COVER SHEET

													Γ							5	4	6	6	6		
													L							5	_	U	U	U		
S	Н	A	K	E	Y	6	S		P	Ι	Z	Z	Α		A	S	Ι	A		V	E	N	T	U	R	I
В	11	А	17	112			В		1		L	L	Л		А	В		А		•	10	11		U	1	
I	N	C		(F	0	R	M	E	R	L	Y		I	N	T	E	R	N	A	Т	I	0	N	A]
	<u> </u>												l													_
F	A	M	I	L	Y		F	0	0	D		S	E	R	V	I	C	E	S		Ι	N	C)	
_						l .						~							~	,		- '			,	
A	N	D		S	U	В	S	I	D	I	A	R	Ι	E	S											_
						l							l													_
									(Com	pan	y's F	Full 1	Nam	ne)											
1	5	K	M		E	A	S	T		S	E	R	V	I	C	E		R	0	A	D					
•	0	D	n. T	107	ъ		N/I		п	т		N.T	1	В			Ъ		12		1	1	1	1	7	
C	0	K	N	E	R		M	A	R	I	A	N		R	O	A	D		2	,						
n	.		T 7	l		С		N.T	l	3.7		- n		T =	l at			-	1	1	I	1	1	1	7	
В	R	G	Y	•		S	A	N		M	A	R	T	I	N		D	E								
												· ~	1								1				7	
P	O	R	R	E	S	,		P	A	R	A	Ñ	A	Q	U	E		C	I	T	Y					
																									_	
1	7	0	0																							
														1											_	
(Business Address: No. Street/City/Province)																										
	M	ARI	A R	OSA	ARI	O Y	BAÍ	ĬΕΖ											6	87-	119	95				
			Co	ntac	et Pe	rson										L	Co	omp					lumb	er	_	
																		1	•		•					
1	2		3	1														г							_	
										:	SEC	Fo	rm	20-1	\mathbf{S}											
Мо	nth	_	\overline{L}	ay	•					F	ORI	M T	YPE	<u>C</u>		•										
	Fisc	cal Y	'ear						_									_		A	nnu	ıal N	1eeti	ng		
								Seco	onda	ry L	icen	se T	ype	, If <i>A</i>	Appl	icab	le									
		l	7																							
D.	4 T)		- 41- :	- D-	_													Λ	1	1 A	.4: -1				
De	pt. r	Requ	ırınş	g tni	s Do	c.																rticl ectio				
																			110	ши	1/50	CHO	11			
														Т	otal	Am	ount	of F	3orro	owir	128					
]														1			<u> </u>					
To	tal N	lo. o	f St	ockh	olde	ers							Do	mest	ic			_			Fo	reig	n			
							To	be ac	ccon	nplis	hed	by S	SEC	Pers	sonn	el co	oncei	rned								
																			_							
			File	Nur	nbei	•	1		1					LCU	J											
		Ι	Ocu	men	t I.I).													_							
													C	Cash	ier											
							7																			
		ST	'AN	IPS																						

Remarks = pls. Use black ink for scanning purposes.



Notice of Annual Stockholders' Meeting

Notice is hereby given that the Annual Stockholders Meeting will be held on Wednesday, July 15, 2021 at 8:30 in the morning.

The agenda for the said meeting shall be as follows:

- 1. Call to Order
- 2. Secretary's Proof of Due Notice of the Meeting and Determination of Quorum
- 3. Approval of the Minutes of the Stockholders' Meeting held on July 15, 2020
- 4. Management's Report
- 5. Ratification of Acts of the Board of Directors and Management During the Previous Year
- 6. Election of Directors (including Independent Directors)
- 7. Appointment of External Auditor
- 8. Other Matters
- 9. Adjournment

A brief explanation of the agenda item which requires stockholders' approval is provided herein. The Information Statement, Management Report, SEC Form 17A will be uploaded to the Corporation's website https://www.shakeyspizza.ph/ and PSE EDGE.

In light of current conditions and in support of the efforts to contain the outbreak of COVID-19, stockholders may attend the meeting and vote via remote communication only.

Stockholders should pre-register at this link:

https://www.shakevspizza.ph/investors/register from June 22, 2021 to June 30, 2021.

Upon registration, Stockholders shall be asked to provide the information and upload the documents listed below (the file size should be no larger than 5MB):

A. For individual Stockholders:

- 1. Email address
- 2. First and Last Name
- 3. Birthdate
- 4. Address
- 5. Mobile Number
- 6. Phone Number
- 7. Current photograph of the Stockholder, with the face fully visible
- 8. Stock Certificate Number and number of shares held by the stockholder
- 9. Valid government-issued ID
- 10. For Stockholders with joint accounts: A scanned copy of an authorization letter signed by all Stockholders, identifying who among them is authorized to cast the vote for the account

B. For corporate/organizational Stockholders:

- 1. Email address
- 2. First and Last Name of stockholder
- 3. Address
- 4. Mobile Number
- 5. Phone Number
- 6. Stock certificate number and number of shares held by the stockholder
- 7. Current photograph of the individual authorized to cast the vote for the account (the "Authorized Voter")
- 8. Valid government-issued ID of the Authorized Voter
- 9. A scanned copy of the Secretary's Certificate or other valid authorization in favor of the Authorized Voter

Stockholders who will join by proxy shall download, fill out and sign the proxy found in https://www.shakeyspizza.ph/investors/register. Deadline to submit proxy forms is **on June 30**, **2021**.

All registrations shall be validated by the Corporate Secretary in coordination with the Stock Agent. Successful registrants will receive an electronic invitation via email with a complete guide on how to join the meeting and how to cast votes.

Only stockholders of record as of the close of business on **June 10, 2021** are entitled to notice and to vote at the meeting.

MARIA ROSARIO L. YBANEZ

Corporate Secretary

EXPLANATION OF AGENDA ITEMS

Proof of notice and determination of quorum

The Company has established a designated website in order to facilitate the registration of and voting in absentia by stockholders at the annual meeting, as allowed under Sections 23 and 57 of the Revised Corporation Code. A stockholder or member who participates through remote communication and votes by proxy shall be deemed present for purposes of quorum.

The Corporate Secretary will certify the date the notice of the meeting was published as required by the Securities and Exchange Commission Notice on Alternative Mode of Distributing and Providing Copies of the Notice, Information Statement, Management Report, SEC Form 17A dated April 20, 2020.

The Corporate Secretary will further certify the existence of a quorum. For purposes of quorum, only the following Stockholders shall be counted as present:

- A. Stockholders who have registered and voted on the website on or before the cut-off date;
- B. Stockholders who have sent their proxies via the website on or before the deadline.

A majority of the outstanding capital stock shall constitute a quorum for the transaction of business.

The complete guidelines for voting in absentia is found on the Attached Appendix 1.

Approval of minutes of previous meeting

The minutes of the meeting held on July 15, 2020 are posted at the company website, https://www.shakeyspizza.ph/

Annual report

The President and CEO, Mr. Vicente L. Gregorio, will deliver a report to the stockholders on the performance of the company in 2020 and the outlook for 2021. The financial statements as of December 31, 2020 (FS) will be incorporated in the Information Statement.

Copies of the Management Report and SEC Form 17-A will be uploaded to the Company's Website at https://www.shakeyspizza.ph/ and PSE EDGE under Shakey's Pizza Asia Ventures, Inc. , Company Disclosures.

Election of directors (including the independent directors)

Each stockholder entitled to vote may cast the votes to which the number of shares he owns entitles him, for as many persons as there are to be elected as directors, or he may give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he may see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of Directors to be elected. The nine nominees receiving the highest number of votes will be declared elected as directors of the company.

Please refer to the attached Appendix 1 for the complete guidelines on voting. Please refer to the attached Appendices 4, 5, and 6 for the Independent Director Nominees' Certifications.

Election of external auditor and fixing of its remuneration

The profile of the external auditor will be provided in the Information Statement for examination by the stockholders.

A resolution for the election of the external auditor will be presented to the stockholders for adoption by the affirmative vote of stockholders representing a majority of the voting stock present at the meeting.

Consideration of such other business as may properly come before the meeting

The Chairman will answer questions on matters concerning the Agenda, the Information Statement and the Management Report sent via the voting website.

PROXY

The undersigned stockholder of **SHAKEY'S PIZZA ASIA VENTURES INC.** (the "Company") hereby appoints the Executive Chairman of the Board, Christopher T. Po or the Vice Chairman of the Board, Teodoro Alexander T. Po, as *attorney-in-fact* and *proxy*, to represent and vote all shares registered in his/her/its name at the annual meeting of stockholders of the Company on July 15, 2021 and at any of the adjournments thereof for the purpose of acting on the following matters:

1.	Approval of minutes of previous ☐ For ☐ Against ☐ Abstain	meeting	5.	Election of SGV & Co. as the independent auditor and fixing of its remuneration For Against Abstain
2.	Annual Report ☐ For ☐ Against ☐ Abstain		6.	At his/her discretion, the proxy named above is authorized to vote upon such other matters as may properly come before the meeting No
3.	Ratification of the acts of the Directors and Officers For Against Abstain	Board of		
4.	Election of Directors Christopher T. Po Ricardo Gabriel T. Po Teodoro Alexander T. Po Leonardo Arthur T. Po Vicente L. Gregorio Lance Y. Gokongwei	Io. of Votes		PRINTED NAME OF STOCKHOLDER NUMBER OF SHARES
	Independent Directors: Paulo L. Campos, III Fernan Victor P. Lukban Frances I Vu			SIGNATURE OF STOCKHOLDER/ AUTHORIZED SIGNATORY

THIS PROXY SHOULD BE RECEIVED BY THE CORPORATE SECRETARY ON OR BEFORE **5:00PM** ON **June 30, 2021** via https://www.shakeyspizza.ph/investors/register A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY THE CHAIRMAN.

NOTARIZATION OF THIS PROXY IS NOT REQUIRED.



CERTIFICATE

- I, **MARIA ROSARIO L. YBANEZ**, of legal age, Filipino, with office address at the 7th Floor Centerpoint Building, Julia Vargas Avenue corner Garnet Road, Ortigas Center, Pasig City, hereby certify that:
 - 1. I am the duly elected and qualified Corporate Secretary of Shakey's Pizza Asia Ventures Inc. (the "Corporation") with principal office address at 15Km East Service Road corner Marian Road 2, Barangay San Martin de Porres, Paranaque City.
 - 2. There are no directors, independent directors or officers of the Corporation who are currently appointed in any government agency or is an employee of any government agency.

MARIA ROSARIO L. YBANEZ Corrorate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS INFORMATION STATEMENT OF CENTURY PACIFIC FOOD, INC. PURSUANT TO SECTION 20 OF THE SECURITIES REGULATION CODE

1.	Check the appropriate box:

[] Preliminary Information Statement✓] Definitive Information Statement

- 2. Name of Registrant as specified in its charter: **Shakey's Pizza Asia Ventures Inc.**
- 3. **Metro Manila, Philippines**

Province, country or other jurisdiction of incorporation or organization

- 4. SEC Identification Number: **54666**
- 5. BIR Tax Identification Code: **000-163-396**
- 6. **15** Km East Service Rd., Brgy. San Martin De Porres, Parañaque City
 Address of principal office
 Postal Code
- 7. Registrant's telephone number, including area code: (632) 8839-0156
- 8. Date, time and place of the meeting of security holders

Date : July 15, 2021 Time : 8:30 AM

Place: 15 Km East Service Rd., Brgy. San Martin De Porres, Parañaque City 1700 Due to the ongoing restrictions on public gatherings, stockholders will join via Remote communication

Stockholders should pre-register at this link:

https://www.shakeyspizza.ph/investors/register from June 22, 2021 to June 30, 2021

- (a) 9. Approximate date on which the Information Statement is first to be sent or given to security holders: on or before June 16 and June 17, 2021 through publication in two (2) newspapers of general circulation
- 10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock		
Common Shares	1,531,321,053		

11. Are any or all of registrant's securities listed on a Stock Exchange?

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Main Board of The Philippine Stock Exchange, Inc., Common Shares

TABLE OF CONTENTS

AGENDA	
A. GENERAL INFORMATION	
B. CONTROL AND COMPENSATION INFORMATION	2
C. ISSUANCE AND EXCHANGE OF SECURITIES	17
D. OTHER MATTERS	18
MANAGEMENT REPORT	_
Financial Position – March 31, 2021 vs. December 31, 2020	27
Financial Position – December 31, 2020 vs. December 31, 2019	28
Financial Position – December 31, 2019 vs. December 31, 2018	30
Financial Position – December 31, 2018 vs. December 31, 2017	32
Results of Operation - March 31, 2021 vs. March 31, 2020	
Results of Operation - December 31, 2020 vs. December 31, 2019	34
Results of Operation - December 31, 2019 vs. December 31, 2018	35
Results of Operation – December 31, 2018 vs. December 31, 2017	36
Financial Ratios	37
Market Information	
Appendix A - Registration and Procedure for Voting in Absentia	
Appendix B – PDTC List of Stockholders as of March 31, 2021	45
Appendix C – BDO Lists of Stockholders as of March 31, 2021	49
CERTIFICATION OF INDEPENDENT DIRECTOR	
Appendix 4 – Fernan Victor P. Lukban	51
Appendix 5 – Frances J. Yu	54
Appendix 6 – Paulo L. Campos III	
Appendix 7 – Audited Financial Statements and Notes as of December 31, 2020	
Appendix 8 – Interim Financial Statements as of March 31, 2021	235
Appendix 9 – 2020 Annual Stockholders' Meeting minutes	266
Appendix 10 - Board and Committee Meetings and Attendance	273
Appendix 11 – Disclosures on Self-Dealings	284

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders.

(b) Date, Time, and Place of Meeting:

Date: July 15, 2021 Time: 8:30 AM

Place: 15 Km East Service Rd., Brgy. San Martin De Porres, Parañaque City

- (c) Online web addresses/URLs
 - For participation by remote communication:
 https://www.shakeyspizza.ph/investors/register
 - For voting *in absentia:* https://www.shakeyspizza.ph/investors/register
- (d) Complete Mailing Address of Principal Office:
 15 Km East Service Road corner Marian Road 2, Barangay San Martin De Porres, Parañaque City 1700
- (e) Approximate date when the Information Statement is first to be sent to security holders: June 16 and June 17, 2021 through publication in two (2) newspapers of general circulation

Item 2. Dissenters' Right of Appraisal

Under Section 80, Title X of the Revised Corporation Code of the Philippines ("Revised Corporation Code"), a stockholder shall have the right to dissent and demand payment of the fair value of his shares in the following instances:

- (a) In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- (b) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code;
- (c) In case of merger or consolidation; and
- (d) In case of investment of corporate funds for any purpose other than the primary purpose of the Corporation.

No matters or actions that may give rise to a possible exercise by stockholders of their appraisal rights will be taken up at the meeting.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No director, nominee for election as director, associate of the nominee, or executive officer of the Company at any time since the beginning of the last fiscal year has had any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the meeting, other than election to office.

None of the incumbent directors has informed the Company in writing of an intention to oppose any action to be taken by the Company at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof:

(a) Voting Securities:

Number of Shares Outstanding as of May 31, 2021: 1,531,321,053 Common Shares Number of Votes entitled: One (1) vote per share

(b) Record Date:

All stockholders of record at the close of business on June 10, 2021 are entitled to notice and to vote at the Annual Stockholders' Meeting.

(c) Election of Directors and Voting Rights

Each stockholder may vote such number of shares for as many persons as there are directors to be elected. To be clear, if there are nine (9) directors to be elected, each voting share is entitled to nine (9) votes. The stockholder may cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many nominees as he shall see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

See Appendix 1 on complete guidelines on voting.

- (d) Security Ownership of Certain Record and Beneficial Owners and Management
 - (1) Security Ownership of Certain Record and Beneficial Owners

As of May 31, 2021, the following were owners of more than 5% of the Company's outstanding shares:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	% to Total Outstand ing
Common	Century Pacific Group,	Ricardo S. Po, Sr.,	Filipino	847,973,841	55.37%
	Inc. / 7F Centerpoint	Chairman			

	Building, Julia Vargas Avenue, Ortigas Center, Pasig City / Stockholder of Record	Ricardo Gabriel T. Po, Vice Chairman Christopher T. Po, President Teodoro Alexander T. Po, COO Leonardo T. Po, Director			
Common	PCD Nominee Corp. (Non- Filipino) / The Enterprise Center, Ayala Avenue corner Paseo de Roxas, Makati City / Stockholder of Record	Please see PDC Report as of March 31, 2021 attached as Appendix 2.	Non-Filipino	462,385,484	30.19%
Common	PCD Nominee Corp. (Filipino) / The Enterprise Center, Ayala Avenue corner Paseo de Roxas, Makati City / Stockholder of Record	Please see PDC Report as of March 31, 2021 attached as Appendix 2.	Filipino	173,876,406	11.35%

There are no voting trust shares or shares issued pursuant to a Voting Trust Agreement registered with the Company nor has there been any change in control of the Company. The Company is also not aware of any contractual arrangement or otherwise between its shareholders and/or third parties, which may result in change in control.

(2) Security Ownership of the Board of Directors and Senior Management

The following are the number of shares owned of record by the directors and key officers of the Company, and nominees for election as director as of May 31, 2021:

Title of	Name of Beneficial		Amount and Beneficial Ownership				
Class	Owner	Citizenship	Direct shares	Indirect shares			
Common	Ricardo Gabriel T. Po	Filipino	1	15			
Common	Teodoro Alexander T. Po	Filipino	1	281,961,579			
Common	Christopher T. Po	Filipino	1	281,961,579			
Common	Leonardo Arthur T. Po	Filipino	1	281,961,579			
Common	Vicente L. Gregorio	Filipino	2,066,989				
Common	Fernan Victor P. Lukban	Filipino	95,001	•			
Common	Paulo L. Campos III	Filipino	1	89,000			
Common	Frances J. Yu	Filipino	1	-			

Common	Eileen Grace Z.	Filipino	100	-
	Araneta			
Common	Manuel T. Del Barrio	Filipino	250,342	
Common	Maria Rosario L.	Filipino	-	-
	Ybanez			
Common	Jorge Maria Q.	American	408,245	
	Concepcion			
Common	Alois Brielbeck	Filipino	359,600	-
Common	Jose Arnold T. Alvero	Filipino	75,555	•
		TOTAL	3,255,839	845,973,752

Item 5. Directors and Executive Officers

(1) Directors and Officers

The overall management and supervision of the Company is undertaken by the Company's Board of Directors. The Company's executive officers and management team cooperate with its Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review. Pursuant to the Company's amended articles of incorporation, the Company's board of directors shall consist of nine (9) members, of whom two are independent directors.

The table below sets forth each member of the board of directors as of May 31, 2021:

Name	Age	Nationality	Position
Ricardo Gabriel T. Po	53	Filipino	Vice Chairman
Teodoro Alexander T. Po	51	Filipino	Vice Chairman
Christopher T. Po	50	Filipino	Chairman
Leonardo Arthur T. Po	44	Filipino	Member
Vicente L. Gregorio	55	Filipino	Member
Eileen Grace Z. Araneta	60	Filipino	Director
Fernan Victor P. Lukban	60	Filipino	Independent Director
Paulo L. Campos III	37	Filipino	Independent Director
Frances J. Yu	51	Filipino	Independent Director

Christopher T. Po (first elected October 5, 2016) was re-elected as the Company's Executive Chairman on July 15, 2020. He concurrently serves as the Chairman of Century Pacific Food, Inc. (CNPF) and as a Director of Arthaland Corporation (ALCO), a property developer listed on the PSE. Prior to those roles, he was Managing Director for Guggenheim Partners, a U.S. financial services firm where he was in charge of the firm's Hong Kong office. Previously, he was a Management Consultant at McKinsey and Company working with companies in the Asian region. He also worked as the Head of Corporate Planning for JG Summit Holdings, a Philippine-based conglomerate with interests in food, real estate, telecom, airlines, and retail. He graduated summa cum laude from the Wharton School and College of Engineering of the University of Pennsylvania with dual degrees in Economics (finance concentration) and applied science (system engineering) in 1991. He holds a Master degree in Business Administration from the Harvard University Graduate School of Business Administration. He is a member of the Board of Trustees of the Ateneo de Manila University as well as a member of the Board of Asia Society Philippines, and he is the President of the CPG-RSPo Foundation.

Ricardo Gabriel T. Po, Jr. (first elected October 5, 2016) was re-elected as the Company's Vice Chairman on July 15, 2020. He concurrently serves as a Vice Chairman of CNPF and as a Vice Chairman of ALCO. He was the Executive Vice President and Chief Operations Officer of CNPF from 1990 to 2006 and became the Vice Chairman of its Board of Directors in 2006. He graduated magna cum laude from Boston University with a Bachelor of Science degree in Business Management in 1990. He also completed the Executive Education Program (Owner-President Management Program) at Harvard Business School in 2000.

Teodoro Alexander T. Po, (first elected October 5, 2016) was re-elected as the Company's Vice Chairman, President, and Chief Executive Officer on July 15, 2020. He concurrently serves as a Vice Chairman of CNPF. Since 1990, he has held various positions in CNPF. He graduated summa cum laude from Boston University with a Bachelor of Science degree in Manufacturing Engineering in 1990. He also completed the Executive Education Program (Owner-President Management Program) at Harvard Business School.

Leonardo Arthur T. Po, (first elected October 5, 2016) was re-elected as the Company's Director and Treasurer on July 15, 2020. He concurrently serves as the Director and Treasurer of CNPF and as the Director, Executive Vice President, and Treasurer of ALCO. He graduated magna cum laude from Boston University with a degree in Business Administration and has extensive and solid business development experience in consumer marketing, finance and operations of fast-moving consumer goods (FMCG), foodservice, quick-serve restaurants, and real estate development.

Vicente L. Gregorio, (first elected October 5, 2016) was re-elected as the Company's director on July 15, 2020 and has been a director since March 31, 2016. Mr. Vicente Gregorio has also been the Company's President and Chief Executive Officer since March 2013. He has more than 30 of experience in the food business, previously serving as Operations Director in various food service companies prior to assuming the position of Executive Vice President and Chief Operations Officer of the Company in February 2003. He also currently serves as a member of the board of the Philippine Franchise Association, Cavallino, Inc., Don Bosco Technical College, Bosconian International Chamber of Commerce, and Plan Master Insurance and Financial Services, Inc. Mr. Vicente Gregorio graduated from Central Colleges of the Philippines with a degree in Bachelor of Science in Electrical Engineering and has earned units in the Business Administration Master's program of the Graduate School of Business at Ateneo de Manila University.

Eileen Grace Zshornack-Araneta (first elected March 5, 2019) was re-elected as the Company's Director on June 30, 2020. She concurrently serves as a Director of CNPF. Her professional experience spans 25 years as a marketing and advertising practitioner, having held senior positions at Unilever Philippines and J. Walter Thompson. At Unilever, she occupied a Southeast Asia regional post as Vice President of Brand Development for Knorr. Prior to this, she was Managing Director for Unilever Foods Philippines handling the Knorr, Lady's Choice, Best Foods, and Lipton brands. She was also Marketing Director for the personal care division with an extensive portfolio of brands such as Sunsilk, Cream Silk, Rexona, Pond's, Dove, Close Up, and Vaseline. Through her involvement with a wide range of brands, she has built up deep expertise in category strategy, consumer insight mining, and brand and advertising development. She is a graduate of the University of the Philippines where she finished her Bachelor of Science degree in Business Economics as magna cum laude.

Paulo L. Campos III, (first elected October 14, 2016) was re-elected as Independent Director of the Company on July 15, 2020. He was first elected an Independent Director of the Company on October 14, 2016. Mr. Campos is the co-founder and Chief Executive Officer of ZALORA Philippines, having

founded the company in the late 2011. Prior to ZALORA, he was a management consultant with The Boston Consulting Group in Singapore where he worked with companies across the region on issues related to business development, organizational development, investor communications and strategy. Mr. Campos holds a Master in Business Administration from Harvard Business School and graduated magna cum laude from Princeton University with a degree from its Woodrow Wilson School of Public and International Affairs. After university, he was employed with Ayala Land, Inc. as Special Assistant to the President until 2008.

Fernan Victor P. Lukban, (first elected October 14, 2016) was re-elected as the Company's Lead Independent Director on July 15, 2020. He concurrently serves as the Lead Independent Director of CNPF, as an Independent Director of ALCO, and as a Director of Central Azucarera de Tarlac, Inc. (CAT). He is a highly regarded consultant in family business, strategy, entrepreneurship, and governance. He is active in Base of the Pyramid initiatives all over the Philippines and helps professionalize Boards throughout the country. He holds undergraduate degrees in engineering (Industrial Management - Mechanical from De La Salle University, Manila) and graduate degrees in economics (MSc in Industrial Economics from the Center for Research & Communication, now University of Asia & the Pacifc) and in business (MBA from IESE Barcelona, Spain). He spent much of his early professional years in academia, helping establish the University of Asia & the Pacifc where he currently participates as a consultant, mentor, and guest lecturer. He is a founding fellow of the Institute of Corporate Directors.

