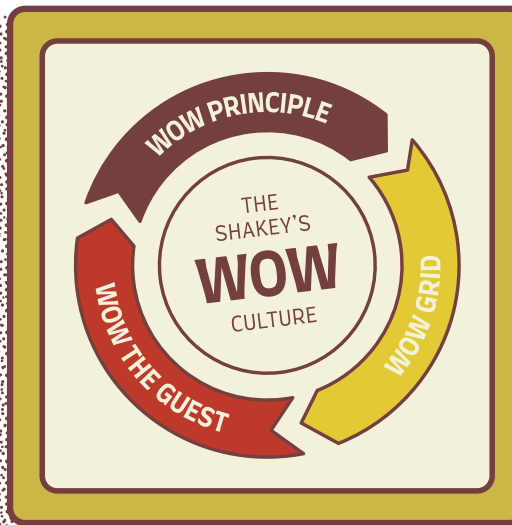
Employment and labor laws and policies

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

Whistle-blower

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

**Fun,
Family,
Pizza!**



**Happiness is
a place called
Shakey's**

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.



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.

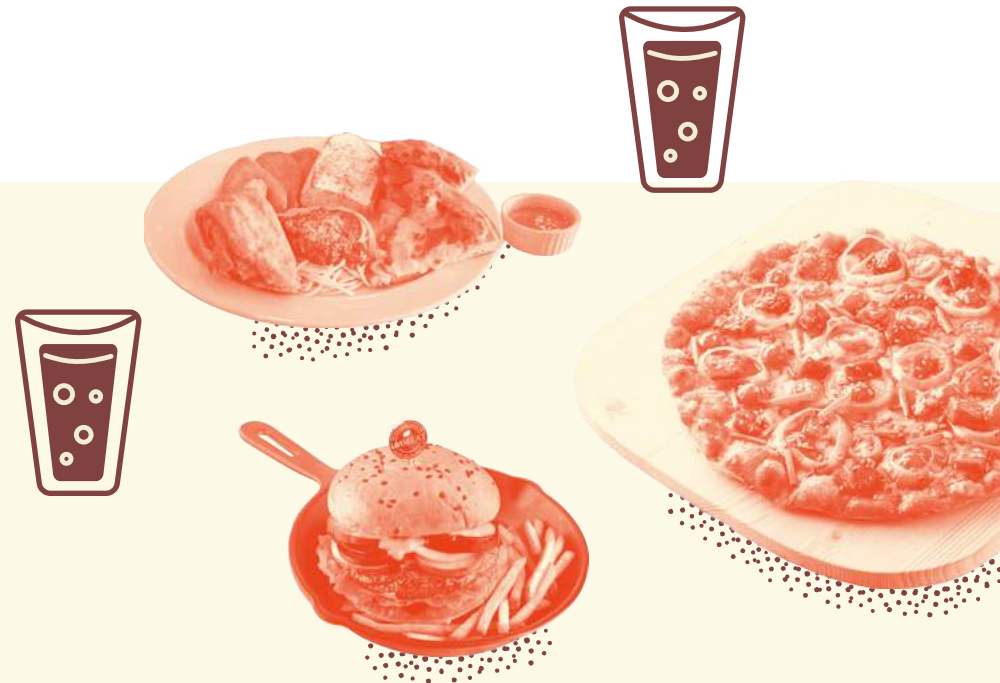
Any incident that erodes consumer affinity for our brands could significantly reduce their value and damage our business. We may be adversely affected by news reports or other negative publicity regardless of their accuracy regarding food quality issues, public health concerns, illness, safety, injury, 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

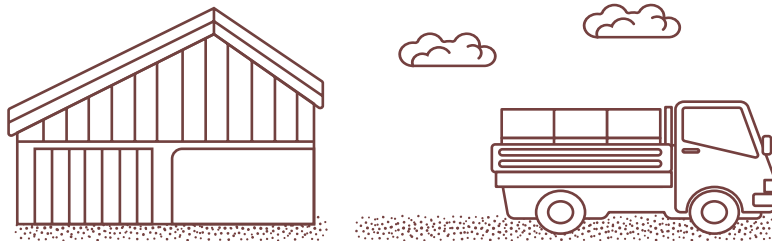
Changes in food and supply costs and availability could adversely affect our results of operations.

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 profitability.

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.



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. 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.

.....

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.

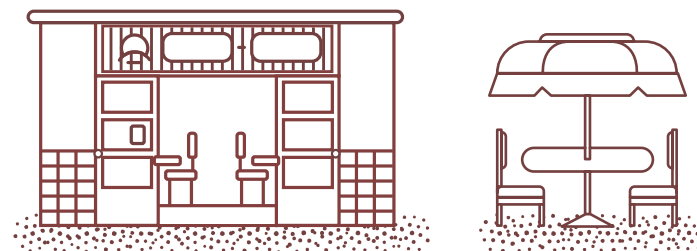


Franchisees are independent contractors and are not our employees, and we do not exercise control over their day-to-day operations. A portion of our revenues comes from royalties and sales of raw materials and supplies and equipment to our franchisees which we expect to continue in the future. Accordingly, 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.



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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Statement of Management's Responsibility for Consolidated Financial Statements	Independent Auditor's Report	Financial Statements
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Investor Relations

Last March 2020, the spread of COVID-19 forced the Philippine government to place various areas in the country under lockdown, forcing various businesses to shut down. As the largest casual dining brand in the Philippines, our company was severely affected, following the temporary closure of our stores (91% at its peak) and suspension of dine-in services.

What makes this crisis a challenge is not knowing when things will go back to normal. In our company's forty-five years of existence, this pandemic is truly one of, if not the most disruptive event in the industry.

At this critical juncture, our job in IR is to ensure constant and timely communication with our stockholders. As such, the team kept investors informed by providing sufficient information despite the uncertainty, so that they can also make informed decisions in this "new normal."

Our IR team recognized that it is during these uncertain and challenging times that we need to be more visible and transparent when engaging with our investors.

At the onset of quarantine measures, we immediately updated our investors of how this has affected our operations and our planned action steps. During investor calls, we allotted a significant amount of time discussing updates and entertaining investor queries to better understand their concerns.

Moreover, we continuously updated them about critical developments and highlighted our long-term priorities and competitive strengths as we look beyond the crisis.

We ensured that investor communications – websites, presentation decks, annual reports, one-on-one and group virtual meetings and email correspondence – are consistent in providing a clear picture of our current state of operations and strategy. Most

importantly, our team ensured that the Chairman and CEO increased their engagement with investors and analysts during this crucial time for our company.

One of the worst-hit businesses in this pandemic is the restaurant industry. As much uncertainty looms with regard to the future of our industry, our IR team understands that in these trying times, the main priority of the company is to become more transparent.

In IR, we also involve ourselves in the day-to-day operations of the business. From attending daily crisis meetings to giving insights during key decision-making sessions, the team believes that this level of involvement benefits both the company and its investors. Moreover, our participation not only signifies that the interests and concerns of stockholders are always taken into consideration whenever management makes important decisions, but also ensures that we are able to provide investors the best service in this very challenging time.

In recognition of our efforts, we were nominated in the IR Magazine South East Asia Awards for Best in Crisis Management. As a leader in our industry, our company believes that it should continue to be at the forefront of upholding the best practices and best values of prioritizing the safety and welfare of our stakeholders. As these efforts continue to materialize, our IR team will continue to exert our best efforts in protecting the interests of our stockholders.

PIZZA iR

Investor Relations Team

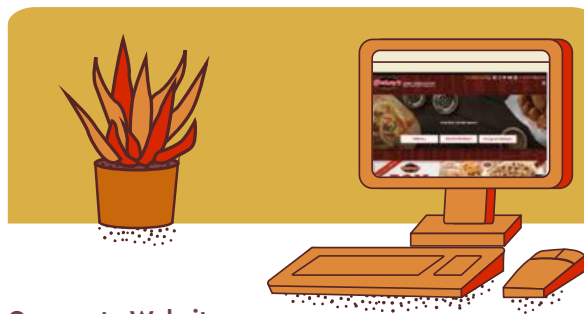
Giovanna Vera
Jaclyn Jimenez
Dappy Tecson
Myrose Victor
investorrelations@shakeys.biz



How We Engage



Glossy Annual Report



Corporate Website
(shakeypizza.ph)

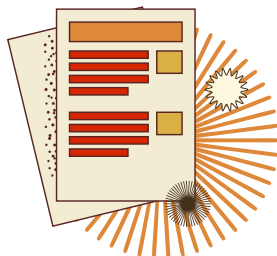


Conference Calls on Quarterly Financial Results

April 6: Full Year 2019 Earnings Call
June 1: First Quarter 2020 Earnings Call
August 12: Second Quarter 2020 Earnings Call
November 11: Third Quarter 2020 Earnings Call



Non-Deal Roadshows
to Key Financial Market
Centers



10 Press Releases

Investor Conferences Attended

2 in-person



6 virtual



Attainment of Sell-Side Coverage from Brokerages

Institution	Analyst	Latest call
BPI	Colleen Gatchalian	HOLD
CLSA	Joyce Ramos	BUY
COL Financial	John Luciano	HOLD
Credit Suisse	Hazel Tanedo	OUTPERFORM
Regis	Carissa Mangubat-Reyes	BUY



Traditional and Social
Media Coverage

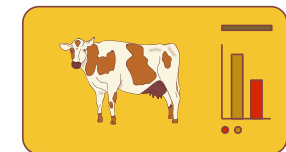
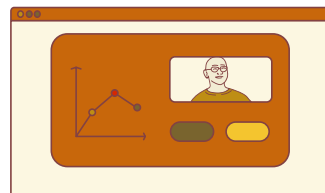
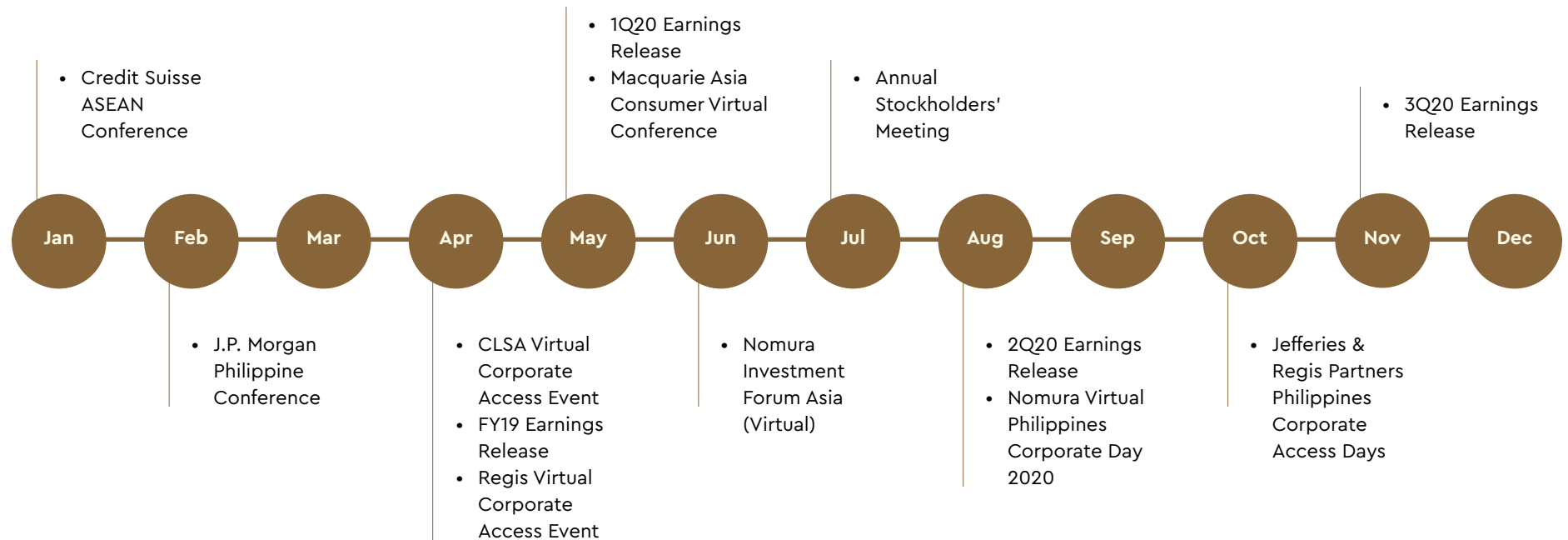