Frances J. Yu, (first elected August 16, 2018) was re-elected as the Company's Independent Director on July 15, 2020. She concurrently serves as an Independent Director of CNPF. She was previously the Chief Retail Strategist of Mansmith and Fielders, Inc., the largest marketing and sales training company in the Philippines. Prior to this, she was the Vice President and Business Unit Head of Rustan's Supermarket and the Vice President and Head of Marketing Operations for Rustan's Supercenters, Inc. She founded FJY Consulting, Inc., a corporate marketing and management consulting company which she managed as President. She was also the Vice President and General Manager of a marketing research and consulting firm catering to the top 500 corporations in several sectors. From 2003 to 2005, she served as the Chairperson for the National Retail Conference and Stores Asia Expo (NRCE) Programs Committee of the Philippine Retailers Association. She graduated summa cum laude from Fordham University, New York with a Bachelor of Arts degree in English Literature.

The following table summarizes the directorships held by members of the Company's board of directors in companies listed in the PSE.

Name	Listed Company	Type of Directorship
Christopher T. Po	Century Pacific Food, Inc.	Executive
Christopher 1. Fo	Arthaland Corporation	Non-Executive
	Century Pacific Food, Inc.	Non-Executive
Ricardo Gabriel T. Po	Arthaland Corporation	Non-Executive
	IP E-Game Ventures Inc.	Non-Executive
Teodoro Alexander T. Po	Century Pacific Food, Inc.	Executive
Leonardo Arthur T. Po	Century Pacific Food, Inc.	Executive
Leonardo Artiful 1. Po	Arthaland Corporation	Executive
Vicente L. Gregorio	N/A	N/A
Eileen Grace Z. Araneta	N/A	N/A
Fernan Victor P. Lukban	Century Pacific Food, Inc.	Independent

	Central Azucarera de Tarlac, Inc.	Non-Executive
	Arthaland Corporation	Non-Executive
Paulo L. Campos III	N/A	N/A
Frances J. Yu	Century Pacific Food, Inc.	Independent
	JG Holdings Inc.	
	Universal Robina Corp.	
	Robinsons Retail Holdings, Inc.	
	Robinsons Land Corporation	
Lance Y. Gokongwei	Altus Property Ventures, Inc.	Executive
	Cebu Air, Inc.	
	Manila Electric Company	
	Oriental Petroleum and Minerals	
	Corporation	

The table below sets forth the key executive and corporate officers as of May 31, 2021

Name	Age	Nationality	Position
Alois Brielbeck	60	German	General Manager (commissary)
Jorge Maria Q. Concepcion	65	American and Filipino	General Manager
Jose Arnold T. Alvero	58	Filipino	Vice President - International Operations and Director for Franchise and Business Development
Manuel T. Del Barrio	57	Filipino	Vice-President and Chief Financial Officer
Vicente L. Gregorio	55	Filipino	President and Chief Executive Officer
Leonardo Arthur T. Po	43	Filipino	Treasurer
Maria Rosario L. Ybanez	45	Filipino	Corporate Secretary

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

Manuel T. Del Barrio, was re-elected Vice-President and Chief Financial Officer on June 20, 2019 and has been Vice-President and Chief Financial Officer since March 31, 2016. He concurrently holds the position of Chief Risk Officer and Compliance Officer of the Company. He was previously the Assistant Vice-President for Finance of CNPF and The Pacific Meat Company, Inc. He previously worked as an Industrial Accounting Manager in TEMIC Telefunken Semiconductors, Inc. and held accounting positions in Hooven Philippines and Sanara, Inc. He has a degree in Bachelor of Science in Business Administration from the University of the East, and holds a Master in Business Administration (Regis Program) from the School of Business of the Ateneo de Manila University. He is a Certified Public Accountant and a Certified Management Accountant.

Jorge Maria Q. Concepcion, has been the Company's General Manager since his repatriation from the US in 2014. He previously held the position of Executive Vice-President & General Manager in Gallo Giro (a Mexican restaurant chain in California), Red Ribbon Bakeshop, Inc. (US and the Philippines)

and Goldilocks Corp. of California. Before entering the foodservice retail industry, Mr. Concepcion started in the Branded Foods FMCG business where he worked for various Unilever Asia affiliates in the Philippines, Malaysia and Singapore in different capacities in marketing, sales, corporate planning and general management. He first repatriated to the Philippines in 1996 with the ConAgra joint-venture company, Hunts-URC. He then subsequently and concurrently headed URC-Dairy Product Division and URC-Food Service Division before eventually migrating to the US in 2006. He has a degree in Bachelor of Arts (Honors) in Mathematics from De La Salle University and has a Master of Science in Industrial Engineering and Operations Research from the University of the Philippines.

Jose Arnold Alvero is a hospitality professional with more than 35 years of transnational experience in Hotel Operations, Restaurant General Management, Franchising, Business Development, Guest Service Management, and Strategic Planning. Prior to his new appointment, he was the Business Unit GM for Franchised Store Operations as well as Director for Franchise and Business Development where he led the store network expansion & growth of Shakey's Philippines outside of Metro Manila and developed the Franchise ACE program for its esteemed franchisees. Previous to that, he was Planning and Business Development Director of Shakey's Philippines wherein he strengthened the brand's Countrywide Development Plan and steered the company's Business Development team. Before joining Shakey's Philippines, he was the Corporate Franchising and Channel Development Head of One Food Group and oversaw the development of the Tokyo Tokyo and Mister Donut franchising programs. Before that, he also served as Regional Business Unit (RBU) General Manager for both Company-Owned and Franchised stores for Mister Donut. He also had stints in Red Ribbon Bakeshop, Inc, McDonald's Philippines, The Palace Hotel, Beijing, and The Mandarin Oriental, Manila in various managerial capacities in Operations and Guest Services early in his career. Jose is a graduate of the University of the Philippines where he finished a B.S. Hotel and Restaurant degree, cum laude.

Maria Rosario L. Ybanez, was elected as the Company's Corporate Secretary June 1, 2018. 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.

(2) Significant Employees

Other than the key executive and corporate officers indicated above, there are no other employees whose functions are expected to make a significant contribution to the business.

(3) Nomination of Directors

The Company's Nomination Committee pre-screened and accepted the nominations for the following directors in accordance with the criteria provided in the SRC, the Company's Manual of Corporate Governance and the Company's By-Laws:

- 1. Ricardo Gabriel T. Po
- 2. Christopher T. Po
- 3. Teodoro Alexander T. Po
- 4. Leonardo Arthur T. Po
- 5. Vicente L. Gregorio

- 6. Lance Y. Gokongwei
- 7. Fernan Victor P. Lukban, Independent
- 8. Paulo L. Campos III, Independent
- 9. Frances J. Yu, Independent

Lance Y. Gokongwei, who is nominated as a non-Independent Director, is 54 years old and is the Chairman of URC. He is the President and Chief Executive Officer of JGSHI. He is the Chairman of Altus Ventrues Property, Inc., Robinsons Retail Holdings, Inc., Robinsons Land Corporation, JG Summit Petrochemical Corporation, JG Summit Olefins Corporation and Robinsons Bank Corporation. He is the President and Chief Executive Officer of Cebu Air, Inc. He is a director and Vice Chairman of Manila Electric Company and a director of Oriental Petroleum and Minerals Corporation, United Industrial Corporation Limited and Meralco Powergen Corporation. He is also member of the Board of Global Reporting Initiative. He is also the Chairman and trustee of the Gokongwei Brothers Foundation, Inc. He received a Bachelor of Science degree in Finance and a Bachelor of Science degree in Applied Science from the University of Pennsylvania.

Messrs. Lukban, Campos and Gokongwei, and Ms. Yu were nominated by Christopher T. Po. Messrs. Lukban, Campos, and Gokongwei and Ms. Yu are neither related to Mr. Po nor to each other.

Messrs, Lukban and Campos and Ms. Yu's Certifications of Independent Director are attached as Appendices 4, 5 and 6 respectively.

Ms. Eileen Araneta declined to be re-elected for personal reasons and not because of a disagreement with the Corporation or on any matter relating to the Corporation's operations, policies or practices.

Once elected, the directors will hold office upon election until the next annual election and until his/her successor is duly elected, unless he/she resigns, dies or is removed from office.

(4) Family Relationships

Mr. Christopher T. Po, Mr. Ricardo Gabriel T. Po, Mr. Teodoro Alexander T. Po and Mr. Leonardo Arthur T. Po are brothers. Aside from the foregoing, there are no family relationships between any Directors and any members of the Company's senior management as of May 31, 2021.

(5) Legal Proceedings

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

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

(6) Certain Relationships and Related Transactions

The Company is a subsidiary of Century Pacific Group, Inc. (CPG) and is a member of Century Pacific Group, Inc.'s Group of Companies (the Group). As of May 31, 2021, Century Pacific Group, Inc. holds 847,973,841 common shares of the outstanding shares of the Company.

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

The most significant of these transactions would include:

- a) 25-year lease agreement with CPGI on a property in Paranaque City, Metro Manila where the Company's new corporate headquarters and commissary plant will be constructed
- b) Purchase of inventory such as corned beef and tuna from CNPF
- c) The sale of inventory such as cheese, chicken, and dining supplies to DBE Project, Inc., also a subsidiary of CPGI

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

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

A summary of the Company's transactions and outstanding balances with related parties as at and for the period ended December 31, 2020 is set out below:

Category	Nature	Year	Amount/ Volume Out	standing Balance		Terms	Conditions
10001 100	10000000		of transaction	Receivable	Payable		
Century Pacific Gr	oup Inc. (CPGI, Ultimate Parent Company)						
Purchases	Purchase of raw materials and goods at agreed prices usually on a cost plus basis	2020	6,969,986	3,082,080	F	30-day; non-interest bearing	Unsecured
		2019	9,967,147	866,584	-		
	mmon members of BOD and stockholders as the Group						
The Pacific Meat (Company Inc. (PMCI)						
Sales	Sale of goods at prices (normally on cost plus basis) mutually agreed upon by both parties	2020	39,380,782	14,801,958	5	30-day; non-interest bearing	Unsecured; not impaired
		2019	5,743,038	5,549,078	12		
Purchases	Purchase of raw materials and goods at agreed prices usually on a cost plus basis	2020	111,576,250	=	49,190,062	30-day; non-interest bearing	Unsecured
		2019	58,760,886		34,066,172		
DBE Project Inc. ((DBE)						
Trade sales and serv	rice incom Sale of goods at prices (normally on cost plus basis) mutually agreed upon by both parties	2020	397,313	2,700,958	=	30-day; non-interest bearing	Unsecured; not impaired
		2019	5,190,189	2,310,744	5		
Purchases	Purchase of raw materials and goods at agreed prices usually on a cost plus basis	2020	55A	15.1	333,045	30-day; non-interest bearing	Unsecured
		2019	9,242		333,045		
Snow Mountain Da	iry Corporation (SMDC)						
Purchases	Purchase of raw materials and goods at agreed prices usually on a cost plus basis	2020	1,630,697	=	367,200	30-day; non-interest bearing	Unsecured
		2019	3,318,003	8	993,219		
Century Pacific Foo							
Sales	Sale of goods at prices (normally on cost plus basis) mutually agreed upon by both parties	2020	22,520,290	12,104,612	(-)	30-day; non-interest bearing	Unsecured; not impaired
		2019	17,766,410	5,448,407	:58		
Purchases	Purchase of raw materials and goods at agreed prices usually on a cost plus basis	2020	18,825,526	=	6,264,309	30-day; non-interest bearing	Unsecured
		2019	26,710,470	-	12,511,951		
		2020		32,689,608	56,154,616		
		2019		14,174,813	47,904,387	3	

For a summary of balances arising from related party transactions for the relevant financial year, please refer to Note 18 of the 2020 Notes to the Audited Financial Statements found on page 42 to 43 of the Consolidated Financial Statement.

The outstanding balances as of December 31, 2020 are as follows:

Amounts in Php	As of December 31, 2020		
Due from related parties	32,689,608		
Due to related parties	56,154,616		

The Company or its related parties have no material transaction with parties that fall outside the definition "related parties" under SFA/IAS No. 24 that are not available for other, more clearly independent parties on an arm's length basis.

Item 6. Compensation of Directors and Executive Officers

In the absence of any provision in the bylaws fixing their compensation, the directors or trustees shall not receive any compensation in their capacity as such, except for reasonable per diems: Provided however, that the stockholders representing at least a majority of the outstanding capital stock or majority of the members may grant directors or trustees with compensation and approve the amount thereof at a regular or special meeting.

In no case shall the total yearly compensation of directors exceed ten (10%) percent of the net income before income tax of the corporation during the preceding year.

Directors or trustees shall not participate in the determination of their own per diems or compensation.

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

(a) Summary Compensation Table

CEO and five other most highly compensated executive officers

Name	Principal Position	Year	Salary	Bonus	Other Compensation
Vicente L. Gregorio	President & CEO				
Alois Brielbeck	General Manager – BMI				
Jorge Maria Q.	General Manager – Shakey's	2021			
Concepcion	General Manager – Shakey S	Estimate		₱ 58,68	37,293
Manuel T. Del Barrio	Vice President & CFO				
Jose Arnold T.	Vice President - International				
Alvero	Operations & Director –				

	Franchise & Business	
	Development	
Gilbert L. Tolentino	Director - Company-Owned	
	Store Operations	

Name	Principal Position	Year	Compensation
Vicente L. Gregorio	President & CEO		
Alois Brielbeck	General Manager – BMI		
Jorge Maria Q. Concepcion	General Manager – Shakey's		
Manuel T. Del Barrio	Vice President & CFO		
Jose Arnold T. Alvero	Vice President – International Operations & Director – Franchise & Business Development	2020	₱ 55,654,142.00
Gilbert L. Tolentino	Director – Company- Owned Store Operations		

Aggregate compensation paid to all Executive Officers and Directors

Name	Principal Position	Year	Salary	Bonus	Other Compensation
Aggregate compensation paid to all		2020		P4 40 E4 E 6	
executive officers and dire group unnamed	ctors as a	2020	₱ 149,715,067		J6/

Compensation of Directors

Remuneration Item	Year	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	None			
(b) Variable Remuneration		None		
(c) Per diem Allowance	2020	None ₱196,49		₱196,491.23
(d) Bonuses	2020	None		
(e) Stock Options and/or other financial instruments		None		

Remuneration Item	Year	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(g) Fixed Remuneration		None		
(h) Variable Remuneration		None		
(i) Per diem Allowance		None ₱196,491		₱196,491.23
(j) Bonuses	2019	None		
(k) Stock Options and/or other		None		
financial instruments				
(l) Others (Specify)		None		

Remuneration Item	Year	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(m)Fixed Remuneration		None		
(n) Variable Remuneration		None		
(o) Per diem Allowance		None ₱117,647.0		₱117,647.00
(p) Bonuses	2018	None		
(q) Stock Options and/or other		None		
financial instruments				
(r) Others (Specify)			None	

Other Benefits	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
1) Advances			
2) Credit granted	None		
3) Pension Plans / Contributions			
(d) Pension Plans, Obligations			
incurred		None	
(e) Life Insurance Premium			
(f) Hospitalization Plan			
(g) Car Plan			

Each independent director is entitled to receive *per diem* allowance for attending board and committee meetings. The Board approves all compensation and remuneration schemes for the senior officers of the Company. As provided by law, the total compensation of directors shall not exceed ten percent (10%) of the net income before income tax of the Company during the preceding year.

The above table contains the details of the compensation of directors and officers of the Company. Other than these fees, the non-executive directors do not receive any share options, profit sharing, bonus or other forms of emoluments.

The Company may grant to the directors any compensation other than *per diems* by the approval of the shareholders representing at least a majority of the outstanding capital stock.

(b) Corporate Governance Committee

In accordance with the Company's Manual on Good Corporate Governance, the functions of the previous year's Compensation Committee was absorbed by the Corporate Governance Committee. The members of the Corporate Governance Committee were as follows:

Name	Position
Paulo L. Campos III	Chairman
Eileen Grace Z. Araneta	Member
Fernan Victor P. Lukban	Member

(c) Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There are no special employment contracts or other arrangements between the Company and its officers or directors, as well as special compensatory plans or arrangements, including payment to be received from the Company with respect to any named director or executive.

(d) Warrants and Options Outstanding

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

(e) Standard Arrangement

There are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a director, including additional amounts payable for committee participation or special assignments, for the last completed fiscal year and the ensuing year.

The Company's officers are covered by Letters of Appointment with the Company stating therein their respective job functionalities, among others.

(f) Other Arrangements

There are no other arrangements, including consulting contracts, pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, during the Company's last completed fiscal year, and the ensuring year, for any service provided as a director.

Item 7. Independent Public Accountants

(a) External Auditor

The Company's independent public accountant is the accounting firm of SGV & Co. The same accounting firm is tabled for reappointment for the current year at the annual meeting of stockholders. The representatives of the principal accountant have always been present at prior year's meetings and are expected to be present at the current year's annual meeting of stockholders and will be available to respond to queries sent to the Company's registration website on or before June 30, 2021.

SGV & Co., a member firm of Ernst & Young, independent auditors, has audited the Company's financial statements as at and for the years ended December 2013, 2014, 2015, 2016, 2017, 2018, 2019 and 2020. SGV & Co. has been the Company's Independent Public Accountants since 1975 and will be recommended to be re-appointed as the external auditor of the Company for the ensuing year.

Maria Pilar B. Hernandez is the current audit partner and has served as such since 2015. The Company has not had any material disagreements on accounting and financial disclosures with its current external auditor for the same periods or any subsequent interim period. SGV & Co. has neither shareholdings in us nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in us. SGV & Co. does not receive any direct or indirect interest in the Company or its securities (including options, warrants or rights thereto). The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

Representatives of SGV & Co. are expected to be present at the Annual Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

SGV & Co. also audited the Company's financial statements as of December 31, 2019 in accordance with the Philippine Standards on Auditing.

SGV & Co. has reviewed our pro forma adjustments and the application of those adjustments to the historical amounts in the pro forma condensed consolidated financial information as of December 31, 2020 in accordance with the Philippine Standard on Assurance Engagements 3000, Assurance Engagements Other than Audits or Review of Historical Financial Information, and the Philippines Securities and Exchange Commission Memorandum Circular No. 2, Series of 2008, Guideline on Attestation of Pro Forma Financial Information. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's assumptions, the pro forma adjustments and the application of those adjustments to historical financial information. Accordingly, SGV & Co. does not express such opinion on the pro forma condensed consolidated financial information.

(b) Audit Fees

The following table sets out the aggregate fees billed for 2019 and 2020 for professional services rendered by SGV & Co., excluding fees directly related to the Offer. SGV & Co. does not provide other services that are not reasonably related to the performance of the audit or review of our financial statements.

	2019	2020
Audit and Audit-Related fees		
	PhP2,960,000.00	PhP3,110,000.00

The following table sets out the aggregate fees billed for 2020

Name of Auditor	Regular Fees
SGV & Co. (member firm of Ernst and Young)	PhP3,110,000.00

Audit and Audited-Related Fees refer to the professional services rendered by SGV & Co. for audit of the Company's annual financial statements and services that are normally provided in connection with statutory and regulatory filings for the said calendar years. The fees presented above include out-of-pocket expenses incidental to the Independent Auditors' services except for the year 2019 which is only the basic fee.

(c) Audit Committee and Policies

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

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

- Reviews the independent auditors audit plan discusses scope, staffing, reliance upon management and the internal audit department, general audit approach, and coverage provided to any significant areas of concern that the audit committee may have.
- Reviews and confirms the independence of the external auditors on relationships by obtaining statements from the auditors on the relationships between the auditors and the Company, including non-audit services, and discussing the relationships with the auditors.
- Prior to publishing the year-end earnings, discusses the results of the audit with the independent auditors.

- On an annual basis, the audit committee reviews and discusses with the independent auditors all significant relationships they have with the Company that could impair the auditors' independence.
- On a regular basis, the audit committee meets separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.

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

(d) Audit Committee

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

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

Item 8. *Compensation Plans*

The Company has policies on annual merit increase and salary adjustments that are tied-up to the employees' performance assessments. The Company promotes a culture of recognition and value for key and high performing employees who demonstrate excellence at the workplace.

Performance will be the main driver for total rewards. Rewards programs are therefore differentiated across businesses and among employees according to their contributions and levels of performance with a significant share given to high performers.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

There are no matters or actions to be taken up in the meeting with respect to authorization or issuance of securities.

Item 10. Modification or Exchange of Securities

There are no matters or actions to be taken up in the meeting with respect to the modification of any class of the Company's securities or the issuance of authorization for issuance of one class of the Company's securities in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

The audited financial statements as of December 31, 2020 and other data related to the Company's financial information are attached hereto as Appendix 7.

The interim financial statements as of March 31, 2021, and other data related to the Company's financial information are attached hereto as Appendix 8.

Representatives of the Company's external auditor, SGV & Co., are expected to be present at the Annual Meeting, and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions from the stockholders. The Company has had no material disagreement with SGV & Co. on any matter of accounting principle or practices or disclosures in the Company's financial statements.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

There are no matters or actions to be taken up in the meeting with respect to merger, consolidation, acquisition by, sale or liquidation of the Company.

Item 13. Acquisition or Disposition of Property

There are no matters or actions to be taken up in the meeting with respect to acquisition or disposition of any property by the Company.

Item 14. Restatement of Accounts

The accounting policies adopted are consistent with those of the previous financial year.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

There is no action to be taken with respect to any report to any report of the Company or its directors, officers or committees, except for the approval of the minutes of the previous annual meeting of PIZZA held on July 15, 2020 ("2020 ASM") and for the ratification of all acts of the Board of Directors during their term of office. A copy of the July 15, 2020 minutes is attached as Appendix 9. A summary of the Agenda matters, the tally of votes cast, and the description of the opportunity given to the stockholders to ask questions is transcribed below:

1. Minutes of the Previous Annual Meeting

Stockholders who executed proxies were asked to submit their proxy forms to PIZZA's principal office at the WOW Center, 15Km East Service Rd., Brgy. San Martin De Porres, Parañaque City, for

proxy validation on or before 5:00 PM on June 01, 2020. Thereafter, the proxies were validated and the votes were tabulated by the Corporate Secretary and verified by the external auditor. Stockholders who opted to vote in person were given forms to fill-in before the meeting.

All items of the agenda for the 2020 ASM were approved. The voting results are as follows:

Agenda	Voting Results		
	For	Against	Abstain
Call to Order	77,03%	0.00%	1.31%
Secretary's Proof of Due Notice of the Meeting	77.03%	0.00%	1.31%
and Determination of Quorum			
Approval of the Minutes of the Stockholders'	100.00%	0.00%	0.00%
Meeting held on July 15, 2020			
Management's Report	100.00%	0.00%	0.00%
Approval and Ratification of all Acts of the	100.00%	0.00%	0.00%
Board of Directors, Board Committees and			
Management for the year 2016			
Election of Board of Directors			
Ricardo Gabriel T. Po	98.99%	1.78%	0.00%
Christopher T. Po	97.85%	2.15%	0.00%
Teodoro Alexander T. Po	99.16%	1.61%	0.00%
Leonardo Arthur T. Po	98.99%	1.78%	0.00%
Vicente L. Gregorio	100.00%	0.00%	0.00%
Eileen Grace Z. Araneta	99.16%	1.32%	0.00%
Fernan Viktor P. Lukban (Independent)	98.99%	1.78%	0.00%
Paulo L. Campos. III (independent)	99.16%	1.61%	0.00%
Frances J. Yu (Independent)	99.16%	1.61%	0.00%
Appointment of External Auditor	100.00%	0.00%	0.00%
Other Matters	71.12%	29.65%	0.00%
Adjournment	71.29%	0.00%	2.44%

During the meeting, stockholders were given the opportunity to ask questions from the Board of Directors after each agenda item except Call to Order, Proof of Notice of the Meeting and Determination of Quorum, and Adjournment. The questions asked and answers given during the meeting is recorded in the minutes for the 2020 ASM.

The following directors and officers were present during the 2020 ASM:

Mr. Christopher T. Po - Chairman
Mr. Ricardo Gabriel T. Po - Vice Chairman
Mr. Teodoro Alexander T. Po - Vice Chairman

Leonardo Arthur T. Po - Director and Treasurer
Vicente L. Gregorio - President and CEO
Mr. Paulo L. Campos, III - Independent Director
Mr. Fernan Victor P. Lukban - Independent Director
Ms. Frances J. Yu - Independent Director

Ms. Eileen Grace Z. Araneta - Director

Atty. Maria Rosario L. Ybanez Corporate Secretary

The stockholders who attended the 2020 ASM represented a total of 1,261,609,656 common shares, constituting 82.39% of the total outstanding capital stock of PIZZA as of record date June 01, 2020.

2. Acts of the Board of Directors

At the annual meeting, stockholders will be asked to approve and ratify the acts of the Board of Directors during their term of office duly disclosed to the SEC and PSE. Since the last stockholders' meeting, the Board of Directors has authorized several transactions which are pursuant to the Company's ordinary course of business.