Selected Manufacturing
Site Visits



Welcoming Annual General Meeting

Investor Relations Calendar



Stock Highlights

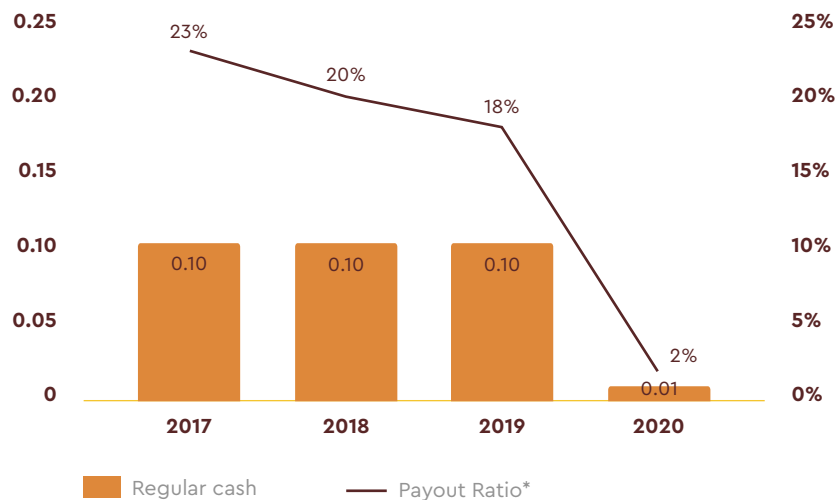
102-5

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

Dividend history



*Of previous year's net income

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.

-22.2%

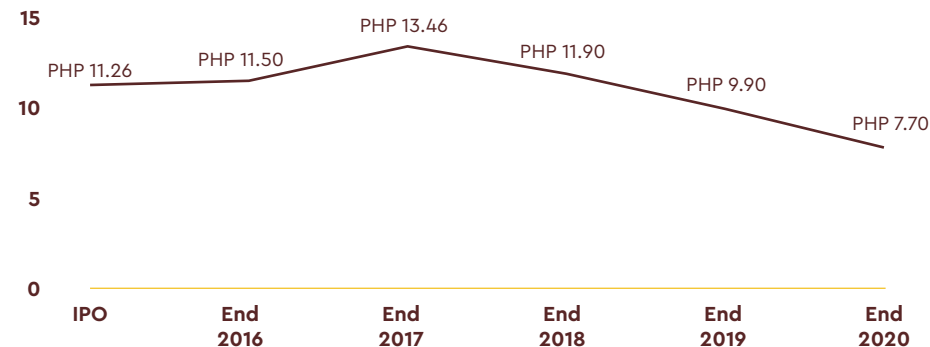
Year-on-Year Return

-31.6%

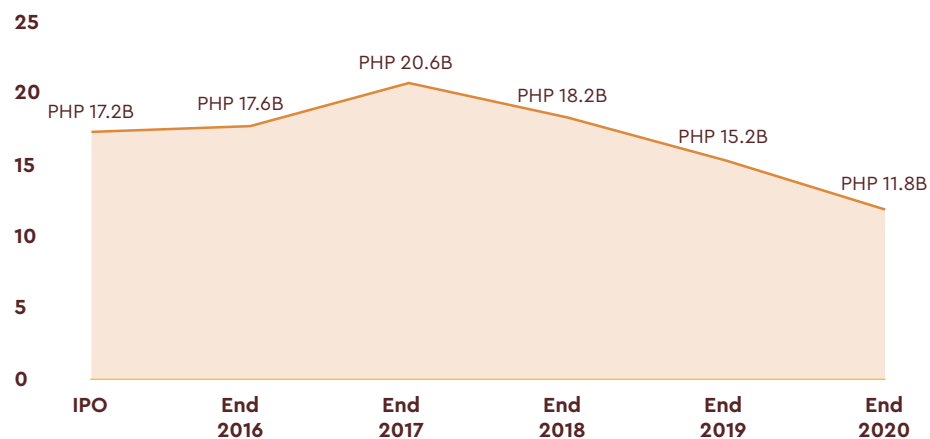
Increase Since IPO

Stock performance

Stock price



Market capitalization



Shareholders

21%
Others

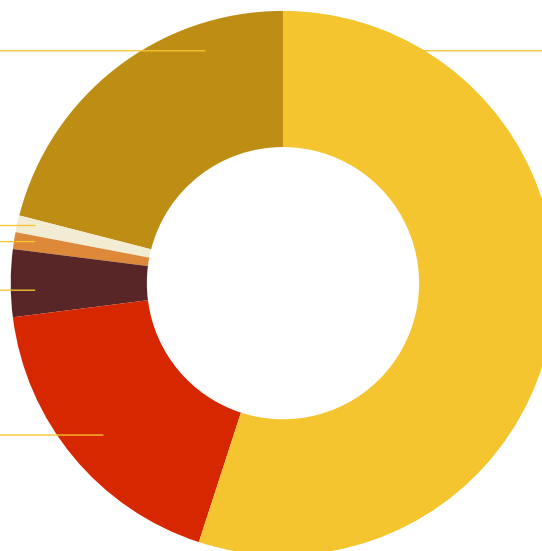
1%
Schroders PLC

1%
Norges Bank

4%
Prieto Family

18%
GIC Private Equity

55%
Century Pacific Group, Inc



Source: Bloomberg, April 2021

Annual Stockholders' Meeting

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

Share Capital

As of end 2020, 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 PHP7.70 per share, the market capitalization of the Company's common shares as of end-2020 was PHP11,791,172,108.

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?cmpy_id=664

Management's Discussion and Analysis

Consolidated Statements of Financial Position

PIZZA had consolidated total assets of Php12.22 billion as of December 31, 2020, a decrease versus total assets of Php12.33 billion as of end-2019. This is primarily attributable to the decline in the company's working capital due to the impact of the pandemic.

Cash and cash equivalents

As of end 2020, cash and cash equivalents totaled Php608 million. Cash includes cash on hand and in banks while cash equivalents are short-term, highly liquid investments that are easily convertible to cash.

Trade and other receivables

Trade and other receivables was at Php561 million as of year-end 2020 compared to Php709 million in 2019, a decrease of 21% due to lower third party trade receivables.

Inventories

As of December 31, 2020, inventories remained steady at Php445 million from Php477 million in 2019.

Property, plant, and equipment

Consolidated net property, plant, and equipment stood at Php1.42 billion as of year-end 2020. Capital expenditures for the year reached Php252 million, which were invested in the building of new stores and improvements in the corporate office and commissary.

Intangible assets

Intangible assets remained steady at Php7.05 billion from Php6.98 billion in 2019.

Accounts payable and other current liabilities

Accounts payable and other current liabilities decreased by 17% for the full-year 2020 to Php801 million from Php962 million during the previous year.

Loans payable

As of December 31, 2020, the Company's total interest-bearing debt stood at Php4.84 billion. Short-term loans amounting to Php1.05 billion was used to support the Company's operations amidst the COVID-19 pandemic.

Total long-term loans payable stood at Php3.79 billion, which was primarily used prior to the Company's IPO in 2016 for the acquisition of the in-house commissary, as well as the trademark companies holding the rights and trademarks of the Shakey's brand.

Capital stock and Additional paid-in capital

For the twelve months ending December 31, 2020, there are no changes in the Company's total capital stock which stood at Php1.53 billion and additional paid-in capital of Php1.35 billion.

Consolidated Statements of Comprehensive Income

PIZZA saw its full-year 2020 bottomline hit negative Php254 million, driven primarily by the impact of the COVID-19 pandemic on the restaurant industry. This compares with 2019's reported net income of Php865 million.

System-wide sales reached Php6.6 billion, equivalent to 64% recovery of 2019 sales. For most of 2020, the Philippines was under different phases of lockdowns which, at its peak, forced the temporary closure of 91% of the Company's store network at the end of March. Quarantine measures have however since eased with store traffic inching up slowly during the second half of 2020.

Revenues and System-wide Sales

System-wide sales, which comprises sales from both company-owned and franchise stores, declined by 36% from Php10.38 billion to Php6.62 billion as of end 2020. On a same-store sales basis, excluding the impact of closed stores, sales were down 30% 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 Php5.3 billion, dropping by 36% from reported revenues of Php8.2 billion for the twelve months ending December 31, 2019.

Cost of Sales

For the year ending 2020, consolidated cost of sales declined by 25% from Php5.8 billion in 2019 to Php4.4 billion.

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

Gross Profit

Consolidated gross profit amounted to Php933 million for the full year 2020, representing a 61% decline from Php2.41 billion in the previous year. This yielded a gross profit margin of 18%, a significant decrease versus the previous year's 29%.

General and Administrative Expenses

For the twelve months ending December 31, 2020, consolidated general and administrative expenses totaled Php973 million, representing a cost-to-sales ratio of 18%. This is higher than 13% during the same period in 2019.

Operating Income

Consolidated operating income turned negative at Php40 million loss in 2020, a reversal from Php1.36 billion in 2019. This was primarily driven by significantly lower sales due to the COVID-19 pandemic.

Net Interest Expense

Interest expense of Php333 million was recorded for the twelve months ending December 31, 2020. 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 Php1.1 billion loan incurred to support the Company's operations at the height of the pandemic.

Other Income

Consolidated other income totaled Php2 million as of year-end 2020, a decline from the previous year's Php59 million. This is composed mainly of income from rent concession, other income from franchisees, service income and loss from store retirement.

Net Income

For the year ending 2020, consolidated net income after tax reached negative Php254 million. This is a reversal from 2019's recorded net income after tax of Php865 million.

Consolidated Statements of Cash Flows

Consolidated net cash provided by operating activities amounted to Php328 million for the full-year 2020, 81% lower versus the previous year's Php1.70 billion. The decrease is primarily attributable to the deterioration in overall profitability due to the COVID-19 pandemic.

Consolidated net cash used in investing activities was Php238 million. This is mainly attributable to capital expenditures for new store openings and other corporate investments.

Consolidated net cash provided by financial activities was Php9.6 million in 2020, with loan availments utilized for interest payments and dividends.

All in all, net cash generated for the year totaled Php100 million, leading to cash and cash equivalents balance of Php608 million at year-end 2020.



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, 2020 and 2019, and each of the three years in the period ended December 31, 2020, 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

Vicente L. Gregorio
President and CEO

Manuel T. Del Barrio
Chief Financial Officer

Independent Auditor's Report



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

Tel: (632) 891 0307
Fax: (632) 819 0872
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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

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, 2020 and 2019, 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, 2020, 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, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2020 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 Philippine Accounting Standards 36, Impairment of Assets, the Group is required to annually test the amount of goodwill and trademarks with indefinite life for impairment. As at December 31, 2020, 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 with indefinite life amounting to 5,549.3 million, are considered significant to the consolidated financial statements since these account for 56% 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. These assumptions are also subject to higher level of estimation uncertainty due to the current economic conditions which have been impacted by the coronavirus pandemic.