For reference, we have attached as Appendix 10 a schedule of the dates of the Board of Directors' meetings and the resolutions made during the meeting. We have also attached as Appendix 11 a list of reports covering Directors' disclosures on Self-Dealings until May 31, 2021.

3. Appraisals and performance reports for the board

Please see Corporate Governance portion.

Item 16. Matters Not Required to be Submitted

There is no action to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

Item 17. Other Proposed Action

Other than the matters indicated in the Notice and Agenda included in this Information Statement, there are no other actions proposes to be taken at the annual meeting.

Item 18. Voting Procedures

1. Manner of Voting

Method: Straight and Cumulative Voting

In all items for approval except election of directors, each share of stock entitles its registered owner to one vote.

In case of election of directors, each stockholder are entitled to cumulate their votes as discussed in Part B, Item 4(c) of this Information Statement.

There is no manner of voting prescribed in the By-Laws of the Company. Hence, voting may be done *viva voce*, by show of hands, or by balloting. During the last stockholders' meeting held on June 20, 2019, votes were cast by *viva voce* and counted in the manner prescribed herein.

For this year's annual stockholders' meeting, the Company has established a designated website in order to facilitate the registration of and voting in absentia by stockholders at the annual meeting, as allowed under Sections 23 and 57 of the Revised Corporation Code. A stockholder or member who participates through remote communication and votes by proxy shall be deemed present for purposes of quorum.

2. Vote required for approval

The vote of stockholders representing at least a majority of the issued and outstanding capital stock entitled to vote is required.

3. Methods of Counting Votes

Each share shall be counted as one (1) vote. Similar to the method applied during the last stockholders' meeting, the votes will be tabulated by the stock and transfer agent and verified by the accounting firm of SGV & Co.

Please see Appendix 1 on the complete voting guidelines.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig City on _

Corporate Secretary

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public for and in the City of Basign City pines, this ______ day of 1 4 2021 _____, 2021, affiant exhibiting to me her Driver's License Philippines, this

No. B04-98-042080.

Doc. No. 9(_;

Page No. 21 Book No. 107

Series of 2021.

Until December 31, 2021

PTR No. 0694702-D, 01-04-2021 Q.C.

IBP No. 141058, 01-04-2021

MCLE No.VI-0012817, 04-14-2022 AKINAdmin Matter No. NP-067(2020-2021)

Roll No. 50183

Shakey's Pizza Asia Ventures, Inc. undertakes to provide, without charge, a copy of its Annual Report (SEC Form 17-A), sans exhibits, to any poreon under takes to provide, without charge, a copy of its Annual Report (SEC Form 17-A), sans exhibits, to any person upon written request addressed to the Corporate Secretary with office address at 7F Centerpoint Building, Julia Vargas Ave., Ortigas Center, Pasig City.

MANAGEMENT REPORT

BUSINESS OVERVIEW AND GENERAL INFORMATION

Shakey's Pizza Asia Ventures Inc. (SPAVI) or PIZZA, is the market leader in both chained pizza full service restaurant and chained full service restaurant with 67.3% and 29.6% market share as cited by Euromonitor. As of December 31, 2020, it operated a total of 279 stores in the Philippines and abroad, a mix of Company-owned and franchise stores. PIZZA has consistently recorded double digit growth in system-wide sales in the past three years.

PIZZA has over 40 years of brand legacy in the Philippines. Originally an American brand established in 1954, Shakey's expanded into the Philippines in 1975, and has since become a household name to generations of Filipinos. PIZZA is a strong brand because of its unique products paired with excellent guest service. It is best known for its original thin crust pizza and iconic Chicken N' Mojos.

PIZZA owns the trademarks and licenses to operate the Shakey's brand in the Philippines, thus it has full control over the management and execution of Shakey's Philippine operations. Since PIZZA owns the brand, it generates additional revenue from franchising while not having to pay royalty fees for the use of the Shakey's name. PIZZA also owns the rights and trademarks in Asia (except Malaysia and Japan), China, Middle East, Australia and Oceania. This gives the company international expansion opportunities in the long-term. As of today, PIZZA does not operate any stores outside of the Philippines.

PIZZA is able to serve the A, B and upper C income classes through its various sales channels. PIZZA's dine-in segment caters mostly to families and friends who want an affordable upgrade from the usual fast-food dining. At the same time, PIZZA appeals to the A and B classes through its delivery segment. With the shift of consumer trend towards convenience, PIZZA ensures that it continues to operate well-designed, comfortable, clean and guest-oriented stores, an efficient delivery system, and expand its online sales platform to align itself with current market and consumption trends.

PIZZA is spread nationwide through its five store formats. These formats differ in size ranging from 120 sqm to 400 sqm. Smaller stores tend to need lower capital investment. This allows PIZZA flexibility to serve the demand of a specific market, while still achieving the desired profitability.

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

PIZZA operates a simple business model that is cash generative and requires low upfront costs due to the simplicity of its product. This enables high financial liquidity and an average payback period of 3-4 years. PIZZA also has a well-established franchised model with industry leading return on investment of 3-4 years.

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

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

On June 1, 2019, PIZZA acquired *Peri-Peri Charcoal Chicken*, an emerging fast casual and full service restaurant brand in the Philippines. The acquisition includes assets and intellectual property relating to the Peri business, including its brand, trade name, and the various proprietary recipes used by the chain to make its trademark peri-peri chicken.

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

FACTORS AFFECTING RESULTS OF OPERATIONS

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

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

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

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

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

PIZZA hires approximately 1,200 full-time employees, a portion of which are covered by a 5-year collective bargaining agreement renewed on October 19, 2016. Although PIZZA's operations have never been affected by any labor dispute in the past, it cannot assure that it will not experience labor unrest and activism in the future, which may affect its business, financial condition and result of operations.

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

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

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

KEY VARIABLE AND OTHER QUALITATIVE AND QUANTITATIVE FACTORS

(i) Any known Trends, Events or Uncertainties (Material Impact on Liquidity and Sales)

Food service businesses are affected by changes in consumer tastes, international, national, regional and local economic conditions and demographic trends. For example, if prevailing health or dietary preferences cause consumers to avoid pizza and other products we offer in favor of foods that are perceived as more healthy, our business, financial condition and results of operations would be materially adversely affected. The timing of product launches, pricing and advertising efforts of competitors may also impact our sales of new menu items. In the past, we have introduced new products which were unsuccessful and there can be no guarantee that we will be able to introduce new menu items successfully in the future. If we cannot successfully introduce new menu offerings, our business, financial condition and results of operations could be materially and adversely affected.

All Company-owned and franchised stores are currently located in the Philippines and, as a result, our operations are significantly affected, and will continue to be significantly affected, by macroeconomic conditions in the Philippines. Demand for, and prevailing prices of, our menu offerings are directly related to the strength of the Philippine economy and consumer confidence, including overall growth levels and the amount of business activity in the Philippines. Over the past several years, economic growth in the Philippines has led to an increase in personal disposable income, resulting in increased purchasing power and greater demand for consumer products. Any deterioration in the Philippine economy may adversely affect consumer sentiment and lead to a contraction in demand for our products.

As of the date of this disclosure and other than as disclosed, we are not aware of any other trends, events or uncertainties that would have had or that could reasonably be expected to have a material favorable or unfavorable impact on our revenues from continuing operations.

ii) Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation

The Company entered into a loan agreement with BDO Unibank on June 8, 2016, which in turn was used to finance the acquisition of majority control of the Shakey's Group from the Prieto Family.

There are a number of other covenants under the loan, including a restriction on the amendments of constitutive documents that will impact the ability of the Company to fulfill its obligations under the loan without the consent of the lender.

(iii) All material off-balance sheet transactions, obligations including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

As of the date of this disclosure, PIZZA is not a financial guarantor of the obligations of any unconsolidated entity, and we were not a party to any off-balance sheet obligations or arrangement.

(iv) Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures

PIZZA makes capital expenditures annually to support our business goals and objectives. As part of its strategy, we invest capital in developing and constructing new stores. PIZZA also invests in ongoing maintenance of existing stores.

The Company has historically funded our capital expenditures primarily through internally generated funds derived from operating income.

(v) Any Significant Elements of Income or Loss (from continuing operations) and Causes for Any Material Changes from Period to Period of FS which shall include vertical and horizontal analyses of any material item (5%)

Causes for material changes are explained in Management's Discussion and Analysis or Plan of Operation and Notes to the Consolidated Financial Statements.

(vii) Seasonal Aspects that has Material Effect on the FS

PIZZA experiences seasonal fluctuations in our net sales. Historically, PIZZA typically follows family eating patterns at home, with our strongest sales levels occurring in the months of March, May, August and December, and our lowest sales levels occurring in the months of January, February, June and July. The Company takes advantage of stronger seasonal sales by implementing campaigns geared towards increasing average check per guest and launching marketing strategies to increase transaction count during seasons with lower sales levels.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

FINANCIAL POSITION 31 March 2021 vs. 31 December 2020

	31 March 2021	31 December 2021	Change
Cash and Cash Equivalents	519,594,662	607,674,132	-14%
Trade and other receivables	558,177,045	561,004,570	-1%
Financial assets at FVPL	-	120,000,000	-100%
Inventories	408,309,670	444,941,572	-8%
Prepaid and other current assets	144,401,833	132,042,576	9%
Property and equipment - net	1,389,852,927	1,419,634,223	-2%
Intangible assets	7,050,516,770	7,051,509,002	0%
Right-of-use assets	1,244,800,318	1,311,464,060	-5%
Rental deposits and other noncurrent assets	157,571,342	173,125,540	-9%
Deferred input value-added tax	34,625,459	48,423,975	-28%
Deferred tax assets	340,398,343	350,172,528	-3%
TOTAL ASSETS	11,848,248,369	12,219,992,178	-3%
Accounts payable and other current liabilities	746,705,955	801,171,873	-7%
Loans payable - BDO - Current	48,099,942	48,099,942	0%
Short-term loans payable	750,000,000	1,050,000,000	-29%
Lease Liability-Current	209,886,325	211,544,249	-1%
Current portion of unearned franchise fees	14,493,460	16,020,186	-10%
Income tax payable	6,679,240	3,156,468	112%
Loan payable - net of current portion	3,740,497,427	3,740,497,427	0%
Unearned franchise fees	71,833,086	73,600,393	-2%
Accrued pension costs	146,478,420	131,238,332	12%
Lease liability	1,259,917,000	1,319,058,770	-4%
Dealer's deposits and other noncurrent liabilities	40,568,793	41,240,550	-2%
Total Liabilities	7,035,159,647	7,435,628,190	-5%
Capital stock	1,531,321,053	1,531,321,053	0%
Additional Paid In Capital	1,353,554,797	1,353,554,797	0%
Deposits for Future Stocks Subscription	-	-	0 70
Retained Earnings	1,992,893,003	1,964,168,269	1%
Other components of equity	(64,680,132)	(64,680,132)	0%
Total Equity	4,813,088,722	4,784,363,987	1%
TOTAL LIABILITIES AND EQUITY	11,848,248,369	12,219,992,178	-3%

Shakey's Pizza Asia Ventures, Inc.'s total resources as of 31 March 2021 was at ₱11.8 billion, 3% lower than the 31 December 2020 level of ₱12.2 billion due to the following:

14% Decrease in Cash and Cash Equivalents

As of end-March 2021, cash and cash equivalents totaled ₱520 million. Cash includes cash on hand and in banks while cash equivalents are short-term, highly liquid investments that are easily convertible to cash.

100% Decrease in Financial assets at FVPL

Financial assets at fair value through profit or loss (FVPL) declined to zero as of end-March

2021 due to the sale of these assets and the resulting conversion to cash.

8% Decrease in Inventories

Inventories amounted to ₱408 million as of end-March 2021 compared to ₱445 million in 2020. The decrease is due to lower merchandise inventory, particularly raw materials.

29% Decrease in Short-term Loans Payable

Short-term loans payable amounted to $\rat{P}750$ million as of end-March 2021 compared to $\rat{P}1.05$ billion in 2021. The decrease is due to the partial repayment of short-term loans during the first quarter of 2021.

FINANCIAL POSITION 31 December 2020 vs. 31 December 2019

	31 Dec 2020	31 Dec 2019	Change
Cash and cash equivalents	607,674,132	507,701,190	20%
Trade and other receivables	561,004,570	709,483,495	-21%
Financial assets at FVOCI	120,000,000	120,000,000	0%
Inventories	444,941,572	477,127,376	-7%
Prepaid expenses and other current assets	132,042,576	123,970,333	7%
Property and equipment	1,419,634,224	1,615,292,163	-12%
Software	233,331,243	163,438,617	43%
Right-of-use asset	1,311,464,060	1,413,623,270	-7%
Goodwill	1,264,082,949	1,264,082,949	0%
Trademarks	5,554,094,810	5,549,307,154	0%
Deferred input value-added tax	48,423,974	67,963,872	-29%
Deferred tax assets	350,172,528	154,972,558	126%
Rental and other deposits	173,125,540	165,662,780	5%
TOTAL ASSETS	12,219,992,177	12,332,625,757	-1%
Accounts payable and other current liabilities	801,171,872	962,058,086	-17%
Short-term Loan	1,050,000,000	550,000,000	91%
Current portion of loan payable	48,099,942	48,120,934	0%
Current portion of unearned franchise fees	16,020,186	18,517,499	-13%
Lease Liability-Current	211,544,249	224,333,251	-6%
Income tax payable	3,156,468	82,626,816	-96%
Noncurrent portion of loan payable - net of current portion	3,740,497,427	3,788,597,369	-1%
Dealers' deposit and other non current liabilities	41,240,550	46,608,785	-12%
Unearned franchise fees	73,600,393	90,652,460	-19%
Lease liability	1,319,058,770	1,374,293,912	-4%
Accrued pension costs	131,238,332	78,310,299	68%
Total Liabilities	7,435,628,189	7,264,119,411	2%
Capital stock	1,531,321,053	1,531,321,053	0%
Additional paid-in capital	1,353,554,797	1,353,554,797	0%
Retained earnings	1,964,168,269	2,233,070,767	-12%
Other components of equity	(64,680,132)	(49,440,271)	31%
Total Equity	4,784,363,987	5,068,506,346	-6%
TOTAL LIABILITIES AND EQUITY	12,219,992,177	12,332,625,757	-1%

Shakey's Pizza Asia Ventures, Inc.'s total resources as of 31 December 2020 was at ₱12.21 billion, 1% lower than the 31 December 2019 level of ₱12.33 billion due to the following:

20% Increase in Cash and Cash Equivalents

As of end 2020, cash and cash equivalents totaled ₱608 million. Cash includes cash on hand and in banks while cash equivalents are short-term, highly liquid investments that are easily convertible to cash.

21% Decrease in Trade and Other Receivables

Trade and other receivables stood at ₱561 million as of year-end 2020 compared to ₱709 million in 2019. The decrease is driven by the recognition of lower third party trade receivables.

7% Decrease in Inventories

Inventories amounted to ₹445 million as of year-end 2020 compared to ₹477 million in 2019. The decrease is due to lower merchandise inventory, particularly raw materials.

7% Increase in Prepaid expenses and other current assets

Prepaid expenses and other current assets stood at ₱132 million as of year-end 2020 compared to ₱124 million in 2019.

12% Decrease in Property and equipment

The decrease is mainly because of permanent store closures as a result of the COVID-19 pandemic.

43% Increase in Software

Software assets stood at ₱233 million as of year-end 2020 compared to ₱163 million in 2019.

7% Decrease in Right-of-use asset

Right-of-use assets stood at ₱1.31 billion as of year-end 2020 compared to ₱1.41 billion in 2019.

126% Increase in Deferred tax assets

The increase is driven by the recognition of income tax benefit as a result of net operating loss carryover.

17% Decrease in Accounts payable and other current liabilities

The decline is driven by the recognition of lower trade payables as a consequence of the COVID-19 pandemic.

91% Increase in Short-term loans payable

The increase in short-term loans payable is primarily used to support the Company's operations amidst the COVID-19 pandemic.

96% Decrease in Current lease liability

Current lease liability stood at ₱3.16 million as of year-end 2020 compared to ₱82.63 million in 2019.

12% Decrease in Retained earnings

The decrease in retained earnings is due to the recognition of consolidated net loss of ₱254 million.

FINANCIAL POSITION 31 December 2019 vs. 31 December 2018

	31 Dec 2019	31 Dec 2018	Change
Cash and cash equivalents	507,701,190	433,777,621	17%
Trade and other receivables	709,483,495	359,544,119	97%
Financial assets at fair value through profit and loss	120,000,000		
Inventories	477,127,376	597,145,719	-20%
Prepaid expenses and other current assets	123,970,333	219,854,297	-44%
Property and equipment	1,615,292,163	1,711,899,346	-6%
Intangible Asset	6,976,828,720	6,065,715,622	15%
Right-of-use assets	1,413,623,270	-	
Deferred input value-added tax	67,963,872	63,451,832	7%
Deferred tax assets	154,972,558	31,044,664	399%
Pension asset	-	13,666,188	-100%
Rental and other noncurrent assets	165,662,780	137,079,814	21%
TOTAL ASSETS	12,332,625,757	9,633,179,222	28%
Short-term loans payable	550,000,000	-	
Accounts payable and other current liabilities	962,058,086	799,504,485	20%
Current portion of:			
Long-term loans payable	48,120,934	48,449,757	-1%
Contract liabilities	18,517,499	19,285,813	-4%
Lease liabilities	224,333,251	-	
Income tax payable	82,626,816	100,558,936	-18%
Noncurrent current portion of:			
Long-term loans payable	3,788,597,369	3,836,966,162	-1%
Contract liabilities	90,652,460	93,314,414	-3%
Lease liabilities	1,374,293,912	-	
Accrued pension costs	78,310,299	-	
Accrued rent	-	101,853,055	-100%
Dealers' deposits and other noncurrent liabilities	46,608,785	63,425,467	-27%
Total Liabilities	7,264,119,411	5,063,358,089	43%
Capital stock	1,531,321,053	1,531,321,053	0%
Additional paid-in capital	1,353,554,797	1,353,554,797	0%
Retained earnings	2,233,070,767	1,668,017,627	34%
Other components of equity	(49,440,272)	16,927,656	-392%
Total Equity	5,068,506,346	4,569,821,133	11%
TOTAL LIABILITIES AND EQUITY	12,332,625,757	9,633,179,222	28%

Shakey's Pizza Asia Ventures, Inc.'s total resources as of 31 December 2019 was at ₱12.33 billion, 28% higher than the 31 December 2018 level of ₱9.63 billion due to the following:

17% Increase in Cash and Cash Equivalents

As of end 2019, cash and cash equivalents totaled ₱508 million. Cash includes cash on hand and in banks while cash equivalents are short-term, highly liquid investments that are easily convertible to cash.

97% Increase in Trade and Other Receivables

Trade and other receivables stood at ₱709 million as of year-end 2019 compared to ₱360 million in 2018. The increase is driven by the recognition of higher third party trade receivables.

20% Decrease in Inventories

Inventories amounted to ₱477 million as of year-end 2019 compared to ₱597 million in 2018. The decrease is due to lower merchandise inventory, particularly raw materials.

44% Decrease in Prepaid expenses and other current assets

The decrease is primarily due to lower advances to suppliers of raw materials.

6% Decrease in Property and equipment

The decrease is mainly because of the recognition of higher depreciation expenses related to PFRS 16.

15% Increase in Intangible assets

The increase is due to the recognition of trademark and goodwill from the acquisition of the *Peri-Peri* business.

Recognition of Right-of-use asset

The recognition of ₱1.41 billion in right-of-use asset is due to the application of PFRS 16 effective January 1, 2019.

399% Increase in Deferred tax assets

The increase is driven by the recognition of deferred tax assets on lease liabilities and difference in depreciation due to adoption of PFRS 16.

21% Increase in Rental and other deposits

The increase is due to additional rental deposits made during 2019.

Recognition of Short-term loans payable

The recognition of ₱550 million in short-term loans is primarily used to partially fund the *Peri-Peri* acquisition.

20% Increase in Accounts payable and other current liabilities

The increase is driven by the recognition of higher non-trade payables.

34% Increase in Retained earnings

The increase in retained earnings is due to the recognition of consolidated net income after tax of ₱865 million.

FINANCIAL POSITION

31 December 2018 vs. 31 December 2017

	31 Dec. 2018	31 Dec. 2017	<u>Change</u>
Cash and cash equivalents	433,777,621	244,994,340	77%
Trade and other receivables	508,494,649	586,496,825	-13%
Inventories	597,145,719	362,206,579	65%
Prepaid expenses and other current assets	70,903,767	61,438,393	15%
Property and equipment	1,711,899,346	1,538,385,394	11%
Goodwill	1,078,606,020	1,078,606,020	0%
Trademarks	4,987,109,602	4,987,109,602	0%
Pension asset	13,666,188	-	100%
Deferred input value-added tax	63,451,832	95,666,175	-34%
Deferred tax assets	31,044,664	25,100,727	24%
Rental and other noncurrent assets	137,079,814	128,843,614	6%
Total Assets	9,633,179,222	9,108,847,669	6%
Accounts payable and other current liabilities	799,504,485	1,005,167,485	-20%
Current portion of loans payable	48,449,757	48,411,689	0%
Current portion of contract liabilities	19,285,813	-	100%
Income tax payable	100,558,936	59,139,697	70%
Loans payable - net of current portion	3,836,966,162	3,885,420,461	-1%
Accrued pension costs	-	25,134,979	-100%
Accrued rent	101,853,055	76,181,330	34%
Contract liabilities - net of current portion	93,314,414	-	100%
Dealers' deposits and other noncurrent liabilities	63,425,467	35,150,922	80%
Total Liabilities	5,063,358,089	5,134,606,563	-1%
Capital stock	1,531,321,053	1,531,321,053	0%
Additional paid-in capital	1,353,554,797	1,353,554,797	0%
Retained earnings	1,668,017,627	1,095,525,015	52%
Other components of equity	16,927,656	(6,159,759)	375%
Total Equity	4,569,821,133	3,974,241,106	15%
Total Liabilities and Equity	9,633,179,222	9,108,847,669	6%

Shakey's Pizza Asia Ventures, Inc.'s total resources as of 31 December 2018 was at ₱9.63 billion, 6% higher than the 31 December 2017 level of ₱9.11 billion due to the following:

77% Increase in Cash and Cash Equivalents

As of end 2018, cash and cash equivalents totaled ₱434 million. Cash includes cash on hand and in banks while cash equivalents are short-term, highly liquid investments that are easily convertible to cash.

13% Decrease in Trade and Other Receivables

Trade and other receivables was at ₱508 million as of year-end 2018 compared to ₱586 million in 2017, a decrease of 13%.

65% Increase in Inventories

As of December 31, 2018, inventories increased from ₱362 million to ₱597 million.

11% Increase in Property and Equipment

Consolidated net property, plant, and equipment was ₱1.71 billion as of year-end 2019. Capital expenditures for the year reached ₱434 million, which were invested in the building of new stores and improvements in the corporate office and commissary.

20% Decrease in Accounts Payable and Other Current Liabilities

Accounts payable and other current liabilities decreased by 20% for the full-year 2018 to ₱800 million. The Company had shorter payable days of 62 days against the previous year's 79 days.

RESULTS OF OPERATIONS 31 March 2021 vs. 31 March 2020

	31 March 2021	31 March 2020	Change
Revenues	1,281,461,570	1,834,703,898	-30%
Costs of sales	964,714,290	1,379,014,265	-30%
Gross Income	316,747,280	455,689,633	-30%
General and Administrative Expenses	195,184,162	237,893,847	-18%
Interest Expense	82,528,237	73,347,418	13%
Other Income (Expenses)	496,613	2,699,447	-82%
Income Before Income Tax	39,531,494	147,147,815	-73%
Provision for Income Tax	10,806,760	33,567,890	-68%
Net Income	28,724,734	113,579,925	-75%

Results of Operations for the period ended 31 March 2021 compared to the period ended 31 March 2020.

30% Decrease in Revenues

Consolidated net revenues, composed of sales from company-owned stores, franchise and royalty fees from franchisees, and revenues from wholly-owned subsidiaries, reached ₱1.28 billion, declining by 30% from reported revenues of ₱1.83 billion for the three months ending March 31, 2020.

30% Decrease in Costs of Sales

For the quarter ending March 2021, consolidated cost of sales dropped by 30% from ₱1.38 billion in 2020 to ₱965 million. Consolidated cost of sales is mainly composed of raw material and packaging costs, direct labor costs, and store-related costs including rent, utilities, etc.

30% Decrease in Gross Income

Consolidated gross profit amounted to ₱317 million for the first quarter of 2021, lower by 30% from ₱456 million in the previous year. This yielded a gross profit margin of 25% from 19% previously.

18% Decrease in General and Administrative Expenses

For the three months ending March 31, 2021, consolidated general and administrative expenses totaled ₱195 million, representing a 15% cost-to-sales ratio. This is higher compared to 13% during the same period in 2020.