The Group's disclosures about goodwill and trademarks with indefinite life are included in Notes 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 included 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 and other relevant external data, taking into consideration the impact associated with the coronavirus pandemic. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about these assumptions to which the outcome of the impairment test is most sensitive, specifically those that have the most significant effect in the determination of the recoverable amount of goodwill and trademarks with indefinite life.

Finalization of Purchase Price Allocation 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. As required by PFRS 3, Business Combinations, the Group shall recognize adjustments to the provisional amounts recognized as if the accounting for the business combination had been completed as of acquisition date. The final amount of 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 identification and determination of the fair values of the assets and liabilities acquired and the allocation of the purchase price to these assets and liabilities. Management judgment was required to determine that the acquisition has met the requirements of a business and management estimation 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 final 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 Peri-Peri business 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, 2020, 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, 2020, 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.

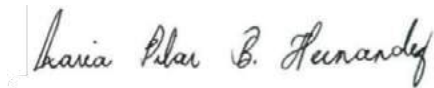
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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. 8534306, January 4, 2021, Makati City

April 30, 2021

Financial Statements

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

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash (Notes 8 and 31)	₱607,674,132	₱507,701,190
Trade and other receivables (Notes 9, 18 and 31)	561,004,570	709,483,495
Financial assets at fair value through profit or loss (Notes 12, 31 and 32)	120,000,000	120,000,000
Inventories (Note 10)	444,941,572	477,127,376
Prepaid expenses and other current assets (Note 11)	132,042,576	123,970,333
Total Current Assets	1,865,662,850	1,938,282,394
Noncurrent Assets		
Property and equipment (Note 13)	1,419,634,223	1,615,292,163
Intangible assets (Notes 6 and 14)	7,051,509,002	6,976,828,720
Right-of-use assets (Note 15)	1,311,464,060	1,413,623,270
Deferred input value-added tax	48,423,974	67,963,872
Deferred tax assets – net (Note 30)	350,172,528	154,972,558
Rental deposits (Notes 16, 31 and 32)	173,125,540	165,662,780
Total Noncurrent Assets	10,354,329,327	10,394,343,363
TOTAL ASSETS	12,219,992,177	12,332,625,757

LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans payable (Notes 19 and 31)	₱1,050,000,000	₱550,000,000
Accounts payable and other current liabilities (Notes 17, 18 and 31)	801,171,873	964,311,116
Current portion of:		
Lease liabilities (Note 15)	211,544,249	224,333,251
Long-term loans payable (Notes 20 and 31)	48,099,942	48,120,934
Contract liabilities (Note 22)	16,020,186	18,517,499
Income tax payable	3,156,468	82,626,816
Total Current Liabilities	2,129,992,718	1,887,909,616
Noncurrent Liabilities		
Noncurrent current portion of:		
Lease liabilities (Note 15)	1,319,058,770	1,374,293,912
Long-term loans payable (Notes 20 and 31)	3,740,497,427	3,788,597,369
Contract liabilities (Note 22)	73,600,393	90,652,460
Accrued pension costs (Note 27)	131,238,332	78,310,299
Dealers' deposits and other noncurrent liabilities (Note 32)	41,240,550	44,355,755
Total Noncurrent Liabilities	5,305,635,472	5,376,209,795
Total Liabilities	7,435,628,190	7,264,119,411
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 (Note 21)	1,964,168,269	2,233,070,767
Other components of equity (Note 27)	(64,680,132)	(49,440,271)
Total Equity	4,784,363,987	5,068,506,346
TOTAL LIABILITIES AND EQUITY	₱12,219,992,177	₱12,332,625,757

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, 2021. The consolidated financial statements should be read in conjunction with the notes. A copy of the full set of consolidated financial statements may be downloaded through the Company's website (www.shakeyspizza.ph)

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

	Years Ended December 31		
	2020	2019	2018
REVENUE FROM CONTRACTS WITH CUSTOMERS (Notes 18 and 22)	₱5,296,771,546	₱8,239,093,787	₱7,578,718,618
COST OF SALES (Notes 18 and 23)	(4,364,157,309)	(5,827,018,168)	(5,399,319,411)
GROSS INCOME	932,614,237	2,412,075,619	2,179,399,207
GENERAL AND ADMINISTRATIVE EXPENSES (Note 24)	(972,712,600)	(1,051,602,075)	(973,225,277)
INTEREST EXPENSE (Note 28)	(333,303,573)	(311,472,803)	(188,515,123)
OTHER INCOME – Net (Note 29)	4,890,761	59,306,933	64,578,557
INCOME (LOSS) BEFORE INCOME TAX	(368,511,175)	1,108,307,674	1,082,237,364
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 30)			
Current	73,691,665	267,337,508	257,160,480
Deferred	(188,613,552)	(24,266,101)	(15,838,544)
	(114,921,887)	243,071,407	241,321,936
NET INCOME (LOSS)	(253,589,288)	865,236,267	840,915,428
OTHER COMPREHENSIVE INCOME (LOSS)			
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)	(21,826,279)	(94,811,325)	32,982,022
Tax effect (Note 27)	6,586,418	28,443,398	(9,894,607)
	(15,239,861)	(66,367,927)	23,087,415
TOTAL COMPREHENSIVE INCOME (LOSS)	(268,829,149)	798,868,340	864,002,843
Basic/Diluted Earnings (Loss) Per Share (Note 35)	₱(0.17)	₱0.57	₱0.55

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, 2021. The consolidated financial statements should be read in conjunction with the notes. A copy of the full set of consolidated financial statements may be downloaded through the Company's website (www.shakeyspizza.ph)

SHAKEY'S PIZZA ASIA VENTURES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

	Capital Stock	Additional Paid-in Capital	Retained Earnings	Cumulative Actuarial Gain (Loss) – Net of Tax	Total
Balances at January 1, 2020	₱1,531,321,053	₱1,353,554,797	₱2,233,070,767	₱(49,440,271)	₱5,068,506,346
Total comprehensive loss	–	–	(253,589,288)	(15,239,861)	(268,829,149)
Cash dividends (Note 21)	–	–	(15,313,210)	–	(15,313,210)
Balances at December 31, 2020	1,531,321,053	1,353,554,797	1,964,168,269	(64,680,132)	4,784,363,987
Balances at January 1, 2019, as previously reported	1,531,321,053	1,353,554,797	1,668,017,627	16,927,656	4,569,821,133
Effect of adoption of PFRS 16	–	–	(147,051,022)	–	(147,051,022)
Balances at January 1, 2019, as restated	1,531,321,053	1,353,554,797	1,520,966,605	16,927,656	4,422,770,111
Total comprehensive income (loss)	–	–	865,236,267	(66,367,927)	798,868,340
Cash dividends (Note 21)	–	–	(153,132,105)	–	(153,132,105)
Balances at December 31, 2019	1,531,321,053	1,353,554,797	2,233,070,767	(49,440,271)	5,068,506,346
Balances at January 1, 2018	1,531,321,053	1,353,554,797	980,234,304	(6,159,759)	3,858,950,395
Total comprehensive income	–	–	840,915,428	23,087,415	864,002,843
Cash dividends (Note 21)	–	–	(153,132,105)	–	(153,132,105)
Balances at December 31, 2018	1,531,321,053	1,353,554,797	1,668,017,627	16,927,656	4,569,821,133

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, 2021. The consolidated financial statements should be read in conjunction with the notes. A copy of the full set of consolidated financial statements may be downloaded through the Company's website (www.shakeyspizza.ph)

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

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	₱(368,511,175)	₱1,108,307,674	₱1,082,237,364
Adjustments for:			
Depreciation and amortization (Note 26)	497,433,459	554,013,596	230,752,920
Interest expense (Note 28)	333,303,573	311,472,803	188,515,123
Provision for legal and other contingencies (Note 29)	34,779,970	–	2,253,030
Movements in:			
Accrued pension costs	31,101,754	(2,834,838)	(5,819,145)
Accrued rent	–	–	25,671,725
Loss (gain) on:			
Disposal of property and equipment (Note 29)	18,749,687	1,883,436	118,201
Pre-terminations of leases (Notes 15, 20 and 29)	(14,584,239)	–	–
Disposal of inventory	(5,498,534)	–	–
Accretion income (Notes 16 and 29)	(4,243,006)	(3,990,747)	(3,981,670)
Interest income (Notes 8 and 29)	(2,886,826)	(2,345,458)	(1,706,189)
Unrealized foreign exchange gain (loss) (Note 29)	332,437	(1,963,181)	(1,256,949)
Fair value gain on financial assets at fair value through profit or loss (FVPL) (Note 29)	(589,306)	(1,016,240)	–
Income before working capital changes	519,387,794	1,963,527,045	1,516,784,410
Decrease (increase) in:			
Trade and other receivables	148,478,925	(349,939,376)	78,002,176
Inventories	37,684,338	124,018,343	(234,939,140)
Prepaid expenses and other current assets	14,740,059	95,883,964	(8,063,520)
Increase (decrease) in			
Accounts payable and other current liabilities	(195,597,433)	162,622,351	(208,035,606)
Contract liabilities (Note 36)	(23,430,428)	(9,656,214)	(7,036,891)
Cash generated from operations	501,263,255	1,986,456,113	1,136,711,429
Income taxes paid (including creditable withholding taxes)	(175,974,315)	(285,269,628)	(217,143,095)
Interest received	2,886,826	2,345,458	1,706,189
Net cash provided by operating activities	328,175,766	1,703,531,943	921,274,523

CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of:			
Property and equipment (Notes 6 and 13)	₱(167,168,602)	₱(417,493,846)	₱(434,122,382)
Financial assets at FVPL (Note 12)	(120,000,000)	(270,139,412)	–
Software (Note 14)	(85,158,730)	(178,159,719)	–
Franchise right (Note 14)	(4,964,977)	–	–
Peri-Peri business (Note 6)	–	(774,521,166)	–
Proceeds from:			
Redemption of financial assets at FVPL	120,589,306	151,155,652	–
Disposal of property and equipment	10,455,402	56,159,830	29,737,309
Decrease (increase) in:			
Deferred input value-added tax	19,539,898	(4,512,041)	32,214,343
Rental and other deposits (Note 36)	(5,432,721)	(44,662,438)	(8,757,317)
Increase (decrease) in dealers' deposits and other noncurrent liabilities (Note 35)	(5,368,235)	(16,769,843)	32,256,215
Net cash used in investing activities	(237,508,659)	(1,498,942,983)	(348,671,832)
CASH FLOWS FROM FINANCING ACTIVITIES (Note 36)			
Proceeds from short-term loans (Note 19)	1,500,000,000	800,000,000	–
Payments of:			
Lease liabilities (Note 15)	(203,225,951)	(278,999,874)	–
Short-term loans (Note 19)	(1,000,000,000)	(250,000,000)	(50,109,891)
Interest	(221,822,567)	(200,496,593)	(182,073,515)
Dividends (Note 21)	(15,313,210)	(153,132,105)	(153,132,105)
Long-term loans	(50,000,000)	(50,000,000)	–
Net cash provided by (used in) financing activities	9,638,272	(132,628,572)	(385,315,511)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(332,437)	1,963,181	1,496,101
NET INCREASE IN CASH	99,972,942	73,923,569	188,783,281
CASH AT BEGINNING OF YEAR (Note 8)	507,701,190	433,777,621	244,994,340
CASH AT END OF YEAR (Note 8)	₱607,674,132	₱507,701,190	₱433,777,621