13% Increase in Interest Expense

Interest expense of ₱83 million was recorded for the three months ending March 31, 2021.

This amount pertains to interest on the ₱3.8 billion remaining of the acquisition loan used to acquire the wholly-owned subsidiaries, as well as the ₱750 million loan used to support operating activities that were negatively affected by the COVID-19 pandemic.

82% Decrease in Other Income

Consolidated other income totaled ₱497 thousand as of end-March 2021. This is composed mainly of other income from franchisees, service income and loss from store retirement.

75% Decrease in Net Income

For the quarter ending March 2021, consolidated net income after tax stood at ₱29 million, yielding a net income margin of 2%. This is 75% lower than first quarter 2020 net income after tax of ₱114 million.

RESULTS OF OPERATIONS

31 December 2020 vs. 31 December 2019

	31 Dec 2020	31 Dec 2019	Change
Revenues	5,296,771,546	8,239,093,787	-36%
Cost of Sales	4,364,157,309	5,827,018,168	-25%
Gross Income	932,614,237	2,412,075,619	-61%
General and Administrative Expenses	(972,712,600)	(1,051,602,075)	-8%
Interest Expense	(333,303,573)	(311,472,803)	7%
Interest Income	2,886,826	715,119	304%
Other Income - Net	2,003,935	58,591,814	-97%
Income Before Income Tax	(368,511,175)	1,108,307,674	-133%
Provision for (Benefit from) Income Tax	(114,921,887)	243,071,407	-147%
Net Income	(253,589,288)	865,236,267	-129%
Total Other Comprehensive Income	(15,239,861)	(66,367,927)	-77%
Total Comprehensive Income	(268,829,149)	798,868,340	-134%

Results of Operations for the year ended 31 December 2020 compared to the year ended 31 December 2019.

36% Decrease in Revenues

Consolidated net revenues, composed of sales from company-owned stores, franchise and royalty fees from franchisees, and revenues from wholly-owned subsidiaries, reached ₱5.30 billion, declining by 36% from reported revenues of ₱8.24 billion for the twelve months ending December 31, 2019.

25% Decrease in Costs of Sales

For the year ending 2020, consolidated cost of sales dropped by 25% from ₱5.83 billion in 2019 to ₱4.36 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.

61% Decrease in Gross Income

Consolidated gross profit amounted to ₱933 million for the full year 2020, lower by 61% from ₱2.41 billion in the previous year. This yielded a gross profit margin of 18% from 29% previously.

8% Decrease in General and Administrative Expenses

For the twelve months ending December 31, 2020, consolidated general and administrative expenses totaled ₱973 million, representing an 18% cost-to-sales ratio. This is higher compared to 13% during the same period in 2019.

7% Increase in Interest Expense

Interest expense of ₱333 million was recorded for the twelve months ending December 31, 2020. This amount pertains to interest on the ₱3.8 billion remaining of the acquisition loan used to acquire the wholly-owned subsidiaries, as well as the ₱1.05 billion loan used to support operating activities that were negatively affected by the COVID-19 pandemic.

97% Decrease in Other Income

Consolidated other income totaled ₱2 million as of year-end 2020. This is composed mainly of other income from franchisees, service income and loss from store retirement.

129% Decrease in Net Income

For the year ending 2020, consolidated net income after tax stood at negative \$254\$ million, yielding a net income margin of negative 5%. This is a reversal from 2019's recorded net income after tax of \$865\$ million.

RESULTS OF OPERATIONS 31 December 2019 vs. 31 December 2018

	31 Dec 2019	31 Dec 2018	Change
Revenues	8,239,093,787	7,578,718,618	9%
Costs Of Sales	(5,827,018,168)	(5,399,319,411)	8%
Gross Income	2,412,075,619	2,179,399,207	11%
General And Administrative Expenses	(1,051,602,075)	(973,225,277)	8%
Interest Expense	(311,472,803)	(188,515,123)	65%
Other Income - Net	59,306,933	64,578,557	-8%
Income Before Income Tax	1,108,307,674	1,082,237,364	2%
Provision For (Benefit From) Income Tax	243,071,407	241,321,936	1%
Net Income	865,236,267	840,915,428	3%
Total Other Comprehensive Income	(66,367,928)	23,087,415	-387%
Total Comprehensive Income	798,868,340	864,002,843	-8%

Results of Operations for the year ended 31 December 2019 compared to the year ended 31 December 2018.

9% Increase in Revenues

Consolidated net revenues, composed of sales from company-owned stores, franchise and royalty fees from franchisees, and revenues from wholly-owned subsidiaries, reached ₱8.24 billion, surging by 9% from reported revenues of ₱7.58 billion for the twelve months ending December 31, 2018.

8% Increase in Costs of Sales

For the year ending 2019, consolidated cost of sales grew by 8% from ₱5.40 billion in 2018 to ₱5.83 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.

11% Increase in Gross Income

Consolidated gross profit amounted to ₱2.41 billion for the full year 2019, surging by 11% from ₱2.18 billion in the previous year. This yielded a gross profit margin of 29% as the Company executed inventory-buying strategies and implemented price increases.

8% Increase in General and Administrative Expenses

For the twelve months ending December 31, 2019, consolidated general and administrative expenses totaled ₱1.05 billion, representing a 13% cost-to-sales ratio. This is similar compared to 13% during the same period in 2018.

65% Increase in Interest Expense

Interest expense of ₱311 million was recorded for the twelve months ending December 31, 2019. This amount pertains to interest on the ₱3.8 billion remaining of the acquisition loan used to acquire the wholly-owned subsidiaries, as well as the ₱550 million loan used to partially fund the *Peri-Peri acquisition*.

8% Decrease in Other Income

Consolidated other income totaled ₱59 million as of year-end 2019. This is composed mainly of ₱45 million income from service fees and expired loyalty fund points. Service fee is a recurring item composed of freight costs, call center expenses, IT infrastructure, charged to franchisees. Other items included in other income are ₱11 million other income from franchisees, ₱4 million accretion income from deposits, and ₱2 million interest income.

3% Increase in Net Income

For the year ending 2019, consolidated net income after tax reached ₱865 million, yielding a net income margin of 11%. This is an increase of 3% versus the 2018 recorded net income after tax of ₱841 million.

RESULTS OF OPERATIONS 31 December 2018 vs. 31 December 2017

	31 Dec. 2018	31 Dec. 2017	<u>Change</u>
Revenues	7,578,718,618	7,003,813,081	8%
Costs of sales	(5,399,319,411)	(4,937,716,670)	9%
Gross income	2,179,399,207	2,066,096,411	5%
General and administrative expenses	(973,225,277)	(905,415,529)	7%
Interest expense	(188,515,123)	(177,304,646)	6%
Other income	64,578,557	38,807,186	66%
Income before income tax	1,082,237,364	1,022,183,422	6%
Provision for (benefit from) income tax	241,321,936	260,040,098	-7%
Net income	840,915,428	762,143,324	10%
Total other comprehensive income	23,087,415	6,152,762	275%
Total comprehensive income	864,002,843	768,296,086	12%

Results of Operations for the year ended 31 December 2018 compared to the year ended 31 December 2017.

8% Increase in Revenues

Consolidated net revenues, composed of sales from company-owned stores, franchise and royalty fees from franchisees, and revenues from wholly-owned subsidiaries, reached ₱7.58 billion, surging by 8% from reported revenues of ₱7.00 billion for the twelve months ending December 31, 2017.

9% Increase in Costs of Sales

For the year ending 2018, consolidated cost of sales grew by 9% from ₱4.94 billion in 2017 to ₱5.40 billion, rising slightly faster than the 8% growth in consolidated net revenues. Consolidated cost of sales is mainly composed of raw material and packaging costs, direct labor costs, and store-related costs including rent, utilities, etc. The accelerated increase in cost of goods was due to elevated commodity prices and raw material costs relative to the previous year.

5% Increase in Gross Income

Consolidated gross profit amounted to ₱2.18 billion for the full year 2018, surging by 5% from ₱2.07 billion. This yielded a gross profit margin of 29% as the Company executed inventory-buying strategies and implemented price increases.

7% Increase in General and Administrative Expenses

For the twelve months ending December 31, 2018, consolidated general and administrative expenses totaled ₱973 million, representing a 13% cost-to-sales ratio. This is similar compared to 13% during the same period in 2017.

6% Increase in Interest Expense

Interest expense of ₱189 million was recorded for the twelve months ending December 31, 2018. This amount pertains to interest on the ₱3.9 billion remaining of the acquisition loan used to acquire the wholly-owned subsidiaries.

66% Increase in Other Income

Consolidated other income totaled ₱65 million as of year-end 2018. This is composed mainly of ₱47 million income from service fees and expired loyalty fund points. Service fee is a recurring item composed of freight costs, call center expenses, IT infrastructure, charged to franchisees. Other items included in other income are ₱10 million other income from franchisees, ₱4 million accretion income from deposits, and ₱2 million interest income.

10% Increase in Net Income

For the year ending 2018, consolidated net income after tax reached $\rat{P}841$ million, yielding a net income margin of 11%. This is an increase of 10% versus the 2017 recorded net income after tax of $\rat{P}762$ million.

FINANCIAL RATIOS

	31 March 2021	31 March 2020
Gross Profit Margin		
Gross Profit / Net Revenue	25%	25%
Before Tax Return on Sales		
Net Profit Before Tax / Net Revenue	3%	8%
Return on Equity	F 0/	1.00/
Net Income / Average Equity	-5%	16%
Net Gearing Ratio		
(Interest-bearing liabilities – Cash) /	0.8x	0.7x
Total Equity		
Current Ratio		
Total Current Assets / Total Current		
Liabilities	0.9x	1.1x

	31 Dec 2020	31 Dec 2019	31 Dec 2018
Gross Profit Margin Gross Profit / Net Revenue	17.6%	29.3%	28.8%
Before Tax Return on Sales Net Profit Before Tax / Net Revenue	-7.0%	13.5%	14.3%
Return on Equity Net Income / Average Equity	-5.1%	18.0%	19.7%
Net Gearing Ratio (Interest-bearing liabilities – Cash) / Total Equity	0.88x	0.77x	0.76x
Current Ratio Total Current Assets / Total Current Liabilities	0.88x	1.03x	1.66x

MARKET INFORMATION

a) Market Information

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

The following table shows the high and low prices (in pesos per common share) of the Company's shares in the PSE for each quarter within the last 2 years:

Period	High	Low
1st Quarter of 2019	13.40	11.50
2 nd Quarter of 2019	14.36	12.00
3 rd Quarter of 2019	14.90	11.10
4 th Quarter of 2019	12.28	9.80
January 1, 2019 to December 31, 2019	14.90	9.80
1 st Quarter of 2020	9.91	4.71
2 nd Quarter of 2020	6.95	4.70
3 rd Quarter of 2020	6.30	5.31
4 th Quarter of 2020	8.80	5.62
January 1, 2020 to December 31, 2020	9.91	4.70
January 1, 2021 to March 31, 2021	8.17	6.75

Source: Daily Quotation Reports of the Philippine Stock Exchange

The market capitalization of the Company's common shares as of end of 2020, based on the closing price of ₱7.70 per share was ₱11,791,172,108. The market capitalization of the Company's common shares as of March 31, 2021, based on the closing price of ₱7.08 per share was ₱10,841,753,055. The market price per share as of June 11, 2021 is ₱7.97.

b) Holders

Total shares outstanding as of May 31, 2021, is 1,531,321,053 with a par value of ₱1.00.

The number of shareholders of record as of May 31, 2021, was 40. The shareholders as of the same date are as follows:

Name of Shareholder	Number of Shares	% Ownership
Century Pacific Group, Inc.	847,973,841	55.38%*
PCD Nominee Corp. (Non-Filipino)	467,758,679	30.55%
PCD Nominee Corp. (Filipino)	208,503,211	13.62%
Century Pacific Group, Inc.	40,000,000	2.61%
Ma. Luisa P. Lovina	13,766,511	0.90%
Leopoldo M. Prieto III	6,882,542	0.45%
Jamille P. Torres	3,706,257	0.24%
Panda Development Corporation	3,314,264	0.22%
Jamille M. P. Torres	3,176,285	0.21%
Ma. Consuelo P. Guerrero	2,923,808	0.19%
Ma. Pilar P. Lorenzo	2,923,808	0.19%
Ma. Cristina P. Moraza	2,923,808	0.19%
Carlos M. Prieto	2,923,808	0.19%
Eduardo M. Prieto	2,923,808	0.19%
Rosario Anne R. Prieto	2,811,823	0.18%

Name of Shareholder	Number of Shares	% Ownership
L.L.P. Enterprises, Inc.	2,808,968	0.18%
Ramon M. Prieto	2,760,093	0.18%
Ma. Ines P. Borromeo	1,943,056	0.13%
Ma. Teresa P. Rufino	1,514,170	0.10%
Ma. Teresa R. Prieto	1,297,653	0.08%
Alma Bella Pil Alberastine	2,000	-
Percival Byron Salazar Bueser	2,000	-
Veronica Aguilar Pedrasa	2,000	-
Leopoldo H. Prieto, Jr.	1,427	-
Dondi Ron R. Limgenco	1,111	-
Christine F. Herrera	1,000	-
Gabrielle Claudia F. Herrera	1,000	-
John T. Lao	1,000	-
Teresa P. Marcelino	1,000	-
Celina F. Lucero	200	-
Roy Eduardo T. Lucero	200	-
Owen Nathaniel S Au ITF: Li Marcus Au	110	-
Shareholders' Association of the Philippines	100	-
Inc.		
Jesus San Luis Vanelcia	100	-
Gerardo L. Salgado	8	-
Joselito T. Bautista	1	-
Paulo L. Campos III	1	-
Botschaft N. Cheng or Sevilla Ngo	1	-
Fernan Victor P. Lukban	1	-

^{*} Century Pacific Group, Inc. owns 796,445,141 shares of the Company in its own name and another 51,528,700 shares of the Company lodged under PCD Nominee Corp. (Filipino).

c) Dividends

Last July 15, 2020, the Company declared regular cash dividends amounting to PhP0.01 per share of common stock issued and outstanding to stockholders of record as of August 14, 2020. This amount represents the total cash declared and paid for in August 28, 2020.

Last June 20, 2019, the Company declared regular cash dividends amounting to PhP0.10 per share or a total of PhP153,132,105.30 on all shares of common stock issued and outstanding to stockholders of record as of 19 July 2019. This amount represents the total cash declared and paid for in 2019.

There are no outstanding dividends payable as of December 31, 2020 and December 31, 2019.

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

The Company did not issue any stocks to its employees as of December 31, 2020.

There has been no recent sales of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction.

CORPORATE GOVERNANCE

1. Evaluation System

The Corporation adopted and implemented its Manual on Corporate Governance to institutionalize the principles of good corporate governance in the entire organization and to supplement its By-Laws. The Corporation maintains three (3) independent directors in its Board and has designated a Compliance Officer to oversee the implementation of the Manual. Pursuant to the Manual, the Corporation created a Corporate Governance Committee to pre-screen and shortlist all candidates nominated to become a member of the Board and to develop policies on executive remuneration. An Audit Committee was also formed to check all financial reports and to provide oversight on financial management functions.

In addition, the Corporation has implemented a Board Performance Assessment with the following Criteria and Process of evaluation:

The assessment criteria include the structure, efficiency, and effectiveness of the Board, participation and engagement of each member of the Board, contribution of each member director to their respective Committees, and the performance of management. The criteria also reflects the specific duties, responsibilities and accountabilities of each party assessed as provided in the Company's By-Laws, Manual on Corporate Governance, Board Committee Charters and governing policies.

The following rating system shall be used by the directors in accomplishing the self-rating form:

SA - Strongly Agree A - Agree N - Neither Agree Nor Disagree D - Disagree SD - Strongly Disagree

The form also allows the director to provide comments and suggestions to further enrich the assessment process. For further clarification on this policy and the performance assessment exercise, the Board may address their queries to the Compliance Officer.

2. Measures on leading Practices of Good Corporate Governance

The Board of Directors shall review the Manual from time to time and recommend the amendment thereof with the goal of achieving better transparency and accountability. The Compliance Officer continues to evaluate the compliance of the Corporation, its directors, officers, and employees with its existing Manual, which may be amended from time to time.

3. Any Deviation from the Manual

As certified by the Compliance Officer, there was no material deviation in compliance with the Manual for the year 2020 and for the first quarter of 2021.

4. Improvement of the Corporate Governance

The Corporation has adopted the policy of reviewing its Manual on an annual basis at the Board level with the aim of constantly improving its corporate governance.

2021 ANNUAL STOCKHOLDERS' MEETING OF SHAKEY'S PIZZA ASIA VENTURES INC.

REGISTRATION AND PROCEDURE FOR VOTING IN ABSENTIA AND PARTICIPATION VIA REMOTE COMMUNICATION

I. VOTING IN ABSENTIA

Shakey's Pizza Asia Ventures, Inc. (the "Corporation") has established a designated website in order to facilitate the registration of and voting *in absentia* by stockholders at the annual meeting, as allowed under Sections 23 and 57 of the Revised Corporation Code.

Stockholders as of June 10, 2021 (the "Stockholder/s") may register at the following web address: https://www.shakeyspizza.ph/investors/register. Registration shall be open from **June 22 to June 30**, **2021**.

- 1. Upon registration, Stockholders shall be asked to provide the information and upload the documents listed below (the file size should be no larger than 5MB):
 - A. For individual Stockholders:
 - i. Email address
 - ii. First and Last Name
 - iii. Birthdate
 - iv. Address
 - v. Mobile Number
 - vi. Phone Number
 - vii. Stock certificate number and number of shares held
 - viii. Current photograph of the Stockholder, with the face fully visible
 - ix. Valid government-issued ID
 - x. For Stockholders with joint accounts: A scanned copy of an authorization letter signed by all Stockholders, identifying who among them is authorized to cast the vote for the account
 - B. For corporate/organizational Stockholders:
 - i. Email address
 - ii. First and Last Name
 - iii. Address
 - iv. Mobile Number
 - v. Phone Number
 - vi. Stock certificate number and number of shares held
 - vii. Current photograph of the individual authorized to cast the vote for the account (the "Authorized Voter")
 - viii. Valid government-issued ID of the Authorized Voter
 - ix. A scanned copy of the Secretary's Certificate or other valid authorization in favor of the Authorized Voter
- 2. Registration shall be validated by the Office of the Corporate Secretary in coordination with the Stock Transfer Agent of the Corporation. Once the Stockholder has been successfully validated, a username and password shall be generated for the Stockholder, which shall be sent to the email address indicated by the Stockholder on the registration form.
- 3. The registered Stockholder may then proceed to log in on the voting website using the username and password provided and cast their votes. All items in the agenda for approval shall be shown one at a time and the registered Stockholder may vote Yes, No, or Abstain. The vote is considered cast for all the registered Stockholder's shares.
- 4. Once voting on all the agenda items is finished, the registered Stockholder shall be shown a

APPENDIX 1

summary of votes cast. The Stockholder can then proceed to submit the accomplished ballot by clicking the 'Submit' button. Before submission, the website will prompt the Stockholder to confirm the submission of the ballot.

- 5. Voting shall be open from **July 3, 2021, 12:01 a.m. to July 7, 2021, 11:59 p.m.**
- 6. The Office of the Corporate Secretary shall tabulate all votes cast *in absentia* together with the votes cast by proxy, and an independent third party will validate the results.
- 7. Stockholders who register and vote on the website for voting *in absentia* are hereby deemed to have given their consent to the collection, use, storing, disclosure, transfer, sharing and general processing of their personal data by the Corporation and by any other relevant third party for the purpose of electronic voting *in absentia* for the Annual Stockholders' Meeting and for all other purposes for which the Stockholder can cast his/her/its vote as a stockholder of the Corporation.

II. PARTICIPATION VIA REMOTE COMMUNICATION

- 1. Stockholders may attend the meeting on July 15, 2021 at 8:30 a.m. via the livestreaming link sent to the email address indicated by the Stockholder on the registration form. The livestream shall be broadcast via Zoom, which may be accessed either on the web browser or on the Zoom app. Those who wish to view thelivestream may join the stream anonymously.
- 2. For purposes of quorum, only the following Stockholders shall be counted as present:
 - A. Stockholders who have registered and voted on the website for voting *in absentia* by June 30, 2021;
 - B. Stockholders who have sent their proxies via the website by June 30, 2021.

Questions and comments on the items in the Agenda, Information Statement and Management Report may be sent through the voting website. Questions or comments received on or before June 30, 2021 may be responded to during the meeting. Any questions not answered during the meeting shall be answered via email.

Appendix 2

PDTC Report As of March 30, 2021

OUTSTANDING BALANCES FOR A SPECIFIC COMPANY

Company Code - PIZZA00000000

Business Date: March 31, 2021

Business Date: March 31, 2021	
BPNAME	HOLDINGS
UPCC SECURITIES CORP.	169,100
A & A SECURITIES, INC.	14,496,600
ABACUS SECURITIES CORPORATION	847,197
PHILSTOCKS FINANCIAL INC	869,112
A. T. DE CASTRO SECURITIES CORP.	18,000
ALPHA SECURITIES CORP.	7,000
BA SECURITIES, INC.	15,000
AP SECURITIES INCORPORATED	661,100
ANSALDO, GODINEZ & CO., INC.	42,800
AB CAPITAL SECURITIES, INC.	376,600
SARANGANI SECURITIES, INC.	493,900
SB EQUITIES,INC.	700,200
ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP.	2,000
ASIASEC EQUITIES, INC.	47,400
ASTRA SECURITIES CORPORATION	30,000
CHINA BANK SECURITIES CORPORATION	365,500
BELSON SECURITIES, INC.	63,500
BENJAMIN CO CA & CO., INC.	600
JAKA SECURITIES CORP.	24,000
BPI SECURITIES CORPORATION	11,483,469
CAMPOS, LANUZA & COMPANY, INC.	166,000
SINCERE SECURITIES CORPORATION	100
CENTURY SECURITIES CORPORATION	27,000
CTS GLOBAL EQUITY GROUP, INC.	44,000
VSEC.COM, INC.	2,000
TRITON SECURITIES CORP.	947,000
IGC SECURITIES INC.	6,249,400
CUALOPING SECURITIES CORPORATION	30,000
DBP-DAIWA CAPITAL MARKETS PHILPPINES, INC.	15,000
DAVID GO SECURITIES CORP.	932,400
DIVERSIFIED SECURITIES, INC.	225,100
E. CHUA CHIACO SECURITIES, INC.	133,200
EAST WEST CAPITAL CORPORATION	10,000
EASTERN SECURITIES DEVELOPMENT CORPORATION	240,200
EQUITIWORLD SECURITIES, INC.	130,400
EVERGREEN STOCK BROKERAGE & SEC., INC.	551,300
FIRST ORIENT SECURITIES, INC.	45,000
FIRST INTEGRATED CAPITAL SECURITIES, INC.	947,800
F. YAP SECURITIES, INC.	160,000
AURORA SECURITIES, INC.	77,600
GLOBALINKS SECURITIES & STOCKS, INC.	67,900
JSG SECURITIES, INC.	22,000
GOLDSTAR SECURITIES, INC.	202,400
GUILD SECURITIES, INC.	49,800
HDI SECURITIES, INC.	214,200
H. E. BENNETT SECURITIES, INC.	2,000
·	,
I. B. GIMENEZ SECURITIES, INC.	6,200
INVESTORS SECURITIES, INC,	114,200
IMPERIAL, DE GUZMAN, ABALOS & CO., INC.	91,900

BPNAME	HOLDINGS
INTRA-INVEST SECURITIES, INC.	48,800
J.M. BARCELON & CO., INC.	17,800
VALUE QUEST SECURITIES CORPORATION	118,400
STRATEGIC EQUITIES CORP.	42,490
LARRGO SECURITIES CO., INC.	10,000
LOPEZ, LOCSIN, LEDESMA & CO., INC.	17,500
LUCKY SECURITIES, INC.	5,000
LUYS SECURITIES COMPANY, INC.	17,000
MANDARIN SECURITIES CORPORATION	14,354,611
COL Financial Group, Inc.	10,671,561
DA MARKET SECURITIES, INC.	43,000
MERCANTILE SECURITIES CORP.	5,000
MERIDIAN SECURITIES, INC.	242,100
MDR SECURITIES, INC.	15,800
REGIS PARTNERS, INC.	3,948,898
MOUNT PEAK SECURITIES, INC.	2,500
NEW WORLD SECURITIES CO., INC.	109,600
OPTIMUM SECURITIES CORPORATION	94,000
RCBC SECURITIES, INC.	122,600
PAN ASIA SECURITIES CORP.	49,100
PAPA SECURITIES CORPORATION	19,889,659
MAYBANK ATR KIM ENG SECURITIES, INC.	1,836,302
PLATINUM SECURITIES, INC.	15,000
PNB SECURITIES, INC.	257,400
PREMIUM SECURITIES, INC.	39,000
SALISBURY BKT SECURITIES CORPORATION	211,612
QUALITY INVESTMENTS & SECURITIES CORPORATION	393,900
R & L INVESTMENTS, INC.	3,000
ALAKOR SECURITIES CORPORATION	52,000
R. COYIUTO SECURITIES, INC.	98,900
REGINA CAPITAL DEVELOPMENT CORPORATION	335,000
R. NUBLA SECURITIES, INC.	194,000
AAA SOUTHEAST EQUITIES, INCORPORATED	50,700
R. S. LIM & CO., INC.	13,000
RTG & COMPANY, INC.	99,100
S.J. ROXAS & CO., INC.	10,357,700
SECURITIES SPECIALISTS, INC.	54,600
FIDELITY SECURITIES, INC.	4,500
SUMMIT SECURITIES, INC.	351,100
STANDARD SECURITIES CORPORATION	91,400
TANSENGCO & CO., INC.	209,000
THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	216,400
TOWER SECURITIES, INC.	3,875,100
APEX PHILIPPINES EQUITIES CORPORATION	28,000
UCPB SECURITIES, INC.	76,000
UOB KAY HIAN SECURITIES (PHILS.), INC.	2,045,000
VENTURE SECURITIES, INC.	8,200
FIRST METRO SECURITIES BROKERAGE CORP.	10,066,392
WEALTH SECURITIES, INC.	1,034,635
WESTLINK GLOBAL EQUITIES, INC.	26,600
BERNAD SECURITIES, INC.	140,700
YAO & ZIALCITA, INC.	134,200
YU & COMPANY, INC.	240,800
BDO SECURITIES CORPORATION	6,742,340
EAGLE EQUITIES, INC.	582,000
SOLAR SECURITIES, INC.	315,500
G.D. TAN & COMPANY, INC.	156,100

BPNAME	HOLDINGS
PHILIPPINE EQUITY PARTNERS, INC.	1,867,333
UNICAPITAL SECURITIES INC.	883,215
SunSecurities, Inc.	34,900
TIMSON SECURITIES, INC.	54,800
CITIBANK N.A.	57,047,060
DEUTSCHE BANK MANILA-CLIENTS A/C	4,876,500
BANK OF COMMERCE - TRUST SERVICES GROUP	191,600
PNB TRUST BANKING GROUP	63,000
STERLING BANK OF ASIA TRUST GROUP	6,700
DEUTSCHE BANK MANILA-CLIENTS A/C	9,712,909
STANDARD CHARTERED BANK	73,758,100
THE HONGKONG AND SHANGHAI BANKING CORP. LTDCLIENTS' ACCT.	328,109,785
MBTC - TRUST BANKING GROUP	1,467,100
GOVERNMENT SERVICE INSURANCE SYSTEM	25,536,110
UCPB GENERAL INSURANCE CO., INC.	55,000

Total 636,261,890

PCD Non - Filipino	462,385,484
PCD Filipino	173,876,406

Total 636,261,890

If no written notice of any error or correction is received by PDTC within five (5) calendar days from receipt hereof, you shall be deemed to have accepted the accuracy and completeness of the details indicated in this report.

Appendix 3

BDO Report As of March 30, 2021

LIST OF TOP 100 STOCKHOLDERS As Of March 31, 2021

STOCKHOLDER'S NAME	OUTSTANDING & ISSUED SHARES (FULLY PAID)	OUTSTANDING & ISSUED SHARES PARTIALLY PAID	TOTAL HOLDINGS (SUBSCRIBED)	PERCENTAGE TO TOTAL
CENTURY PACIFIC GROUP, INC.	796,445,14	1 0	796,445,141	52.010
PCD NOMINEE CORP. (NON-FILIPINO)	462,394,08		462,394,084	30.196
PCD NOMINEE CORP. (FILIPINO)	173,867,80	6 0	173,867,806	11.354
CENTURY PACIFIC GROUP INC.	40,000,00	0 0	40,000,000	2.612
MA. LUISA P. LOVINA	13,766,51	1 0	13,766,511	0.899
LEOPOLDO M. PRIETO III	6,882,54	2 0	6,882,542	0.449
JAMILLE P. TORRES	3,706,25	7 0	3,706,257	0.242
PANDA DEVELOPMENT CORPORATION	3,314,26	4 0	3,314,264	0.216
JAMILLE M. P. TORRES	3,176,28	5 0	3,176,285	0.207
MA. CONSUELO P. GUERRERO	2,923,80	8 0	2,923,808	0.191
MA. PILAR P. LORENZO	2,923,80	8 0	2,923,808	0.191
MA. CRISTINA P. MORAZA	2,923,80	8 0	2,923,808	0.191
CARLOS M. PRIETO	2,923,80	8 0	2,923,808	0.191
EDUARDO M. PRIETO	2,923,80	8 0	2,923,808	0.191
ROSARIO ANNE R. PRIETO	2,811,82		2,811,823	0.184
L.L.P. ENTERPRISES, INC.	2,808,96		2,808,968	0.183
RAMON M. PRIETO	2,760,09		2,760,093	0.180
MA. INES P. BORROMEO	1,943,05	6 0	1,943,056	0.127
MA. TERESA P. RUFINO	1,514,17	0 0	1,514,170	0.099
MA. TERESA R. PRIETO	1,297,65	3 0	1,297,653	0.085
ALMA BELLA PIL ALBERASTINE	2,00	0 0	2,000	0.000
PERCIVAL BYRON SALAZAR BUESER	2,00	0 0	2,000	0.000
VERONICA AGUILAR PEDRASA	2,00	0 0	2,000	0.000
LEOPOLDO H. PRIETO, JR.	1,42		1,427	0.000
DONDI RON R. LIMGENCO	1,11		1,111	0.000
CHRISTINE F. HERRERA	1,00		1,000	0.000
GABRIELLE CLAUDIA F. HERRERA	1,00		1,000	0.000
JOHN T. LAO	1,00		1,000	0.000
TERESA P. MARCELINO	1,00		1,000	0.000
CELINA F. LUCERO	20		200	0.000
ROY EDUARDO T. LUCERO	20		200	0.000
OWEN NATHANIEL S AU ITF: LI MARCUS AU	11		110	0.000
VICTOR CO AND/OR ALIAN CO	10		100	0.000
SHAREHOLDERS' ASSOCIATION OF THE PHILIPPINES, INC.	10		100	0.000
JESUS SAN LUIS VALENCIA	10		100	0.000
GERARDO L. SALGADO		8 0	8	0.000
JOSELITO T. BAUTISTA		1 0	1	0.000
PAULO L. CAMPOS III		1 0	1	0.000
BOTSCHAFT N. CHENG OR SEVILA NGO		1 0	1	0.000
FERNAN VICTOR P. LUKBAN		1 0	1	0.000

GRAND TOTAL (40) 1,531,321,053 0 1,531,321,053

THIS IS A COMPUTER GENERATED REPORT AND IF ISSUED WITHOUT ALTERATION, DOES NOT REQUIRE ANY SIGNATURE.

Appendix 4

Certificate of Independent Director of Fernan Victor P. Lukban

CERTIFICATION OF INDEPENDENT DIRECTOR

I, Fernan Victor P. Lukban, Filipino, of legal age and a resident of 6 Tyler Street, North Greenhills, San Juan, after having been duly sworn to in accordance with law do hereby declare that:

- 1. I am a nominee for independent director of Shakey's Pizza Asia Ventures Inc. and have been its independent director since 2016.
- 2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/ Relationship	Period of Service
Central Azucarera de Tarlac	Non-Executive Director	6.5 years
Century Pacific Food, Inc.	Independent Director	7.5 years
Arthaland Corporation	Director	2019 to present

- 3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Shakey's Pizza Asia Ventures Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
- 4. I am not related to any director/officer/substantial shareholder of Shakey's Pizza Asia Ventures Inc. and its subsidiaries and affiliates.
- 5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
- I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
- 7. I shall inform the Corporate Secretary of Shakey's Pizza Asia Ventures Inc. of any changes in the abovementioned information within five days from its occurrence.

Done, this da	ay ofAPR 2 9 20	21 Pasis City	
a'*·		Fernan Victor P. Lukban Affiant	
Subscribed and s Pasig City , aff TIN ID with no. 112-212	fiant personally a	me this day of <u>APR 2 9 2021</u> ppeared before me and exhibited to me h	at nis
Doc. No. 26 Page No. 7 Book No. 1 Series of 2021.	F. (PT	VICTOR ENRIQUE Q. BOLINAO Appointment No. 196 (2020-2021) Notary Public Until December 31, 2021 Attorney's Roll No. 74263 33rd Floor, The Orient Square Ortigas, Jr. Road, Ortigas Center, Pasig City R Receipt No. 7233542; 01405.21; Pasig City IBP Receipt No. 137825; 01.05.21; RSM Admitted to the Bar July 8, 2020	

Appendix 5

Certificate of Independent Director of Frances J. Yu

REPUBLIC OF THE PHILIPPINES)
Pasig City) S.S

CERTIFICATION OF INDEPENDENT DIRECTOR

I, Frances J. Yu Filipino, of legal age and a resident of 4223 South Joya, Rockwell Center, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

- 1. I am a nominee for independent director of Shakey's Pizza Asia Ventures Inc.
- 2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/ Relationship	Period of Service
Century Pacific Food, Inc.	Independent Director	Since March 4, 2019

- 3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Shakey's Pizza Asia Ventures Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
- 4. I am not related to any director/officer/substantial shareholder of Shakey's Pizza Asia Ventures Inc. and its subsidiaries and affiliates.
- 5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
- I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
- 7. I shall inform the Corporate Secretary of Shakey's Pizza Asia Ventures Inc. of any changes in the abovementioned information within five days from its occurrence.

Done, this day of	APR 2 9 2021, at	finale City
		Frances J. Yu Affiant
Subscribed and sworn to Paris City , affiant person [1]	mally appeared before	day ofAPR 2 9 2021 at re me and exhibited to me her
Doc. No. 27 ; Page No. 7 ; Book No. 7 ; Series of 2021.	VICTOR ENRIDER Appointment Notary Pu Until December Attorney's Roll I 33rd Floor, The Or F. Ortigas, Jr. Road, Ortigas PTR Receipt No. 7233542; (IBP Receipt No. 137825 Admitted to the Bar	76 (2020-2021) blic 731, 2021 No. 74263 ient Square 5 Center, Pasig City 11-05.21; Pasig City

Appendix 6

Certificate of Independent Director of Paolo L. Campos III

CERTIFICATION OF INDEPENDENT DIRECTOR

I, Paulo L. Campos III, Filipino, of legal age and a resident of L2 B7 Bonifacio High Street, Bonifacio Global City, Taguig City, after having been duly sworn to in accordance with law do hereby declare that:

- 1. I am a nominee for independent director of Shakey's Pizza Asia Ventures Inc. and have been its independent director since 2016.
- 2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/ Relationship	Period of Service
Zalora Philippines	Executive Director	9 years

- 3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Shakey's Pizza Asia Ventures Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
- 4. I am not related to any director/officer/substantial shareholder of Shakey's Pizza Asia Ventures Inc. and its subsidiaries and affiliates.
- 5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
- 6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
- 7. I shall inform the Corporate Secretary of Shakey's Pizza Asia Ventures Inc. of any changes in the abovementioned information within five days from its occurrence.

	JUN 1 4 2021		
Done, this	day of	, atQuezon City	
		Paulo L. Campos III Affiant	
Subscribe Quezon ID with no. 239-	City , affiant personally a	me this JUN 1 4 2824 of a ppeared before me and exhibited to me his TIN	
Doc. No		ATTY. ELISEPS. CALMA JR. HAR PUBLC Until December 31, 2021 PTR No. 0694702-D, 01-04-2021 Q.C. IBP No. 141058, 01-04-2021 MCLE No.VI-0012817, 04-14-2022 Admin Matter No. NP-067(2020-2021) Roll No. 50183 No. 20 Kamagong St., Sapamanai Village, Éast Fairview, Q.C.	

Appendix 7

Audit Financial Statements As of December 31, 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 of the Board

Vicente L. Gregorio

President & Chief Executive Officer

2 8 APR 2021

Signed this day of April, 2021 Manuel T. Del Barrio

Vice President & Chief Financial Officer



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

REPUBLIC OF THE PHILIPPINES MAKATI CITY

) s.s.

SUBSCRIBE AND SWORN to before me this Passport Numbers, as follows:

2 8 APR 2021

___ affiant(s) exhibiting to me the

Name	Passport No.	Date Issue	Place of Issue
Christopher T. Po	EC3438983	Feb. 11, 2015	DFA NCR East
Vicente L. Gregorio	EC5496727	Sept. 26, 2015	DFA NCR South
Manuel T. Del Barrio	EC2774494	Nov. 19, 2014	DFA NCR East

Notary Public

Doc. No.

Page No. Book No.

Series of 2021.

COVER SHEET

for AUDITED FINANCIAL STATEMENTS

																			SE	C Re	gistra	tion N	lumbe	er					
																									5	4	6	6	6
	MI	PA	1		AN		1		1	l	l	l	1		l			1	1	l	l	l	l	l	l		l		l
S	H	A	K	E	Y	,	S		P	Ι	Z	Z	A		A	S	I	A		V	E	N	T	U	R	E	S		I
N	C			A	N	D		S	U	В	S	I	D	I	A	R	I	E	S										
PRI	PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)																												
1	5	K	M		E	a	s	t		S	e	r	v	i	c	e		R	0	a	d		c	0	r	n	e	r	
M	a	r	i	a	n		R	0	a	d		2	,		В	a	r	a	n	g	a	у		S	a	n		M	a
r	t	i	n		d	e		P	0	r	r	e	s	,		P	a	r	Α	ñ	a	q	u	e		C	i	t	у
	l I	l I		Δ.																		1							
	Form Type Department requiring the report Secondary License Type, If Applicable																												
		A	C	F	S								C	R	M	D								N	A				
									0	M	P A								ΤI	0	N								
						ail Ad		6		1		Com	pany				mber		1				Mob	ile Nu	mber				1
			sh	ake	yspi	zza.	.ph						(02)88.	39-0	011								-					
			N	lo. of	Stock	holde	ers					Ann	ual M	eetin	g (Mo	nth /	Day)					Fisc	al Yea	ar (Mo	onth /	Day)			
	No. of Stockholders Annual Meeting (Month / Day) Fiscal Year (Month / Day) May 3 December 31																												
	CONTACT PERSON INFORMATION																												
		NI-		0	t D			Th	e des	ignat	ed co		•			e an (Office	r of th		•			-/-			Mate	u. N		
				Conta			<u> </u>			m	tda		mail /			ve h	iz	1		elepho						IVIODI	ile Nu	mber	
<u> </u>	Manuel Del Barrio mtdelbarrio@shakeys.biz (02)8839-0011 -																												
	CONTACT PERSON'S ADDRESS																												
	15K	MI	Fact	Ser	wice	a R	hed	cor	ner	Mar	ian	Re	ad 2	R	ran	gav	Sar	n M	arti	n de	a Po	rre	c P	arof	ianı	16 C	'itv	170	n
1	15KM East Service Road corner Marian Road 2, Barangay San Martin de Porres, Parañaque City 1700																												

NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies





SyCip Gorres Velayo & Co. 6760 Ayala Avenue 1226 Makati City Philippines Tel: (632) 8891 0307 Fax: (632) 8819 0872 ey.com/ph BOA/PRC Reg. No. 0001, October 4, 2018, valid until August 24, 2021 SEC Accreditation No. 0012-FR-5 (Group A), November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of Shakey's Pizza Asia Ventures Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 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

haria Plan B. Hunander

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



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

	December		
	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	

(Forward)



	December 31		
	2020	2019	
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	

See accompanying Notes to Consolidated Financial Statements.



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

	Years Ended De	cember 31
2020	2019	2018
₽5,296,771,546	₽8,239,093,787	₽7,578,718,618
(4,364,157,309)	(5,827,018,168)	(5,399,319,411)
932,614,237	2,412,075,619	2,179,399,207
(972,712,600)	(1,051,602,075)	(973,225,277)
(333,303,573)	(311,472,803)	(188,515,123)
4,890,761	59,306,933	64,578,557
(368,511,175)	1,108,307,674	1,082,237,364
73,691,665	267,337,508	257,160,480
(188,613,552)	(24,266,101)	(15,838,544)
(114,921,887)	243,071,407	241,321,936
(253,589,288)	865,236,267	840,915,428
(21,826,279)	(94,811,325)	32,982,022
6,586,418	28,443,398	(9,894,607)
(15,239,861)	(66,367,927)	23,087,415
(₽268,829,149)	₽798,868,340	₽864,002,843
(₽0.17)	₽0.57	₽0.55
	₱5,296,771,546 (4,364,157,309) 932,614,237 (972,712,600) (333,303,573) 4,890,761 (368,511,175) 73,691,665 (188,613,552) (114,921,887) (253,589,288) (21,826,279) 6,586,418 (15,239,861) (₱268,829,149)	2020 2019 ₱5,296,771,546 ₱8,239,093,787 (4,364,157,309) (5,827,018,168) 932,614,237 2,412,075,619 (972,712,600) (1,051,602,075) (333,303,573) (311,472,803) 4,890,761 59,306,933 (368,511,175) 1,108,307,674 73,691,665 267,337,508 (188,613,552) (24,266,101) (114,921,887) 243,071,407 (253,589,288) 865,236,267 (21,826,279) (94,811,325) 6,586,418 28,443,398 (15,239,861) (66,367,927) (₱268,829,149) ₱798,868,340

 $See\ accompanying\ Notes\ to\ Consolidated\ Financial\ Statements.$



SHAKEY'S PIZZA ASIA VENTURES INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

				Cumulative Actuarial	
		Additional	Retained	Gain (Loss) -	
	Capital Stock	Paid-in Capital	Earnings	Net of Tax	Total
Balances at January 1, 2020	₽1,531,321,053	₽1,353,554,797	₽2,233,070,767	(P 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

See accompanying Notes to Consolidated Financial Statements.



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

2020		
2020	2019	2018
CACH ELOWS EDOM OREDATING ACTIVITIES		
CASH FLOWS FROM OPERATING ACTIVITIES Income (loca) before income toy. (B269 511 175) B1 109 2	007 674	B1 002 227 264
Income (loss) before income tax $(P368,511,175)$ $P1,108,3$	007,074	₱1,082,237,364
Adjustments for:	12.506	220 752 020
	173,596	230,752,920
	172,803	188,515,123
Provision for legal and other contingencies (Note 29) 34,779,970 Movements in:	_	2,253,030
	24 929)	(5,819,145)
Accrued rent –	334,838)	
	_	25,671,725
Loss (gain) on:	002 426	110 201
	383,436	118,201
Pre-terminations of leases		
(Notes 15, 20 and 29) (14,584,239)	_	_
Disposal of inventory (5,498,534)	-	(2.001.670)
	990,747)	(3,981,670)
	345,458)	(1,706,189)
	963,181)	(1,256,949)
Fair value gain on financial assets at fair value through	16 240)	
	016,240)	1 516 704 410
Income before working capital changes 519,387,794 1,963,5	027,045	1,516,784,410
Decrease (increase) in:	20.270	70.000.176
	939,376)	78,002,176
	018,343	(234,939,140)
	383,964	(8,063,520)
Increase (decrease) in	22.251	(200 025 (00)
	522,351	(208,035,606)
	556,214)	(7,036,891)
Cash generated from operations 501,263,255 1,986,4		1,136,711,429
	269,628)	(217,143,095)
	345,458	1,706,189
Net cash provided by operating activities 328,175,766 1,703,5	31,943	921,274,523
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
	193,846)	(434,122,382)
	39,412)	_
	59,719)	_
Franchise right (Note 14) (4,964,977)	_	_
	521,166)	_
Proceeds from:	,-,-,	
	155,652	_
	59,830	29,737,309
Decrease (increase) in:	,	- , ,
	512,041)	32,214,343
	662,438)	(8,757,317)
Increase (decrease) in dealers' deposits and other noncurrent	,)	(-),/)
	(69,843)	32,256,215
Net cash used in investing activities (237,508,659) (1,498,9		(348,671,832)

(Forward)



		Years Ended Dec	cember 31
	2020	2019	2018
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
CACH AT DECIMINING OF VEAD (AL. 4. 9)	507 701 100	422 777 (21	244 004 240
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

See accompanying Notes to Consolidated Financial Statements.



SHAKEY'S PIZZA ASIA VENTURES INC.

Doing business under the name and style of Shakey's

AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

Corporate Information

Shakey's Pizza Asia Ventures Inc. Doing business under the name and style of Shakey's (SPAVI or the Parent Company), was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on February 14, 1974. The Parent Company and its subsidiaries (collectively referred to as "the Group") are involved primarily in the development, operations and franchising of fast casual restaurants under the trade names "Shakey's" and "Peri-Peri".

On December 15, 2016, the common shares of the Parent Company were listed and traded in the Philippine Stock Exchange (PSE) under the trading name "PIZZA".

The registered office address of the Parent Company is 15Km East Service Road corner Marian Road 2, Barangay San Martin de Porres, Parañaque City 1700.

<u>Approval and Authorization for the Issuance of the Consolidated Financial Statements</u>
The consolidated financial statements were approved and authorized for issuance by the Parent Company's Board of Directors (BOD) on April 30, 2021.

2. Basis of Preparation and Consolidation and Statement of Compliance

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVPL) which are carried at fair value. The consolidated financial statements are presented in Philippine peso, which is the Group's functional currency. All values are rounded off to the nearest million, except those otherwise indicated.

Statement of Compliance

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

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its wholly-owned subsidiaries as at December 31. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events with similar circumstances.

Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and when it has the ability to affect those returns through its power over the investee.

Specifically, the Parent Company controls an investee if and only if the Parent Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.



Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee,
- Rights arising from other contractual arrangements, and
- The Group's voting rights and potential voting rights.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Parent Company loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries:

		Place of	Percentage of
	Principal Activities	Incorporation	Ownership (%)
Bakemasters, Inc. (BMI) ^a	Manufacturer of pizza dough and pastries	Philippines	100%
Shakey's International Limited (SIL) ^a	Trademark	Hong Kong	100%
Shakey's Seacrest Incorporated (SSI) ^b	Trademark	Philippines	100%
Shakey's Pizza Regional Foods Limited (SPRFL) ^c	Trademark	Hong Kong	100%
Shakey's Pizza Commerce Inc. (SPCI) ^d	Trading of goods	Philippines	100%
Wow Brand Holdings, Inc. (WBHI) ^e	Restaurant business	Philippines	100%
Anchor Wood International Limited (AWIL) ^f	Trademark	British Virgin	100%
		Islands	

^a Acquired on October 5, 2016 from SAFHI



^b Incorporated on June 29, 2016

^c Incorporated on November 25, 2016

^d Incorporated on November 25, 2017

^e Incorporated on April 25, 2019

f Acquired on June 1, 2019 from EHL and was subsequently dissolved in June 19, 2020

3. Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

• Amendments to PFRS 3, Business Combinations, Definition of a Business

The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments may impact future periods should the Group enter into any business combinations.

• Amendments to PFRS 7, Financial Instruments: Disclosures and PFRS 9, Financial Instruments, Interest Rate Benchmark Reform

The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

• Amendments to PAS 1, Presentation of Financial Statements, and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

• Conceptual Framework for Financial Reporting issued on March 29, 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.



• Amendments to PFRS 16, COVID-19-related Rent Concessions

The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

As of and for the year ended December 31, 2020, management has assessed that the lease concessions are not lease modifications since these are a direct consequence of the COVID-19 pandemic. As such, gain on lease concessions amounting to \$\mathbb{P}\$138.4 million was recognized as reduction of amortization expenses included in "Cost of sales" in the 2020 consolidated statement of comprehensive income (see Note 15).

The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.

Standards Issued but Not Yet Effective

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

Effective beginning on or after January 1, 2021

 Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, Interest Rate Benchmark Reform – Phase 2

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Group shall also disclose information about:

• The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and



• Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The amendments are effective for annual reporting periods beginning on or after 1 January 2021 and apply retrospectively, however, the Group is not required to restate prior periods.

Effective beginning on or after January 1, 2022

• Amendments to PFRS 3, Reference to the Conceptual Framework

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

• Amendments to PAS 16, Plant and Equipment: Proceeds before Intended Use

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

• Amendments to PAS 37, Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.



- Annual Improvements to PFRSs 2018-2020 Cycle
 - Amendments to PFRS 1, First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

 Amendments to PFRS 9, Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

• Amendments to PAS 41, Agriculture, Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, Classification of Liabilities as Current or Non-current
 The amendments clarify paragraphs 69 to 76 of PAS 1, Presentation of Financial Statements, to
 specify the requirements for classifying liabilities as current or non-current. The amendments
 clarify:
 - What is meant by a right to defer settlement
 - That a right to defer must exist at the end of the reporting period



- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

• PFRS 17, Insurance Contracts

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

PFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted.

Deferred effectivity

• Amendments to PFRS 10, Consolidated Financial Statements, and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.