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, 2021. The consolidated financial statements should be read in conjunction with the notes. A copy of the full set of consolidated financial statements may be downloaded through the Company's website (www.shakeyspizza.ph)

General Disclosures		Omissions	
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 7	
	102-2 Activities, Brands, Products, and Services	Our Business Presence, Page 10	
	102-3 Location of Headquarters	Contact Information, Page 130	
	102-4 Location of Operations	https://www.shakeypizza.ph/store-locator	
	102-5 Ownership and Legal Form	Stock Highlights, Page 104-105	
	102-6 Markets Served	Our Business Presence, Page 10	
	102-7 Scale of the Organization	Providing Good Times and Great Memories, Page 7	
	102-8 Information on Employees and Other Workers	Talent Acquisition and Management, Page 56	
	102-9 Supply Chain	Creating Value Across Our Business, Page 46	
	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 68	
	102-12 External Initiatives	Communities, Page 59	
	Strategy		
	102-14 Statement from Senior Decision-Maker	Message from the Chairman, Page 23 The President's Letter, Page 25	
	102-15 Key Impacts, Risks, and Opportunities Risk Management.	Risk Management, Page 94-96	
	Ethics and Integrity		
	102-16 Values, principles, standards, and norms of behavior	What Keeps Us Going, Page 20-22	
	102-17 Mechanisms for advice and concerns about Ethics	Code of Business Conduct and Ethics, Page 92-93	
	Governance		
	102-18 Governance structure	Corporate Governance, Page 84-91	
	102-19 Delegating authority	Our Sustainability Journey, Page 50-53 Corporate Governance, Page 84-91	

102-20 Executive-level responsibility for economic, environmental, and social topics	Our Sustainability Journey, Page 50-53 Corporate Governance, Page 84-91		
102-21 Consulting stakeholders on economic, environmental, and social topics	How We Engage with Stakeholders, Page 48-49		
102-22 Composition of the highest governance body and its committees	Corporate Governance, Page 84-91		
102-23 Chair of the highest governance body	Our Board of Directors, Page 72-77		
102-24 Nominating and selecting the highest governance body	Corporate Governance, Page 84-91		
102-25 Conflicts of interest	Code of Business Conduct and Ethics, Page 92-93		
102-26 Role of highest governance body in setting purpose, values, and strategy	Corporate Governance, Page 84-91		
102-27 Collective knowledge of highest governance body	Our Board of Directors, Page 72-77		
102-28 Evaluating the highest governance body's performance	Corporate Governance, Page 84-91		
102-29 Identifying and managing economic, environmental, and social impacts	Our Sustainability Focus, Page 42-44		
102-30 Effectiveness of risk management processes	Risk Management, Page 94-97		
102-31 Review of economic, environmental, and social topics	Creating Value Across Our Business, Page 46		
102-32 Highest governance body's role in sustainability reporting	Message from the Chairman, Page 23		
102-33 Communicating Critical Concerns	Workplace Culture and Environment, Page 57		
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		
Stakeholder Engagement				
102-40 List of Stakeholder Groups	How We Engage with Stakeholders, Page 48-49			
102-41 Collective Bargaining Agreements	How We Engage with Stakeholders, Page 48-49			
102-42 Identifying and Selecting Stakeholders	How We Engage with Stakeholders, Page 48-49			
102-43 Approach to Stakeholder Engagement	How We Engage with Stakeholders, Page 48-49			
102-44 Key Topics and Concerns Raised	How We Engage with Stakeholders, Page 48-49			
Reporting Practice				
102-45 Entities Included in the Consolidated Financial Statements	Stock Highlights, Page 104-105			
102-46 Defining Report Content and Topic Boundaries	Our Sustainability Focus, Page 42-44			
102-47 List of Material Topics	Our Sustainability Focus, Page 42-44			
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 2			
102-51 Date of Most Recent Report	About the Report, Page 2			
102-52 Reporting Cycle	About the Report, Page 2			
102-53 Contact Point for Questions Regarding the Report	About the Report, Page 2			
102-54 Claims of Reporting in Accordance with the GRI Standards	About the Report, Page 2			
102-55 GRI Content Index	GRI Content Index, Page 120-127			
102-56 External Assurance	No external assurance was conducted.			

Material Topics			Omissions	
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 56 Communities, Page 59		
	103-2 The Management Approach and Its Components	Talent Acquisition and Management, Page 56 Communities, Page 59		
	103-3 Evaluation of the Management Approach	Talent Acquisition and Management, Page 56 Communities, Page 59		
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure Investments and Services Supported	Communities, Page 59		
	203-2 Significant Indirect Economic Impacts	Talent Acquisition and Management, Page 56		
Procurement Practices				
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and Its Boundary	Supply Chain Management, Page 65		
	103-2 The Management Approach and Its Components	Supply Chain Management, Page 65		
	103-3 Evaluation of the Management Approach	Supply Chain Management, Page 65		
GRI 204: Procurement Practices 2016	204-1 Proportion of Spending on Local Suppliers	Supply Chain Management, Page 65		
Anti-Corruption				
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and Its Boundary	Code of Business Conduct and Ethics, Page 92-93		
	103-2 The Management Approach and Its Components	Code of Business Conduct and Ethics, Page 92-93		
	103-3 Evaluation of the Management Approach	Code of Business Conduct and Ethics, Page 92-93		
	205-1 Operations Assessed for Risks Related to Corruption	Code of Business Conduct and Ethics, Page 92-93		