4. Summary of Significant Accounting and Financial Reporting Policies

The following is the summary of significant accounting policies applied in preparing the consolidated financial statements:

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. This involves recognizing identifiable assets (including previously unrecognized intangible assets) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in the consolidated statement of comprehensive income. It is then considered in the determination of goodwill or gain on bargain purchase.

Acquisitions that do not constitute businesses are recognized as asset acquisitions. In such cases, the acquirer shall identify and recognize the individual identifiable assets acquired and liabilities assumed. The costs shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition. Such a transaction or event does not give rise to goodwill.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9, is measured at fair value with the changes in fair value recognized in the consolidated statement of comprehensive income in accordance with PFRS 9. Other contingent consideration that is not within the scope of PFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of comprehensive income.

If the initial accounting for business combination can be determined only provisionally by the end of the period by which the combination is effected because the fair values to be assigned to the acquiree's identifiable assets and liabilities can be determined only provisionally, the Group accounts for the combination using provisional values. Adjustments to those provisional values as a result of completing the initial accounting shall be made within twelve (12) months from the acquisition date. The carrying amount of an identifiable asset, liability or contingent liability that is recognized as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date. Goodwill or any gain recognized shall be adjusted from the acquisition date by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted.



After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognized in accordance with the requirements for provisions in PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, or the amount initially recognized less (when appropriate) cumulative amortization recognized in accordance with the requirements for revenue recognition.

Impairment is determined by assessing the recoverable amount of the CGU (group of CGUs), to which the goodwill relates. When the recoverable amount of the CGU (group of CGUs) is less than the carrying amount, an impairment loss is recognized. When goodwill forms part of a CGU (group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting date, or;
- Cash unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting date, or;
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting date.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and noncurrent liabilities, respectively.



Financial Instruments

Financial Assets

Initial Recognition and Measurement. Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and FVPL.

The classification at initial recognition depends on the contractual cash flow characteristics of financial assets and the Group's business model for managing them. The initial measurement of financial assets, except for those classified as FVPL, includes the transaction cost. The exception is for trade receivables that do not contain a significant financing component. These are measured at the transaction price determined under PFRS 15, *Revenue*.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent Measurement. For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

The Group has no financial assets at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) and financial assets at FVOCI with recycling of cumulative gains and losses (debt instrument) as at December 31, 2020 and 2019.

Financial Assets at Amortized Cost (Debt Instruments). The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at amortized cost are classified as current assets when the Group expects to realize the asset within 12 months from reporting date. Otherwise, these are classified as noncurrent assets.

As at December 31, 2020 and 2019, the Group's financial assets at amortized cost consist of cash, trade and other receivables and rental and other deposits included in "Rental deposits" in the consolidated statements of financial position (see Notes 8, 9 and 16).



Financial assets at FVPL. Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of comprehensive income.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are recognized as other income in the consolidated statement of comprehensive income when the right of payment has been established. A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

As at December 31, 2020 and 2019, the Group has investment in unit investment trust fund (UITF) classified as financial assets at FVPL (see Note 12).

Impairment. The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering contractual cash flows.

Derecognition. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the consolidated statement of financial position) when:

• The rights to receive cash flows from the asset have expired; or



• The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

Initial Recognition and Measurement. Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include short-term and long-term loans payable, accounts payable and other current liabilities (excluding statutory liabilities) (see Notes 17, 19 and 20), and dealers' deposits and other noncurrent liabilities.

The Group has no financial liabilities at FVPL and derivatives designated as hedging instruments in an effective hedge.

Subsequent Measurement. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statements of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest expense in the consolidated statements of comprehensive income.

Derecognition. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.



Classification of Financial Instruments Between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

"Day 1" Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

Debt Issue Costs

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

Prepayment Option

If the Group revises its estimates of payments or receipts, the Group shall adjust the carrying amount of the financial asset or financial liability (or group of financial instruments) to reflect actual and revised estimated cash flows. The entity recalculates the carrying amount by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate or, when applicable, the revised effective interest rate calculated. The adjustment is recognized in the consolidated statement of comprehensive income as income or expense.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.



The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value information is presented in Note 32.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to set-off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Cash

Cash includes cash on hand and in banks.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Finished goods

 determined using the moving average method, cost includes direct materials and labor and a proportion of manufacturing overhead costs based on normal operating capacity but excluding borrowing costs.

Raw materials and merchandise

determined using the moving average method.

NRV of finished goods is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale. NRV of raw materials is the current replacement cost.

Property and Equipment

Property and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation, amortization and any impairment in value. The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the property and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance costs, are normally charged to net income in the consolidated statement of comprehensive income in the year such costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally



assessed standard of performance, the expenditures are capitalized as additional cost of property and equipment.

When each major repair and maintenance is performed, its cost is recognized in the carrying amount of the item of property and equipment as a replacement if the recognition criteria are satisfied. Such major repairs and maintenance is capitalized and amortized over the next major repairs and maintenance activity.

Each component of an item of property and equipment with a cost that is significant in relation to the total cost of the item of property and equipment is depreciated separately.

Depreciation and amortization commences once the assets are available for use. Depreciation and amortization are computed using the straight-line basis over the following estimated useful lives of the property and equipment:

Category	Number of year(s)
Building	15-20
Leasehold improvements	2-10 or term of the lease whichever is shorter
Furniture, fixtures and equipment	1-10
Machinery and equipment	1-3
Transportation equipment	2-7
Cost of shops and maintenance tools	3-10
Glassware and utensils	1

The useful lives and depreciation and amortization method are reviewed at each reporting date, and adjusted prospectively, if appropriate.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in net income in the consolidated statement of comprehensive income in the year the asset is derecognized.

Fully depreciated assets are retained in the account until they are no longer used although no further depreciation is charged to current operations.

Construction in progress is stated at cost. This includes cost of construction and other direct costs related to the asset being constructed. Construction in progress is transferred to the related property and equipment when the construction or installation and related activities necessary to prepare the property and equipment for their intended use have been completed, and the property and equipment are ready for use. Construction in progress is not depreciated until such time as the relevant assets are completed and put into operational use.

Intangible Assets

The cost of intangible assets acquired in a business combination such as trademarks is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Following initial recognition, intangible assets are carried at cost less any accumulated amortization in the case of intangible assets with finite lives, and any accumulated impairment losses.

Intangible assets with finite lives such as software and franchise right are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a



finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

Amortization commences once the assets are available for use. Amortization are computed using the straight-line basis over the following estimated useful lives of the intangible assets with finite life:

Category	Number of year(s)
Software	10-15
Franchise right	7

Intangible assets with indefinite useful lives, such as goodwill and trademarks, are tested for impairment annually or more frequently if an indication of impairment exists either individually or at the CGU level. Such intangibles are not amortized. Intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income.

Impairment of Nonfinancial Assets

The Group assesses at each financial reporting date whether there is an indication that property and equipment, software, franchise right and right-of-use assets are impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value, less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each financial reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income. After such a reversal, the depreciation and amortization are adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.



The following criteria are also applied in assessing impairment of specific nonfinancial assets:

Trademarks and Goodwill. Goodwill and trademarks are reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill and trademarks by assessing the recoverable amount of the CGU, to which the goodwill and trademarks relates. Where the recoverable amount of the cashgenerating unit (or group of CGUs) is less than the carrying amount of the cash-generating unit (or group of CGUs) to which the goodwill and trademarks has been allocated, an impairment loss is recognized in the consolidated statement of comprehensive income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill and trademarks on December 31 of each year.

Dealers' Deposits

Dealers' deposits are initially recognized at fair value. The discount is recognized as deferred credits and amortized over the estimated remaining term of the deposits using the effective interest method.

Equity

Capital Stock. Capital stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as deduction from proceeds, net of tax.

Additional Paid-in Capital (APIC). APIC represents the amount paid in excess of the par value of the shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in APIC as a deduction from proceeds, net of tax.

Retained Earnings. Retained earnings represent accumulated earnings of the Group less dividends declared and any adjustments arising from application of new accounting standards, policies or correction of errors applied retrospectively.

Dividends on Capital Stock

Cash dividends on common shares are recognized as liability and deducted from retained earnings upon declaration by the BOD.

Stock dividends on common shares are measured based on the total par value of declared stock dividend. Stock dividends are deducted from retained earnings when the BOD's declaration is ratified by the shareholders.

Cash dividends are recognized as liability and deducted from equity when declared. Stock dividends are treated as transfers from retained earnings to paid-in capital. The Group may declare dividends only out of its unrestricted retained earnings.

Other Components of Equity. Other components of equity comprise items of income and expense, including reclassification adjustments and actuarial gains and losses on pensions that are not recognized in net income in the consolidated statement of comprehensive income as required or permitted by other PFRS.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent. The Group has



concluded that it is acting as principal in majority of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

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

Sale of goods. Revenue from sales of goods consists of revenue from sale of materials and equipment. Transaction price of merchandise sales, which excludes discounts, returns, rebates and sales taxes, is normally received and recorded point in time.

Franchise Revenue. Initial franchise fee is recognized on a straight-line basis over the term of the franchise agreement, which ranges from 5 to 10 years. The transaction price for franchise agreement is discounted, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component. In instances where a significant financing component has been identified from its contracts with customers, this is recognized as interest expense in the consolidated statement of comprehensive income.

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

Interest Income. Revenue is recognized point in time as the interest accrues, using the EIR that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Contract Balances

Contract Assets. A contract asset is a conditional right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. The Group has no contract assets as at December 31, 2020 and 2019.

Trade Receivables. A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract. Further, the Group has a loyalty points program which allows customers to accumulate points that can be applied to customer purchases depending on the actual usage within the next financial year. The liability is recognized when the customer avails the Group's services using the loyalty card. Loyalty points are recognized as revenue upon actual usage or expiration whichever comes first.

Cost and Expenses Recognition

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Costs of sales and general and administrative expenses are recognized in net income in the consolidated statement of comprehensive income in the period these are incurred.



Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term between 2 to 25 years.

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

Lease liabilities. At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets. The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below \$\frac{1}{2}\$250,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Lease Modification. Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term).

A lessee shall account for a lease modification as a separate lease if both:

• The modification increases the scope of the lease by adding the right to use one or more underlying assets; and



• The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification a lessee shall:

- Allocate the consideration in the modified contract:
- Determine the lease term of the modified lease; and
- Remeasure the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, of the lessee's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined. The lessee shall account for the remeasurement of the lease liability by:
 - Decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The lessee shall recognize in profit or loss any gain or loss relating to partial or full termination of the lease.
 - Making corresponding adjustment to the right-of-use asset for all other lease modifications.

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

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and,
- There is no substantive change to other terms and conditions of the lease.

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

Pension

The Group has a funded, noncontributory defined benefit retirement plan covering substantially all of its qualified employees. The plan requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Defined Benefit Plans. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit obligation or asset
- Remeasurements of net defined benefit obligation or asset



Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as part of cost of sales and general and administrative expenses in the consolidated statements of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit obligation or asset is the change during the period in the net defined benefit obligation or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit obligation) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

Actuarial valuations are made with sufficient regularity that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at reporting date.

Foreign Currency-denominated Transactions

Foreign currency-denominated transactions are recorded in Philippine peso using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the closing exchange rate at reporting date. Exchange rate differences arising on the settlement and restatement of monetary items at rates different from those at which they were initially recorded are recognized in net income in the consolidated statement of comprehensive income in the year such differences arise. Nonmonetary items denominated in foreign currencies are measured on a historical cost basis and translated using the exchange rate at the date of transaction.

Income Tax

Current Tax. Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. The Group's current tax expense is calculated using 30% regular corporate income tax (RCIT) rate or 2% minimum corporate income tax (MCIT) rate, whichever is higher. BMI, SSI and SPCI use Optional Standard Deduction (OSD), while the Parent Company and the remaining subsidiaries incorporated in the Philippines use itemized deductions in the computation of their respective taxable income.

Net Operating Loss Carryover (NOLCO). NOLCO is recognized in accordance with the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(b) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from taxable income for the next five (5) consecutive taxable years immediately following the year of such loss.



MCIT. MCIT is calculated as 2% of gross income of any domestic and resident foreign corporation beginning the fourth taxable year immediately following the taxable year in which such corporation commenced its business operation. Any excess of the MCIT over the normal income tax shall be carried forward and credited against the normal income tax for three (3) immediately succeeding taxable year.

Deferred Tax. Deferred tax is provided, using the liability method, on all temporary differences at reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess MCIT over the RCIT and unused tax losses in the form of NOLCO, to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences, and the carryforward benefits from MCIT and NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets, if any, are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the years when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at reporting date.

Income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive income.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

Value-added Tax (VAT)

Revenues, expenses and assets are recognized net of the amount of sales tax except:

- where the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the consolidated statement of financial position.

Deferred Input VAT

In accordance with the Revenue Regulations No. 16-2005, input VAT on purchases or imports of the Group of capital goods (depreciable assets for income tax purposes) with an aggregate acquisition cost (exclusive of input VAT) in each of the calendar months exceeding \$\mathbb{P}\$1.0 million are claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods whichever is shorter.



Where the aggregate acquisition cost (exclusive of VAT) of the existing or finished depreciable capital goods purchased or imported during any calendar month does not exceed \$\mathbb{P}1.0\$ million, the total input VAT will be allowable as credit against output VAT in the month of acquisition.

Earnings (Loss) Per Share (EPS)

Basic EPS is computed based on weighted average number of issued and outstanding common shares during each year after giving retroactive effect to stock dividends declared during the year. Diluted EPS is computed as if the stock options were exercised as at the beginning of the year and as if the funds obtained from exercise were used to purchase common shares at the average market price during the year. Outstanding stock options will have a dilutive effect under the treasury stock method only when the fair value of the underlying common shares during the period exceeds the exercise price of the option. Where the outstanding stock options have no dilutive effect and the Group does not have any potential common share nor other instruments that may entitle the holder to common shares, diluted EPS is the same as basic EPS.

Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with representing a strategic business unit that offers different products. Financial information on business segments is presented in Note 7 to the consolidated financial statements.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provisions due to the passage of time is recognized as interest expense.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefit is probable.

Events After the Reporting Period

Post year-end events that provide additional information about the Group's financial position at reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements, when material.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.



Judgments

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

Acquisition of Investments Qualified as a Business Combination. In applying the requirements of PFRS 3, an entity or an asset being acquired has to be assessed whether it constitutes a business. The assessment requires identification of inputs and processes applied to these inputs to generate outputs or economic benefits. As discussed in Note 6, the acquisition of Peri-Peri Business in 2019 was considered a business and was accounted for as a business combination.

The fair values of the identifiable net assets acquired related to the Peri-Peri Business amounted to ₱589.0 million. The acquisition of Peri-Peri Business resulted in the recognition of additional goodwill amounting to ₱185.5 million (see Notes 6 and 14).

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

- a right to access the Group's intellectual property through a "Trademark Licensing and Franchise Agreement" throughout the term of the franchise agreement for which revenue is recognized over the term of the franchise agreement, or
- a right to use the Group's intellectual property a "Trademark Licensing and Franchise Agreement" as it exists at the point in time the franchise license is granted for which revenue is recognized at the point in time the franchisee can first use and benefit from the franchise license.

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

- the franchise agreement requires, or the franchisee reasonably expects that the Group will undertake activities that will significantly affect the franchise license to which the franchisee has rights (e.g., advertisements, promotions, campaigns, etc.);
- the rights granted by the franchise license directly expose the franchisee to any positive or negative effects of the Group's activities;
- those activities do not result in the transfer of a good or service to the franchisee as those activities occur.

The Group determined that it has met the all of the criteria mentioned above and concluded that it provides its franchisees with a right to access the Group's franchise license throughout the term of the franchise agreement. Accordingly, revenue from granting franchise license is recognized over the term of the franchise agreement.

Determination of lease term of contracts with renewal and termination options - Group as a Lessee (effective January 1, 2019). The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).



As at December 31, 2020 and 2019, the Group's right-of-use assets amounted to ₱1,311.5 million and ₱1,413.6 million, respectively, and the Group's lease liabilities as at those dates amounted to ₱1,530.6 million and ₱1.598.6 million, respectively. In 2020, the Group recognized amortization of right-of use assets and interest expense on lease liabilities amounting to ₱148.4 million and ₱105.8 million, respectively, and in 2019, the Group recognized amortization of right-of use assets and interest expense on lease liabilities amounting to ₱224.1 million and ₱102.3 million, respectively (see Note 15).

Evaluation of Operating Lease Commitments - Group as Lessee (effective prior to January 1, 2019). The Group has entered into long-term leases of store spaces. Management has determined that all the significant risks and rewards of ownership of the property which the Group leases, remain with the lessor because of the following factors; (a) the Group will not acquire ownership of the leased property upon termination of the lease; (b) at the inception of the lease, the present value of the minimum lease payments by the Group is substantially lower than the fair value of the leased asset; (c) the lease term is for the major part of the economic life of the asset and, (d) the Group was not given an option to purchase the asset at a price that is sufficiently lower than the fair value at the date the option becomes exercisable. Accordingly, the said leases are accounted for as operating leases.

Rent expense amounted to ₱440.0 million in 2018 (see Notes 23 and 24).

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Purchase Price Allocation in Business Combinations. The Group accounts for the acquired business using the acquisition method which requires extensive use of accounting judgments and estimates to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities and contingent liabilities, if any, at the acquisition date. Any difference in the purchase price and the fair values of the net assets acquired is recorded as either goodwill, a separate account in the consolidated statement of financial position (or subsumed in the investment for acquisition of an associate), or gain on bargain purchase in profit or loss. Thus, the numerous judgments made in estimating the fair value to be assigned to the acquiree's assets and liabilities can materially affect the Group's financial position and performance.

The Group's acquisition of Peri-Peri Business resulted in the recognition of goodwill. The carrying value of goodwill as at December 31, 2020 and 2019 related to the said acquisition amounted to ₱185.5 million (see Notes 6 and 14).

Leases - Estimating the incremental borrowing rate. The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liability. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.



As at December 31, 2020 and 2019, the Group's lease liabilities amounted to P1,530.6 million and P1,598.6 million, respectively (see Note 15).

Determination of Fair Value of Financial Instruments. Where the fair value of financial assets and liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The fair values of financial assets and financial liabilities are disclosed in Note 32.

Impairment of Trade and Other Receivables and Rental and Other Deposits. The Group uses a provision matrix to calculate ECLs for its trade and other receivables and rental and other deposits. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forward-looking information, and ECLs is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's receivables is disclosed in Note 9.

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

The carrying value of trade and other receivables amounted to $\clubsuit561.0$ million and $\clubsuit709.5$ million as at December 31, 2020 and 2019, respectively (see Note 9). Allowance for ECL amounted to $\clubsuit6.1$ million and $\clubsuit6.2$ million as at December 31, 2020 and 2019, respectively. In 2020, 2019 and 2018, provision for ECL amounted to nil, $\clubsuit0.2$ million and nil, respectively, while recovery of allowance for ECL amounted to $\clubsuit0.1$ million, $\clubsuit0.4$ million and nil, respectively (see Note 9).

The carrying value of rental and other deposits amounted to ₱173.1 million and ₱165.7 million as at December 31, 2020 and 2019, respectively (see Note 16). Allowance for unrecoverable rental and other deposits amounted to ₱3.3 million as at December 31, 2020 and 2019. No provision for unrecoverable deposits was recognized in 2020 and 2019 while provision for unrecoverable deposit in 2018 amounted to ₱1.2 million (see Notes 16 and 24).

Evaluation of Net Realizable Value of Inventories. The Group writes down the cost of inventories whenever net realizable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in prices level or other causes such as the impact of COVID-19 pandemic. The lower of cost and net realizable value of inventories is reviewed at each reporting date. Inventory items identified to be obsolete and unusable are also written off and charged as expense in net income in the consolidated statement of comprehensive income.



There was no provision for inventory obsolescence in 2020, 2019 and 2018. The carrying values of inventories amounted to \$\frac{2}{2}444.9\$ million and \$\frac{2}{2}477.1\$ million, net of allowance for inventory obsolescence of \$\frac{2}{2}4.3\$ million as at December 31, 2020 and 2019, respectively (see Note 10).

Estimation of Useful Lives of Property and Equipment. The useful lives of property and equipment are estimated based on the economic lives of the property and equipment and on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of the property and equipment are reviewed at reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the property and equipment. It is possible, however, that future financial performance could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

There are no changes in the estimation of useful lives of property and equipment in 2020 and 2019. The carrying value of property and equipment amounted to ₱1,419.6 million and ₱1,615.3 million as at December 31, 2020 and 2019, respectively (see Note 13).

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

Determining the value in use of property and equipment, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements.

Based on the assessment of management, the Group's nonfinancial assets do not have any indication of impairment as at December 31, 2020 and 2019. No impairment loss was recognized in 2020, 2019 and 2018. The carrying value the Group's nonfinancial assets is as follows:

	2020	2019
Property and equipment (see Note 13)	₽1,419,634,223	₽1,615,292,163
Software (see Note 14)	233,331,243	163,438,617
Franchise right (see Note 14)	4,787,656	_
Right-of-use assets (see Note 15)	1,311,464,060	1,413,623,270
	₽2,969,217,182	₽3,192,354,050

Recoverability of Goodwill and Trademarks with Indefinite Life. The Group performs recoverability testing annually or more frequently when there are indications of impairment for goodwill and trademarks with indefinite lives. Goodwill acquired through business combination has been allocated to one CGU which is also the operating entity acquired through business combination and to which the goodwill relates. Recoverability testing requires an estimation of the value in use or fair value less cost of disposal of the CGU to which goodwill and trademarks with indefinite life are allocated. Estimating the recoverable amount of the CGU involves significant assumptions about the future results of the business such as long-term revenue growth rate, operating expenses, gross margin and discount rate which were applied to cash flow forecasts. In addition, the assumptions are also subjected to a higher level of estimation uncertainty due to the current economic conditions which have been impacted by the COVID-19 pandemic. The cash flow forecasts were based on financial budgets approved by the BOD covering a five-year period.



The impairment on goodwill and trademark is determined by comparing: (a) the carrying amount of the cash-generating unit; and (b) the present value of the annual projected cash flows for five years and the present value of the terminal value computed under the discounted cash flow method.

The key assumptions used in the impairment test of goodwill and trademarks with indefinite life are as follows:

a. Gross Revenue

On the average, gross revenue of the CGU over the next five years were projected to grow in line with the economy or with nominal Gross Domestic Product. This assumes that the market share of the subsidiaries in their respective industries will be flat on the assumption that the industries also grow at par with the economy. Historically, the business growth had a direct correlation with economic growth. A 6.2% perpetuity growth rate was assumed at the end of the five-year forecast period.

b. Operating Expenses

On the average, operating expenses were projected to increase in relation to revenue growth.

c. Gross Margins

Increased efficiencies over the next five years are expected to result in margin improvements.

d. Discount Rate

The discount rate used to arrive at the present value of future cash flows was the Group's Weighted Average Cost of Capital (WACC). WACC was based on the appropriate weights of debt and equity, which were multiplied with the assumed costs of debt and equity. The discount rates applied to the cash flow projections range from 10.5 to 10.9% and 12.2% to 14.2% in 2020 and 2019, respectively.

The carrying amount of goodwill and trademarks with indefinite life are as follows:

2020	2019
₽ 1,264,082,949	₱1,264,082,949
5,549,307,154	5,549,307,154
₽6,813,390,103	₽6,813,390,103
	₱1,264,082,949 5,549,307,154

The recoverable amount of the CGUs to which the goodwill and trademarks with indefinite lives are allocated is greater than its carrying amount. No impairment loss was recognized on goodwill and trademarks for the years ended December 31, 2020, 2019 and 2018.

Determination of Pension Costs. The cost of defined benefit pension plans and present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Accrued pension cost amounted to ₱131.2 million and ₱78.3 million as at December 31, 2020 and 2019, respectively, (see Notes 25 and 27).



The discount rate is derived by discounting all expected benefit payments using interest rates of government bonds that correspond to the timing of benefit payments, after which, a single discount rate is computed considering the aggregate amount of all discounted values.

The mortality rate is based on publicly available mortality tables in the Philippines and is modified accordingly with estimates of mortality improvements. Future salary and pension increases are based on expected future inflation rates in the Philippines.

Further details about the assumptions used are provided in Note 27.

Recoverability of Deferred Tax Assets. The Group performs an annual evaluation of the realizability of deferred tax assets in determining the portion of deferred tax assets which should be recognized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the forecasted taxable income of the following period. This forecast is based on the Group's past results and future expectations on revenue and expenses. The effect of COVID-19 pandemic on the macroeconomic factors are also used in developing the assumptions. The Group computes for deferred tax using the 30% corporate tax rate except for its subsidiaries BMI, SPCI and SSI which compute for deferred tax using the OSD effective tax rate of 18%.

Deferred tax assets recognized amounted to ₱357.0 million and ₱162.7 million as at December 31, 2020 and December 31, 2019, respectively (see Note 30).

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

The Group recognized provisions for legal and other contingencies amounting to $\mathbb{P}34.8$ million in 2020, nil in 2019 and $\mathbb{P}2.3$ million in 2018 (see Notes 29 and 34).

6. Business Combination

Acquisition of Peri-Peri Business

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

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

On June 1, 2019 (the acquisition date), SPAVI and WBHI, a newly-incorporated subsidiary, executed a deed of assignment, wherein SPAVI, assigned, transferred and conveyed all its rights under the Agreement, except with respect to SPAVI's rights under the Agreement pertaining to Trademarks, Know-How and Confidential Information, and Intellectual Properties (collectively, the "Intangible Assets") of the P2 Business, to WBHI. Subsequently, WBHI and IFI executed a deed of absolute sale of assets wherein I-Foods sold, transferred and conveyed to WBHI the title, rights, material and physical possession of, and interest in, the assets related to the P2 Business for \$\mathbb{P}212.3\$ million. On the same date, as part of the acquisition of the P2 business, SPAVI acquired 100% ownership of AWIL, which is the owner of the intangible assets relevant to the P2 Business for \$\mathbb{P}562.2\$ million.



Total consideration for the acquisition of the P2 business amounted to ₱774.5 million.

The purchase price consideration has been allocated based on relative fair values at date of acquisition as follows:

		Fair Values
	Carrying Values	Recognized
Current Assets -		
Inventories	₽4,000,000	₽4,000,000
Noncurrent Assets		
Property and equipment	13,390,023	13,390,023
Trademark	562,197,552	562,197,552
Rental deposits	9,456,662	9,456,662
Total Noncurrent Assets	585,044,237	585,044,237
Identifiable Net Assets Acquired	₽589,044,237	₽589,044,237
Identifiable Net Assets Acquired		₽589,044,237
Goodwill from the acquisition		185,476,929
Purchase consideration transferred		₽774,521,166
Cash flow from an investing activity:		D== 1 = 21 1 4 4
Cash payment		₽774,521,166
Net cash acquired from subsidiary		_
Net cash outflow		₽774,521,166

The fair values of the identifiable assets acquired from IFI amounted to 26.8 million. The fair value of property and equipment amounting to 13.4 million was measured using the replacement cost method while the fair value of the trademark amounting to 562.2 million was measured using the relief from royalty method. The revenue growth and discount rates used to measure the fair value of trademark are 3.0% and 13.9%, respectively.

In 2020, the fair values of the assets acquired, and liabilities assumed were finalized, no changes from the initial recognition were recognized by the Group.

The goodwill of \$\mathbb{P}\$185.5 million reflects the expected growth in the Group's restaurant business and Group management attributes the goodwill to achieving synergies and economies of scale arising from its common processes from its existing operations and contacts with suppliers and other partners to improve cost and efficiency (see Note 14). The goodwill is not deductible for tax purposes.

The revenue from contracts with customer and net loss included in the consolidated statement of comprehensive income for the year ended December 31, 2020 contributed by the acquisition of P2 Business amounted to P221.0 million and P37.4 million, respectively, while the revenue from contracts with customer and net profit contributed by the acquisition for the period ended December 31, 2019 amounted to P205.4 million and P26.4 million, respectively.

Had the acquisition taken place on January 1, 2019, the consolidated statement of comprehensive income of the Group would have included revenue from contracts with customers of ₱221.0 million and net loss of ₱37.4 million for the year ended December 31, 2020 and revenue from contracts with customers of ₱444.6 million and net profit of ₱32.8 million for the year ended December 31, 2019.



7. Segment Information

Segment information is prepared on the following bases:

Business Segments

For management purposes, the Group is organized into three business activities - Restaurant sales, franchise and royalty fees and commissary sales. This segmentation is the basis upon which the Group reports its primary segment information.

- Restaurant sales comprise revenues from restaurant activities and sale of merchandise and equipment to franchisees.
- Franchise and royalty fees represents payment of subdealers for use of the Shakey's brand.
- Commissary sales comprise third party sales other than aforementioned activities.

Inter-segment Transactions

Segment revenue, segment expenses and operating results include transfers among business segments. The transfers are accounted for at competitive market prices charged to unrelated customers for similar services. Such transfers are eliminated upon consolidation.

The Group's chief operating decision maker, monitors operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit and loss in the consolidated financial statements.

On a consolidated basis, the Group's performance is evaluated based on consolidated net income for the year, EBITDA and EBITDA margin. EBITDA margin pertains to EBITDA divided by gross revenues.

EBITDA and EBITDA margin are non-PFRSs measures.

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

	Years Ended December 31					
	2020	2019	2018			
Consolidated EBITDA	₽ 459,339,031	₽1,971,448,615	₽1,499,799,218			
Depreciation and amortization						
(Note 26)	(497,433,459)	(554,013,596)	(230,752,920)			
Benefit from (provision for) income						
tax (Note 30)	114,921,887	(243,071,407)	(241,321,936)			
Interest expense (Note 28)	(333,303,573)	(311,472,803)	(188,515,123)			
Interest income (Notes 8 and 29)	2,886,826	2,345,458	1,706,189			
Consolidated net income (loss)	(₱253,589,288)	₽865,236,267	₽840,915,428			



Business Segment Data

The following tables present revenue and income information and certain assets and liabilities information regarding business segments for each of the three years in the period ended December 31:

		Restaurant		Franc	chise and Royalty	Fees	Cor	nmissary and Othe	rs	Elimir	ations		Consol	idated	
	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018
Revenue from contracts with customers	₽6,248,779,788	₱10,045,004,683	₽8,789,271,213	₽255,117,257	₽537,342,436	₱441,725,390	₽370,489,536	₽579,836,760	₽511,290,978	(₱1,577,615,035)	(¥2,923,090,092)	(P 2,163,568,963)	₽5,296,771,546	₽8,239,093,787	₽7,578,718,618
Net income (loss) Interest expense Interest income Income tax Depreciation and amortization	(₱292,343,354) 324,239,685 (2,700,192) (197,578,504) 462,862,745	₱1,295,963,269 301,976,511 (2,267,428) 74,748,204 514,352,918	₱634,646,258 187,504,411 (1,645,757) 198,857,562	₱182,651,564 736,725 (1,641) 61,628,337	₱382,917,607 1,058,206 (35,751) 142,020,695	₱412,612,256 1,010,712 (27,407) 25,040,030	₱34,863,740 8,327,163 (184,993) 18,339,731 34,570,714	₱90,679,009 8,438,086 (42,279) 26,302,508 39,660,678	₱87,961,189 - (33,025) 20,409,255 32,361,764	(₱178,761,238) - - 2,688,549		(\$\psi_294,304,275)\\ -\\ (2,984,911)\\ 2,634,327	(₱253,589,288) 333,303,573 (2,886,826) (114,921,887) 497,433,459	(2,345,458) 243,071,407	₱840,915,428 188,515,123 (1,706,189) 241,321,936 230,752,920
EBITDA	₽294,480,380	₽2,184,773,474	₽1,215,119,303	₽245,014,985	₽525,960,757	₽438,635,591	₽95,916,355	₽165,038,002	₽140,699,183	(P 176,072,689)	(P 904,323,618)	(P 294,654,859)	₽459,339,031	₽1,971,448,615	₽1,499,799,218
EBITDA Margin													8.67%	23.93%	19.79%
Assets and Liabilities Operating assets Deferred tax assets Total assets	₱12,360,967,559 ₱ 347,966,523 ₱12,708,934,082 ₱	121,321,456	₱11,246,793,548 35,400,241 ₱11,282,193,789	₽81,988,104 - ₽81,988,104	₱3,936,383,054 17,699,942 ₱3,954,082,996	₱1,395,553,680 - ₱1,395,553,680	₱1,844,940,471 5,152,962 ₱1,850,093,433	₱522,557,825 16,209,568 ₱538,767,393	₱430,753,630 3,815,079 ₱434,568,709	(2,946,957)		(₱3,470,966,300) (8,170,656) (₱3,479,136,956)	₱11,869,819,649 350,172,528 ₱12,219,992,177	154,972,558	₱9,602,134,558 31,044,664 ₱9,633,179,222
Operating liabilities Interest-bearing loans and borrowings Total liabilities	₽3,048,861,506 4,838,597,369 ₽7,887,458,875	4,386,718,303	₱2,937,858,969 3,884,935,066 ₱6,822,794,035	₽193,377,235 - ₽193,377,235	₱2,162,919,678 - ₱2,162,919,678	₱138,487,842 - ₱138,487,842	₽184,477,811 - ₽184,477,811	₱208,042,348 ₱208,042,348	₱191,050,056 480,853 ₱191,530,909		(₱3,116,780,164) - (₱3,116,780,164)		₽2,651,636,711 4,838,597,369 ₽7,490,234,080	, , , ,-	₱1,177,942,170 3,885,415,919 ₱5,063,358,089

Restaurant sales are attributable to revenues from the general public, which are generated through the Group's store outlets while franchise and royalty fees and commissary and others are derived from various franchisees of the Group's trade names. Consequently, the Group has no concentrations of revenues from a single customer or franchisee in 2020, 2019 and 2018.

The Group's international operations (through SIL and SPFRL) are considered to be immaterial in relation to the consolidated financial statements. Total assets and revenues are 0.07% and 0.09% in 2020 and 0.11% and 0.12% in 2019, of the consolidated assets and revenues, respectively, of the Group.



8. Cash

	2020	2019
Cash on hand	₽54,049,698	₽230,247,235
Cash in banks	553,624,434	277,453,955
	₽607,674,132	₽507,701,190

Cash in banks earn interest at the respective bank deposit rates. Interest income on cash amounted to ₱2.9 million, ₱2.3 million, and ₱1.7 million for the years ended December 31, 2020, 2019 and 2018, respectively (see Note 29).

9. Trade and Other Receivables

	2020	2019
Trade:		_
Franchisee	₽99,739,093	₱149,747,542
Third parties	157,501,221	294,181,141
Related parties (see Note 18)	32,689,608	14,174,813
Royalty receivable (see Note 33)	37,339,494	45,801,490
Receivable from:		
National Advertising Fund (NAF)	140,304,750	100,878,240
Franchisees	24,372,171	52,700,724
Employees	13,157,850	17,333,159
Advances to third parties	10,311,752	_
Others	51,707,638	40,885,393
	567,123,577	715,702,502
Less allowance for ECL	(6,119,007)	(6,219,007)
	₽561,004,570	₽709,483,495

Below are the terms and conditions of the financial assets:

- Trade receivables are non-interest bearing and are normally collectible within 10 days.
- Royalty receivable is being collected from dealers on the 20th day of the following month.
- Receivable from NAF pertains to reimbursable advertising and promotion expenses from dealers which will be applied on future dealer remittances.
- Receivable from franchisees pertains to receivables for transactions other than sale of goods such
 as management fees, freight and gas expenses and are non-interest bearing and generally have 30
 to 45 days' term.
- Receivables from employees, which represent mainly salary loan, are interest-free and are being collected through salary deduction for a period ranging from 6 months to 1 year.
- Other receivables consist mainly of receivables from cooperatives and freight charges which are non-interest bearing and generally have 30 to 45 days' term.
- For terms and conditions of related party receivables, refer to Note 18.



The movements of allowance for ECL are as follows:

	2020				2019	
		Receivables			Receivables	
	Trade and	from		Trade and	from	
	Others	Employees	Total	Others	Employees	Total
Balance at beginning of year	₽4,973,440	₽1,245,567	₽6,219,007	₽4,973,440	₽1,499,477	₽6,472,917
Provision for ECL (see Note 24)	_	_	_	_	190,000	190,000
Reversal of ECL (see Note 29)	_	(100,000)	(100,000)	_	(443,910)	(443,910)
Accounts written-off	_	_	_	_	_	_
Balance at year-end	₽4,973,440	₽1,145,567	₽6,119,007	₽4,973,440	₽1,245,567	₽6,219,007

For the years ended December 31, 2020, 2019 and 2018, the Group used the simplified provision matrix approach in estimating the ECL on trade and other receivables. Based on the assessments made, the Group recognized provision for ECL amounting to nil in 2020, ₱0.2 million in 2019 and nil in 2018 (see Note 24), while recovery of allowance for ECL amounted to ₱0.1 million in 2020, ₱0.4 million in 2019 and nil in 2018 (see Note 29).

10. Inventories

	2020	2019
At cost -		
Finished goods	₽ 4,443,221	₽6,290,604
Raw materials - food	18,127,413	19,349,890
At NRV:		
Merchandise	417,026,575	442,073,542
Raw materials - packaging	5,344,363	9,413,340
	P 444,941,572	₽477,127,376

The cost of the inventories carried at NRV follows:

	2020	2019
Merchandise	₽ 440,633,066	₽465,680,033
Raw materials – packaging	5,419,554	9,488,531
	₽ 446,052,620	₽475,168,564

The cost of merchandise and materials charged to cost of sales in the consolidated statements of comprehensive income amounted to 2020, 3125.3 million in 2019, and 2765.9 million in 2018 (see Note 23).

Allowance for inventory obsolescence amounted to ₱4.3 million as at December 31, 2020 and 2019, respectively.

No reversal and provision for inventory obsolescence was recognized in 2020, 2019 and 2018.



11. Prepaid Expenses and Other Current Assets

	2020	2019
Prepaid expenses	₽57,591,809	₽36,328,604
Advances to suppliers	47,222,941	83,226,205
Prepaid taxes	27,227,826	4,415,524
	₽ 132,042,576	₽123,970,333

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

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

12. Financial Assets at FVPL

Movements of this account are as follows:

	2020	2019
Cost:		
Balance at beginning of year	₽120,000,000	₽_
Additions	120,000,000	270,139,412
Redemption	(120,000,000)	(150,139,412)
Balance at end of year	120,000,000	120,000,000
Accumulated Unrealized Fair Value Change		
Balance at beginning of year	_	_
Fair value gain (see Note 29)	589,306	1,016,240
Redemption	(589,306)	(1,016,240)
Balance at end of year	_	_
Net carrying value at end of year	₽120,000,000	₽120,000,000

The Group's investments in financial assets at FVPL consist of UITF, which have no holding period and are callable any time.

Fair value gain on financial assets at FVPL included in "Other Income" of the consolidated financial statements amounted to ₱0.6 million in 2020 and ₱1.0 million in 2019 and nil in 2018 (see Note 29).



13. Property and Equipment

		Leasehold	Furniture,	Machinery	T	Cost of Shops and Maintenance	Glassware	Construction	
	Building	Improvements	Fixtures and Equipment	and Equipment	Transportation Equipment	Tools	and Utensils	Construction	Total
Cost	Dunung	Improvements	Equipment	Equipment	Equipment	10018	and Otensiis	in-progress	10141
Balance at December 31, 2018	₽2/13 305 836	₽1,217,518,546	₽1,277,948,237	₽198,978,742	₽40,299,314	₽50,207	₽7,078,924	₽169.357.129	₽3,154,626,935
Additions	4.753.617	146,983,189	168.285.723	10,212,203	3,974,338	3,017,026	5,482,205	88,175,568	430,883,869
Disposals	(18,141,282)	(41,552,757)	(44,804,701)	10,212,203	(4,077,679)	5,017,020	J,402,20J	-	(108,576,419)
Reclassification	19,421,448	51,098,472	63,473,488	_	34,911	1.969	2,516,183	(136,546,471)	(100,570,115)
Balance at December 31, 2019	249,429,619	1,374,047,450	1,464,902,747	209,190,945	40,230,884	3,069,202	15,077,312	120,986,226	3,476,934,385
Additions	3,375,257	63,869,452	61,564,185	16,591,092	2,623,805	15,893,038	3,251,773	-	167,168,602
Disposals	(263,870)	(299,263,918)	(378,630,778)	_	(17,269,699)	(1,772,295)	_	_	(697,200,560)
Reclassification	4,559,627	64,848,723	4,059,459	_		_	_	(73,467,809)	_
Balance at December 31, 2020	₽257,100,633	₽1,203,501,707	₱1,151,895,613	₽225,782,037	₽25,584,990	₽17,189,945	₽18,329,085	₽47,518,417	₽2,946,902,427
Accumulated Depreciation									
Balance at December 31, 2018	₽15,267,852	₽737.168.965	₽760,370,113	₽51,679,864	₽27,762,027	₽8,351	₽4,703,913	₽_	₽1,596,961,085
Depreciation	110,207,002	1757,100,500	1,00,0,0,110	101,075,00	121,102,021	1 0,001	1 .,, 00,, 10	-	11,000,001,000
(see Notes 23, 24 and 26)	17,628,190	127,936,848	133,312,821	27,044,532	4,510,750	521,700	4,259,449	_	315,214,290
Disposals	(2,768,749)	(16,979,749)	(28,336,577)		(2,448,078)	,			(50,533,153)
Balance at December 31, 2019	30,127,293	848,126,064	865,346,357	78,724,396	29,824,699	530,051	8,963,362	_	1,861,642,222
Depreciation	, ,	, ,	, ,	, ,	, ,	,			
(see Notes 23, 24 and 26)	18,016,234	114,962,173	150,940,176	26,522,906	3,663,397	11,272,401	8,244,166	_	333,621,453
Disposals	(263,870)	(276,747,559)	(372,506,186)	_	(17,269,684)	(1,208,172)	_	_	(667,995,471)
Balance at December 31, 2020	₽47,879,657	₽686,340,678	₽643,780,347	₱105,247,302	₽16,218,412	₱10,594,280	₽17,207,528	₽_	₽1,527,268,204
Net Book Value									
Balance at December 31, 2019	₱219,302,326	₽525,921,386	₽599,556,390	₽130,466,549	₽10,406,185	₱2,539,151	₽6,113,950	₽120,986,226	₽1,615,292,163
Balance at December 31, 2020	209,220,976	517,161,029	508,115,266	120,534,735	9,366,578	6,595,665	1,121,557	47,518,417	1,419,634,223



There are no idle assets as at December 31, 2020 and 2019. The Group has no property and equipment that are used as collateral for existing loans payable.

Net book value of property and equipment transferred to franchisees as part of the franchising agreement amounted to ₱6.4 million in 2020 and ₱58.0 million in 2019.

Property and equipment amounting to ₱13.4 million were acquired as part of the net assets acquired from IFI for the P2 Business (see Note 6).

14. Intangible Assets

The Group's intangible assets consist of:

	2020	2019
Goodwill	₽1,264,082,949	₱1,264,082,949
Trademarks with indefinite life	5,549,307,154	5,549,307,154
Software costs	233,331,243	163,438,617
Franchise right	4,787,656	
	₽7,051,509,002	₽6,976,828,720

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

In 2019, the Group acquired the Peri-Peri business from I-Foods, Inc. including the properties, assets and rights which are related to or are used in the said business (Note 6). Such transaction was accounted for as an acquisition of a business and additional goodwill and trademarks amounting to ₱185.5 million and ₱562.2 million, respectively, were recorded as at the date of acquisition.

The movements in the Group's goodwill and trademarks with indefinite life are as follows:

		Trademarks with	
	Goodwill	Indefinite Life	Total
Balance as at December 31, 2018	₽1,078,606,020	₽4,987,109,602	₽6,065,715,622
Additions (see Note 6)	185,476,929	562,197,552	747,674,481
Balance as at December 31, 2020			
and 2019	₽1,264,082,949	₽5,549,307,154	₽6,813,390,103

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

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



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

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

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

	Software	Franchise Right
Cost		
Balance at December 31, 2018	₽_	₽_
Additions	178,159,719	
Balance at December 31, 2019	178,159,719	_
Additions	85,158,730	4,964,977
Balance at December 31, 2020	₽263,318,449	₽4,964,977
Accumulated Amortization		_
Balance at December 31, 2018	₽_	₽_
Amortization (see Note 26)	14,721,101	_
Balance at December 31, 2019	14,721,101	_
Amortization (see Note 26)	15,266,104	177,321
Balance at December 31, 2020	₽29,987,206	₽177,321
Net Book Value		
Balance at December 31, 2020	₽233,331,243	₽4,787,656
Balance at December 31, 2019	163,438,617	

15. Right-of-Use Assets and Lease Liabilities

Group as a lessee

The Group has lease contracts for land for the use of its office spaces and stores. Lease contracts of office spaces usually have terms of 20 to 25 years while leases of stores usually have terms of 3 to 15 years.

The Group also has certain leases of stores with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The rollforward analysis of right-of-use assets follows:

	2020	2019
Cost		
Balance at beginning of year	₽1,637,933,084	₽1,219,622,052
Additions (see Note 16)	261,876,559	418,311,032
Pre-terminations	(90,855,829)	
Balance at end of year	1,808,953,814	1,637,933,084

(Forward)



	2020	2019
Accumulated Amortization		_
Balance at beginning of year	₽224,309,814	₽231,610
Amortization (see Notes 23, 24 and 26)	148,368,580	224,078,204
Lease concessions	138,357,193	_
Pre-terminations	(13,545,833)	_
Balance at end of year	497,489,754	224,309,814
Net Book Value	₽1,311,464,060	₱1,413,623,270

The rollforward analysis of lease liabilities follows:

	2020	2019
Balance at beginning of year	₽1,598,627,163	₽1,376,144,109
Additions	259,663,593	399,140,025
Interest expense (see Note 28)	105,789,642	102,342,903
Payments	(203,225,951)	(278,999,874)
Pre-terminations	(91,894,235)	_
Lease concessions	(138,357,193)	
Balance at end of year	1,530,603,019	1,598,627,163
Current portion of lease liabilities	211,544,249	224,333,251
Lease liabilities -net of current portion	₽1,319,058,770	₽1,374,293,912

The Group has lease contracts for stores that contains variable payments based on the gross sales. The following provides information on the Group's variable lease payments, including the magnitude in relation to fixed payments:

	As at December 31, 2020		
	Fixed	Variable	
	Payments	Payments	Total
Fixed	₽147,711,286	₽_	₽147,711,286
Variable rent with minimum payment	81,106,019	55,043,751	136,149,770
Variable rent only	_	903,476	903,476
	₽228,817,305	₽55,947,227	₽284,764,532

	As at December 31, 2019		
	Fixed		
	Payments	Payments	Total
Fixed	₽431,406,549	₽_	₽431,406,549
Variable rent with minimum payment	165,344,157	90,502,097	255,846,254
Variable rent only	_	717,434	717,434
	₽596,750,706	₽91,219,531	₽687,970,237

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

	2020	2019
1 year	₽305,080,184	₽325,174,775
more than 1 years to 2 years	261,208,767	275,259,744
more than 2 years to 3 years	223,630,545	232,378,672
more than 3 years to 4 years	183,415,290	196,452,826
more than 5 years	1,293,618,928	1,255,148,889



Rent expense on short-term leases and leases of low-value assets amounted to ₱93.1 million and ₱168.8 million as of December 31, 2020 and 2019, respectively (see Notes 23 and 24).

16. Rental deposits

	2020	2019
Rental deposits	₽176,422,833	₽168,960,073
Less: allowance for unrecoverable deposits	3,297,293	3,297,293
	₽173,125,540	₱165,662,780

The Group's rental deposits are refundable at the end of the lease term which range from 3 years to 15 years. Accordingly, rental deposits are discounted based on comparable rates for similar financial instruments with rates ranging from 3.19% to 5.70% for the years ended December 31, 2020 and 2019. The excess of the principal amount of the deposit over its fair value is accounted for as right-of-use asset and amortized over the lease term on a straight-line basis while interest on the deposit is accounted for using the effective interest rate method.

The Group uses a provision matrix to calculate ECLs for rental and other deposits. No provision was recognized in 2020 while recovery of allowance for unrecoverable deposit in 2019 amounted to ₱25,000 and provisions for unrecoverable deposits amounted to ₱1.2 million in 2018 (see Note 24).

The accretion income from rental deposits amounted to P4.24 million in 2020, P3.4 million in 2019 and P3.4 million in 2018 (see Note 29).

17. Accounts Payable and Other Current Liabilities

	2020	2019
Trade:		_
Suppliers	₽ 372,469,808	₱391,578,727
Related parties (see Note 18)	56,154,616	47,904,387
Nontrade	50,961,628	255,510,351
Accrued expenses:		
Suppliers	104,160,624	47,662,656
Utilities	42,924,172	25,065,336
Salaries and wages	48,596,636	78,842,303
Customers loyalty	15,112,737	6,528,910
Interest	5,225,000	5,293,750
Others	105,566,652	105,924,696
	₽801,171,873	₱964,311,116

Below are the terms and conditions of the financial liabilities:

- Trade payables are non-interest bearing and are normally settled in 30 to 90 days' term.
- Nontrade payables consist mainly of reimbursable expenses to officers and employees, payable to contractors and employment agencies which are normally settled in 30 to 90 days' term.
- Accrued expenses, which consist mainly of accrual of rent expense of stores, utilities, employee benefits and incentives, freight, commissions and storage costs are normally settled in 30 to 90 days' term.
- Customers loyalty pertain to accumulated points which are generally applied to customer purchases within the next financial year. Revenue is recognized upon actual usage or expiration whichever comes first.



- Other payables are normally settled in 15 to 45 days' term. For terms and conditions of related party payables, refer to Note 18.