GRI 205: AntiCorruption 2016	205-1	Risk Management, Page 94-97		
	205-2 Communication and Training About AntiCorruption Policies and Procedures	Code of Business Conduct and Ethics, Page 92-93		
	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 92-93		
	103-2 The Management Approach and Its Components	Code of Business Conduct and Ethics, Page 92-93		
	103-3 Evaluation of the Management Approach	Code of Business Conduct and Ethics, Page 92-93		
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 92-93		
GRI 300 Economic Standard Series				
Materials				
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and Its Boundary	Environmental Impact Management, Page 62-64		
	103-2 The Management Approach and Its Components	Environmental Impact Management, Page 62-64		
	103-3 Evaluation of the Management Approach	Environmental Impact Management, Page 62-64		
GRI 301: Materials 2016	301-1 Materials Used by Weight or Volume	Environmental Impact Management, Page 62-64		
	301-2 Recycled Input Materials Used	Environmental Impact Management, Page 62-64		
	301-3 Reclaimed Products and Their Packaging Materials	Environmental Impact Management, Page 62-64		
Energy				
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and Its Boundary	Natural Resource Efficiency, Page 61		
	103-2 The Management Approach and Its Components	Natural Resource Efficiency, Page 61		
	103-3 Evaluation of the Management Approach	Natural Resource Efficiency, Page 61		
GRI 302: Energy 2016	302-1 Energy Consumption within the Organization	Natural Resource Efficiency, Page 61		
	302-3 Energy Intensity	Natural Resource Efficiency, Page 61		
	302-4 Reduction of Energy Consumption	Natural Resource Efficiency, Page 61		
	302-5 Reductions in Energy Requirements of Products and Services	Natural Resource Efficiency, Page 61		
Water				
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and Its Boundary	Natural Resource Efficiency, Page 61		

	103-2 The Management Approach and Its Components	Natural Resource Efficiency, Page 61		
	103-3 Evaluation of the Management Approach	Natural Resource Efficiency, Page 61		
GRI 303: Water 2016	303-5 Water Consumption	Natural Resource Efficiency, Page 61		
Emissions				
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and Its Boundary	Natural Resource Efficiency, Page 61		
	103-2 The Management Approach and Its Components	Natural Resource Efficiency, Page 61		
	103-3 Evaluation of the Management Approach	Natural Resource Efficiency, Page 61		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG Emissions	Natural Resource Efficiency, Page 61		
	305-2 Indirect (Scope 2) GHG Emissions	Natural Resource Efficiency, Page 61		
	305-4 GHG Emissions Intensity	Natural Resource Efficiency, Page 61		
	305-5 Reduction of GHG Emissions	Natural Resource Efficiency, Page 61		
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Environmental Impact Management, Page 62-64		
	306-2 Management of significant waste-related impacts	Environmental Impact Management, Page 62-64		
	306-3 Waste generated	Environmental Impact Management, Page 62-64		
Supplier Environmental Assessment				
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and Its Boundary	Supply Chain Management, Page 65		
	103-2 The Management Approach and Its Components	Supply Chain Management, Page 65		
	103-3 Evaluation of the Management Approach	Supply Chain Management, Page 65		
	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 56 Workplace Culture and Environment, Page 57		
	103-2 The Management Approach and Its Components	Talent Acquisition and Management, Page 56 Workplace Culture and Environment, Page 57		
	103-3 Evaluation of the Management Approach	Talent Acquisition and Management, Page 56 Workplace Culture and Environment, Page 57		
GRI 401: Employment 2016	401-1 New Employee Hires and Employee Turnover	Talent Acquisition and Management, Page 56 Workplace Culture and Environment, Page 57		
	401-2 Benefits Provided to Full-Time Employees that Are Not Provided to Temporary or Part-Time Employees	Workplace Culture and Environment, Page 57		

Occupational Health and Safety				
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and Its Boundary	Workplace Culture and Environment, Page 57		
	103-2 The Management Approach and Its Components	Workplace Culture and Environment, Page 57		
	103-3 Evaluation of the Management Approach	Workplace Culture and Environment, Page 57		
Training and Education				
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and Its Boundary	Talent Acquisition and Management, Page 56		
	103-2 The Management Approach and Its Components	Talent Acquisition and Management, Page 56		
	103-3 Evaluation of the Management Approach	Talent Acquisition and Management, Page 56		
GRI 404: Training and Education 2016	404-1 Average Hours of Training Per Year Per Employee	Talent Acquisition and Management, Page 56		
	404-2 Programs for Upgrading Employee Skills and Transition Assistance Programs	Talent Acquisition and Management, Page 56		
Diversity and Equal Opportunity				
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and Its Boundary	Talent Acquisition and Management, Page 56		
	103-2 The Management Approach and Its Components	Talent Acquisition and Management, Page 56		
	103-3 Evaluation of the Management Approach	Talent Acquisition and Management, Page 56		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of Governance Bodies and Employees	Talent Acquisition and Management, Page 56		
Non-Discrimination				
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and Its Boundary	Talent Acquisition and Management, Page 56		
	103-2 The Management Approach and Its Components	Talent Acquisition and Management, Page 56		
	Evaluation of the Management Approach	Talent Acquisition and Management, Page 56		
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	Communities, Page 59		
	103-2 The Management Approach and Its Components	Communities, Page 59		
	103-3 Evaluation of the Management Approach	Communities, Page 59		
GRI 413: Local Communities 2016	413-1 Operations with Local Community Engagement, Impact Assessments, and Development Programs	Communities, Page 59		
Supplier Social Assessment				
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and Its Boundary	Supply Chain Management, Page 65		
	103-2 The Management Approach and Its Components	Supply Chain Management, Page 65		
	103-3 Evaluation of the Management Approach	Supply Chain Management, Page 65		
Customer Health and Safety				
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and Its Boundary	Food Safety and Quality, Page 68		
	103-2 The Management Approach and Its Components	Food Safety and Quality, Page 68		
	103-3 Evaluation of the Management Approach	Food Safety and Quality, Page 68		
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 68		
	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 Annual Report 2020

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