Other payables consist of the following:

	2020	2019
Provision (see Note 34)	₽37,033,000	₽2,253,030
Output VAT	27,841,838	66,176,826
Customers' deposits	11,719,001	5,918,618
Withholding tax payable	10,580,738	9,365,058
Due to cooperative	8,305,794	8,318,311
SSS, Philhealth and Pag-ibig payable	5,633,872	3,475,353
Fun certificates payable	2,631,055	3,697,885
Others	1,821,354	6,719,615
	₱105,566,652	₽105,924,696



18. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Group; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual.

Approval requirements and limits on the amount and extent of related party transactions

Material related party transactions (MRPT) refers to any related party transactions, either individually, or in aggregate over a twelve (12)-month period with the same related party, amounting to ten percent (10%) or higher of the Group's total consolidated assets based on its latest audited consolidated financial statements.

All individual MRPT shall be approved by at least two-thirds (2/3) vote of the BOD, with at least a majority of the Independent Directors voting to approve the MRPT. In case that a majority of the Independent Directors' vote is not secured, the MRPT may be ratified by the vote of the stockholders representing at least two thirds (2/3) of the outstanding capital stock.

Aggregate RPT transactions within a 12-month period that meets or breaches the materiality threshold shall require the same BOD approval mentioned above.

Outstanding balances at year-end are unsecured and settlement occurs in cash throughout the financial year. There have been no guarantees provided or received for any related party receivables or payables. For the years ended December 31, 2020, 2019 and 2018, the Group has not recorded any impairment of receivables on amounts owed by the related parties. The assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The Group, in the normal course of business, has significant transactions with the following companies which have common members of BOD and stockholders as the Group:

			Amount/ Volume	Outstanding B	alance	
Category	Nature	Year	of transaction	Receivable (see Note 9)	Payable (see Note 17)Terms	Conditions
Century Pacific Gro	up Inc. (CPGI, Ultimate Parent Company)					
Purchases	Purchase of raw materials and goods	2020	₽6,969,986	₽3,082,080	₽ – 30-day; non-interest	Unsecured
	at agreed prices usually on a cost-	2019	9,967,147	866,584	bearing	
	plus basis					

(Forward)



			Amount/ Volume	Outstanding B	alance	
Category	Nature	Year	of transaction	Receivable (see Note 9)	Payable (see Note 17)Terms	Conditions
Companies with common memb	bers of BOD and stockholders as the Grou	р				
The Pacific Meat Company Inc	c. (PMCI)					
Sales	Sale of goods at prices (normally on	2020	₽39,380,782	₽14,801,958	₽– 30-day; non-inter	est Unsecured; not impaired
	cost-plus basis) mutually agreed upon by both parties	2019	5,743,038	5,549,078	– bearing	
Purchases	Purchase of raw materials and goods	2020	111,576,250	_	49,190,062 30-day; non-inter	est Unsecured
	at agreed prices usually on a cost- plus basis	2019	58,760,886	_	34,066,172 bearing	
DBE Project Inc. (DBE)						
Trade sales and service income	Sale of goods at prices (normally on	2020	397,313	2,700,958	 30-day; non-inter 	est Unsecured; not impaired
	cost-plus basis) mutually agreed upon by both parties	2019	5,190,188	2,310,744	– bearing	
Purchases	Purchase of raw materials and goods	2020	_	_	333,045 30-day; non-inter	est Unsecured
	at agreed prices usually on a cost- plus basis	2019	9,242	-	333,045 bearing	
Snow Mountain Dairy Corpora	ation (SMDC)					
Purchases	Purchase of raw materials and goods	2020	1,630,697	_	367,200 30-day; non-inter	est Unsecured
	at agreed prices usually on a cost- plus basis	2019	3,318,003	-	993,219 bearing	
Century Pacific Food Inc. (CP)	FI)					
Sales	Sale of goods at prices (normally on	2020	22,520,290	12,104,612	- 30-day; non-inter	est Unsecured; not impaired
	cost-plus basis) mutually agreed upon by both parties	2019	17,766,410	5,448,407	– bearing	, 1
Purchases	Purchase of raw materials and goods	2020	18,825,526	_	6,264,309 30-day; non-inter	est Unsecured
	at agreed prices usually on a cost- plus basis	2019	26,710,470	-	12,511,951 bearing	
		2020		₽32,689,608	₽56,154,616	
		2019		14,174,813	47,904,387	



Compensation of Key Management Personnel

The salaries and pension costs of key management personnel in 2020 and 2019 are as follows:

	2020	2019
Salaries	₽314,154,418	₽280,868,844
Pension costs	42,533,969	40,033,402
	₽356,688,387	₽320,902,246

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

19. Short-term Loans Payable

	2020	2019
Balance at beginning of year	₽550,000,000	₽_
Additions	1,500,000,000	800,000,000
Payments	(1,000,000,000)	(250,000,000)
Balance at end of year	₽1,050,000,000	₽550,000,000

The Group acquired several short-term loans amounting to P1,500.0 million with interest ranging from 3.50% to 5.50% per annum in 2020 and P800.0 million with interest of 5.40% per annum in 2019.

Interest expense pertaining to short-term loans amounting to ₱39.5 million, ₱21.7 million and nil was recognized for the years ended December 31, 2020, 2019 and 2018 respectively (see Note 28).

20. Long-term Loans Payable

Long-term facility loan

On June 8, 2016, the Group entered into an Omnibus Loan and Security Agreement (OLSA) with BDO Unibank, Inc. (the Lender) and SAFHI. The lender provided a term loan facility in the principal amount of \$\mathbb{P}\$5,000.0 million.

The breakdown of the loan is as follows:

	2020	2019
Principal	₽3,800,000,000	₽3,850,000,000
Less unamortized debt issue costs	11,402,631	13,281,697
	3,788,597,369	3,836,718,303
Less current portion of loan payable	48,099,942	48,120,934
Noncurrent portion	₽3,740,497,427	₽3,788,597,369

The loan is payable within 10 years to commence on the 12^{th} month following the availment date. Payments shall be made in 18 consecutive semi-annual installments of P25.0 million and a final payment of P4,550.0 million.

The loan's interest is to be fixed at the higher of 5-year PDST-R2 plus a spread of 0.75% or 4.5% floor rate for the first 5 years, to be repriced at the last 5 years. Management has assessed that the interest rate floor on the loan is an embedded derivative which is not for bifurcation since the market rate approximates the floor rate at the transaction date.



The loan facility also contains a prepayment provision which allows the Group to make optional prepayment in the amount calculated by the lender comprising (i) the outstanding principal amount of the Loan to be prepaid, and (ii) any accrued interest on the principal amount of the Loan being prepaid computed as of the date of prepayment. The prepayment option was assessed as closely related to the loan and thus, was not bifurcated.

On December 22, 2016, the Group notified BDO of its intention to prepay the loan amounting to P1,000.0 million. The exercise of the prepayment option resulted in the revision of estimated future payments and change in the carrying amount of the financial liability. On January 3, 2017, the Group prepaid portion of the loan amounting to P1,000.0 million and the corresponding break funding fee and prepayment penalty amounting to P21.4 million.

As long as any portion of the loan is outstanding and until payment in full of all amounts payable by the Group under the loan documents are made, the Group is required to comply with certain affirmative covenants, unless the Lender shall otherwise give its consent in writing:

- a. Ensure that at all times its obligations will constitute its secured, direct, unconditional and unsubordinated obligations, and any of its residual obligation not satisfied out of the proceeds of the Collateral shall rank and will rank at all times at least paripassu in priority of payment and in all other respects with all its unsecured obligations, save for such obligations in respect of which a statutory preference is established solely by operation of law.
- b. The net proceeds from the loan shall be used for the purpose of refinancing the bridge loan.
- c. Financial covenant during the term of the Term Loan:
 - i. its Debt Service Coverage Ratio is at least 1.2x. Debt Service Coverage Ratio is as of the date of determination, the ratio of EBITDA less regular dividends and advances to shareholders over Debt Service. For purposes hereof, "EBITDA" means operating profit before interest, taxes, depreciation and amortization, each item determined in accordance with PFRSs, and the term "Debt Service" means the aggregate amount of the succeeding year's principal amortization for the Loan, interest, fees and other financial charges made or due in respect thereof payable by the Borrower, provided that one (1) year prior to the maturity of the Loan, "Debt Service Coverage Ratio" shall mean the ratio of sum of the beginning cash balance and EBITDA less regular dividends and advances to shareholders over Debt Service;
 - ii. its Debt to Equity Ratio does not exceed 5.0x within the first two years from the Borrowing under the Term Loan and 4.0x thereafter.

The foregoing financial covenant shall be tested every six months based on annual audited or unaudited semi-annual consolidated financial statements. On January 27, 2017, the OLSA was amended to include June 30, 2017 as the commencement date for the testing for the financial covenant ratios.

- d. Within the period required, open and establish the Debt Service Reserve Account (DSRA); and ensure that the funds deposited in the DSRA is at all times maintained in accordance with the agreement. As at December 31, 2020 and 2019, the balances of DSRA has been applied to the loan balance.
- e. Prior to the assignment or transfer of any trade names, copyrights, trademarks, patents and other intellectual property rights or licenses currently held by the Group or any wholly-owned subsidiary of the Group, the Group shall pledge in favor of the Lender, under the terms and



conditions of the Pledge under the Omnibus loan and security Agreement, all the outstanding shares of the Group in such wholly-owned subsidiary.

As at December 31, 2020 and 2019, the Group is in compliance with the aforementioned affirmative covenants.

Interest expense amounting to ₱181.6 million, ₱178.9 million and ₱182.0 million were recognized for the years ended December 31, 2020, 2019 and 2018, respectively (see Note 28).

21. Equity

Capital Stock

	Number of	
	shares	Amount
Authorized capital stock - ₱1 par value:	2,000,000,000	₽2,000,000,000
Issued and outstanding capital stock - ₱1 par value	1,531,321,053	1,531,321,053

Below is the Parent Company's track record of the registration of securities:

Date of SEC Order				
Rendered Effective or		Authorized		Issue
Permit to Sell	Event	Capital Stock	Issued Shares	Price
December 1, 2016	Registered and Listed Shares (Original Shares) Initial Public Offering (IPO)	2,000,000,000	1,179,321,053	₽1.00
December 1, 2016	Primary	2,000,000,000	104,000,000	11.26
	Secondary	2,000,000,000	202,000,000	11.26
	Over-allotment Option	2,000,000,000	46,000,000	11.26

The issued and outstanding shares as at December 31, 2020 and 2019 are held by 38 and 31 equity holders, respectively.

Retained Earnings

Details of cash dividends declared in 2020, 2019 and 2018 are as follows:

	<u> </u>	idend	
	Rate		
Date of Declaration	(per share)	Amount	Record Date
August 16, 2018	₽0.10	₱153,132,105	October 10, 2018
June 20, 2019	0.10	153,132,105	July 19, 2019
July 15, 2020	0.01	15,313,210	August 14, 2020

There are no outstanding dividends payable as at December 31, 2020 and 2019. Cash declared and paid for 2020 and 2019 amounted to ₱15.3 million and ₱153.1 million, respectively.

Undistributed earnings of the subsidiaries included in the Group's retained earnings amounting to ₱191.2 million and ₱235.4 million as at December 31, 2020 and 2019, respectively, are not currently available for dividend distribution.



APIC

Amount received in excess of the par values of the shares issued amounting to ₱1,353.6 million were recognized as "APIC".

22. Revenue from Contracts with Customers

Set out below is the disaggregation of the Group's revenue from contracts with customers for the years ended December 31, 2020, 2019 and 2018:

	2020	2019	2018
Revenue source:			
Restaurant sales	₽3,829,454,422	₽6,017,118,710	₽5,773,153,864
Sale of goods	1,219,937,901	1,843,208,026	1,502,533,237
Royalty and franchise fees			
(see Note 33)	247,379,223	378,767,051	302,614,112
Other income	_	_	417,405
	₽5,296,771,546	₽8,239,093,787	₽7,578,718,618
Timing of recognition:			
Goods transferred at a point			
in time	₽5,265,608,468	₽8,215,705,312	₽7,558,966,013
Services rendered over time	31,163,078	23,388,475	19,752,605
	₽5,296,771,546	₽8,239,093,787	₽7,578,718,618

Contract liabilities

Below are the details of contract liabilities as at December 31, 2020 and 2019:

	2020	2019
Initial franchise fee	₽89,620,579	₽109,169,959
Less current portion	16,020,186	18,517,499
Noncurrent portion	₽73,600,393	₽90,652,460

Movements of contract liabilities arising from initial franchise fees as at and for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Balance as at January 1	₽ 109,169,959	₽112,600,227
Amortization of initial franchise fees	(31,163,078)	(23,388,475)
Initial franchise fees received	7,732,650	13,732,261
Accretion of interest expense (see Note 28)	3,881,048	6,225,946
Balance as at December 31	₽89,620,579	₽109,169,959



As at December 31, 2020, the amounts of initial franchise fees allocated to remaining performance obligations, its accretion of interest expense in the succeeding years, and contract liabilities arising from initial franchise fees are as follows:

	Unamortized		
	initial franchise	of interest	from initial
	fees	expense	franchise fees
Within one year	₽16,020,186	₽3,350,256	₽19,370,442
More than one year	73,600,393	7,826,205	81,426,598
	₽89,620,579	₽11,176,461	₽100,797,040

23. Cost of Sales

	2020	2019	2018
Inventory costs (see Note 10)	₽2,204,553,069	₱3,125,251,410	₱2,765,923,322
Salaries, wages and benefits	827,031,643	996,785,139	964,973,530
Depreciation and amortization (see			
Note 26)	453,025,380	532,953,110	213,610,981
Utilities	265,342,629	354,394,827	342,052,802
Outside services	109,040,201	178,475,243	172,205,678
Delivery call fees	106,666,672	73,363,564	67,165,629
Rent (see Note 15)	92,206,787	167,962,914	433,875,896
Supplies	86,344,075	109,040,126	145,971,183
Gas expenses	67,597,940	101,568,984	103,865,307
Repairs and maintenance	54,643,476	72,649,124	54,785,733
Dues and subscription	20,060,633	1,570,357	6,492,710
Card charges	17,982,948	34,153,443	31,706,197
Pension costs (see Notes 25 and 27)	16,806,284	17,009,639	11,019,772
Commissary costs	721,408	4,168,985	12,300,823
Seminar and training	634,622	2,254,367	3,771,217
Linen and uniform	_	7,265,843	6,670,071
Others	41,499,542	48,151,093	62,928,560
	₽4,364,157,309	₽5,827,018,168	₽5,399,319,411

24. General and Administrative Expenses

	2020	2019	2018
Salaries, wages and benefits	₽330,577,851	₱281,595,118	₱258,120,276
Advertising and promotions	150,360,713	242,500,544	243,827,143
Taxes and licenses	149,853,823	131,126,005	111,822,988
Outside services	130,858,533	184,519,580	163,501,221
Depreciation and amortization (see			
Note 26)	44,408,079	21,060,486	17,141,939
Supplies	33,783,403	47,315,803	42,842,090
Transportation and travel	32,783,940	43,859,084	44,310,379
Pension costs (see Notes 25 and 27)	25,343,893	24,717,252	17,221,775
Utilities	13,487,441	15,297,106	14,714,296
Insurance	7,756,866	4,422,552	6,252,088

(Forward)



	2020	2019	2018
Gas expenses	₽5,304,639	₽8,536,964	₽7,776,569
Directors' fees	1,371,930	1,238,596	608,176
Rent (see Note 15)	881,081	875,546	6,078,072
Provision for ECL (see Note 9)	_	190,000	_
Provision for unrecoverable			
deposits (see Note 16)	_	_	1,227,003
Others	45,940,408	44,347,439	37,781,262
	₽972,712,600	₽1,051,602,075	₽973,225,277

25. Personnel Expenses

	2020	2019	2018
Salaries, wages, bonuses and			
allowances:			
Cost of sales (see Note 23)	₽771,835,204	₽950,873,708	₽937,578,042
General and administrative			
expense (see Note 24)	317,237,561	267,334,556	234,584,814
SSS, Pag-ibig, Medicare and			
other contributions:			
Cost of sales (see Note 23)	55,196,439	45,911,431	27,395,488
General and administrative			
expense (see Note 24)	13,340,290	14,260,562	23,535,462
Retirement costs:			
Cost of sales (see Notes 23			
and 27)	16,806,284	17,009,639	11,019,772
General and administrative			
expense (see Notes 24			
and 27)	25,343,893	24,717,252	17,221,775
	₽1,199,759,671	₱1,320,107,148	₽1,251,335,353

26. Depreciation and Amortization 2020 2019 2018 Property and equipment: Cost of sales (see Note 23) ₽304,794,400 ₱309,012,506 ₱213,610,981 General and administrative 17,141,939 expense (see Note 24) 28,827,053 6,201,784 Right-of-use assets: Cost of sales (see Note 23) 148,230,980 223,940,604 General and administrative expense (see Note 24) 137,600 137,600 General and administrative expense (see Note 24) 15,266,105 14,721,102 Franchise right -General and administrative expense (see Note 24) 177,321 ₽497,433,459 ₽554,013,596 ₱230,752,920



27. Pension Costs

The Group has a funded, noncontributory defined benefit pension plan covering substantially all of its qualified employees. The benefits are based on years of service and percentage of compensation during the last year of employment.

The Group amended its retirement plan beginning January 1, 2019. Based on the amended plan, employees who completed at least five (5) years of service qualify in the early retirement plan of the Group. Current service cost and interest cost were computed using the financial assumptions at the beginning of the year reflecting the benefits offered under the plan amendment. Any changes in that effect, excluding amount in net interest, are recognized in OCI. Past service cost recognized as a result of the plan amendment amounted to ₱19.0 million for the year ended December 31, 2019.

The following tables summarize the components of net pension costs in the consolidated statements of comprehensive income in 2020, 2019 and 2018 and accrued pension costs in the consolidated statements of financial position as at December 31, 2020 and 2019. The latest actuarial valuation is as at December 31, 2020.

Pension costs:			
Current service cost	₽ 48,373,849	₱22,352,218	₽26,823,934
Net interest cost	3,954,215	392,379	1,417,613
Past service cost due to plan			
amendment	(10,177,887)	18,982,294	-
	₽42,150,177	₽41,726,891	₽ 28,241,54′
		2020	2016
		2020	2019
Accrued pension costs:			
Present value of benefit obligat	` '	₽ 297,527,903	₽296,264,606
Fair value of plan assets (FVPA	A)	(166,289,571)	(217,954,307
	/		
		₽131,238,332	₽78,310,299
		₽131,238,332	₽78,310,299
vements in the PVBO are as follows			
		₽131,238,332 2020	
vements in the PVBO are as follows Balance at beginning of year			2019
		2020	2019 ₱147,846,134
Balance at beginning of year		2020 ₽296,264,606	2019 ₱147,846,134 22,352,218
Balance at beginning of year Current service cost		2020 ₱296,264,606 48,373,849	2019 ₱147,846,134 22,352,218
Balance at beginning of year Current service cost Interest cost		2020 ₱296,264,606 48,373,849	2019 ₱147,846,134 22,352,218 12,327,426
Balance at beginning of year Current service cost Interest cost Past service cost due to: Plan amendment		2020 ₱296,264,606 48,373,849 14,954,775	2019 ₱147,846,134 22,352,218 12,327,426
Balance at beginning of year Current service cost Interest cost Past service cost due to:		2020 ₱296,264,606 48,373,849	2019 ₱147,846,134 22,352,218 12,327,426 18,982,294
Balance at beginning of year Current service cost Interest cost Past service cost due to: Plan amendment Employee reduction Net actuarial loss		2020 ₱296,264,606 48,373,849 14,954,775 — (10,177,887)	2019 ₱147,846,134 22,352,218 12,327,426 18,982,294
Balance at beginning of year Current service cost Interest cost Past service cost due to: Plan amendment Employee reduction Net actuarial loss Benefits paid:		2020 ₱296,264,606 48,373,849 14,954,775 — (10,177,887)	2019 ₱147,846,134 22,352,218 12,327,426 18,982,294 99,778,262
Balance at beginning of year Current service cost Interest cost Past service cost due to: Plan amendment Employee reduction Net actuarial loss		2020 \$\mathbb{P}296,264,606 \\ 48,373,849 \\ 14,954,775 \\ - \\ (10,177,887) \\ 23,528,245	₽78,310,299 2019 ₽147,846,134 22,352,218 12,327,426 18,982,294 99,778,262 (5,021,728



Movements in the FVPA are as follows:

	2020	2019
Balance at beginning of year	₽217,954,307	₽161,512,322
Interest income	11,000,560	11,935,047
Contributions	11,048,423	44,561,729
Net actuarial gain	1,701,966	4,966,937
Benefits paid		
From plan assets	(75,367,988)	(5,021,728)
By Group	(47,697)	
Balance at end of year	₽166,289,571	₽217,954,307

Movements in the accrued pension costs (pension asset) are as follows:

	2020	2019
Balance at beginning of year	₽78,310,299	(P 13,666,188)
Pension costs	42,150,177	41,726,891
Contributions	(11,048,423)	(44,561,729)
Actuarial loss	21,826,279	94,811,325
Balance at end of year	₽131,238,332	₽78,310,299

Amount recognized in OCI are as follows:

	2020	2019	2018
Actuarial gain (loss) - PVBO	(2 23,528,245)	(₱99,778,262)	₽41,895,134
Actuarial gain (loss) - FVPA	1,701,966	4,966,937	(8,913,112)
Deferred income tax	6,586,418	28,443,398	(9,894,607)
	(₽15,239,861)	(P 66,367,927)	₽23,087,415

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

	2020	2019
Investments:		
Government securities	₽160,081,650	₽155,765,218
Stocks	4,925,458	19,179,711
Deposit in banks	5,747	9,597,119
Other securities	_	31,909,252
Total investments	165,012,855	216,451,300
Other assets:		
Interest receivable	1,373,213	1,637,683
Due from broker	14,854	206
Total other assets	1,388,067	1,637,889
Total assets	166,400,922	218,089,189
Less due to broker	111,351	134,882
Net asset value	₽166,289,571	₱217,954,307



The plan assets were invested in fixed income securities and equity investments. All equity and debt instruments held have quoted prices in active market. Investment activities entered by the plan asset/liability matching strategy during the year consist of, but is not limited to, buying and selling of securities. All investments are considered as high grade based on its performance in the market.

The management performs an Asset-Liability Matching Study (ALM) annually. The overall investment policy and strategy of the Group's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risk of the plans.

The principal assumptions used to determine pension benefit obligations are as follows:

	2020	2019
Discount rates at beginning of year	4.60%	7.39%
Rate of compensation increase	5.00%	5.50%
Average future working years of service	30	24

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation assuming if all other assumptions were held constant:

	20:	20	20	19
	Increase		Increase	_
	(decrease)	Amount	(decrease)	Amount
Discount rates	0.50%	(P 25,973,025)	0.50%	(₱17,567,343)
	(0.50%)	33,177,578	(0.50%)	22,219,194
Salary increase rate	1.00%	69,788,584	1.00%	49,760,844
	(1.00%)	(46,173,092)	(1.00%)	(31,622,187)

Shown below is the maturity profile of the undiscounted benefit payments as of December 31, 2020 and 2019:

	2020	2019
1 year and less	₽16,701,800	₽15,876,700
more than 1 years to 5 years	1,945,093	3,029,730
more than 5 years to 10 years	43,146,722	29,755,140
more than 10 years to 15 years	153,626,702	234,251,720
more than 15 years to 20 years	211,715,318	313,788,198
more than 20 years	5,835,255,872	8,356,591,808
1 year and less	₽16,701,800	₽16,701,800
more than 1 years to 5 years	1,945,093	1,945,093
more than 5 years to 10 years	43,146,722	43,146,722
more than 10 years to 15 years	153,626,702	153,626,702
more than 15 years to 20 years	211,715,318	211,715,318
more than 20 years	5,835,255,872	5,835,255,872

The Group expects to contribute ₱39.0 million to the Fund in 2021.

The plan contributions are based on the actuarial present value of accumulated plan benefits and fair value of plan assets are determined using an independent actuarial valuation. The net defined benefit cost and the contributions to the plan are specifically identifiable, such that, the Group's PVBO



pertains only to the benefit of the Group's employees and the FVPA, pertains only to the contributions made by the Group. The Group shall contribute to the Fund such amounts as shall be required, under actuarial principles, to provide the benefits and the expenses incident to the operation and administration of the Fund.

28. Interest Expense

	2020	2019	2018
Long-term loan payables (see			
Note 20)	₽181,577,312	₽178,929,113	₱181,953,938
Lease liabilities (see Note 15)	105,789,642	102,342,903	_
Short-term loan payables (see			
Note 19)	39,481,097	21,730,833	_
Contract liabilities (see Note 22)	3,881,048	6,225,946	4,346,407
Debt issue cost	1,879,066	1,783,237	1,693,661
Others	695,408	460,771	521,117
	₽333,303,573	₱311,472,803	₱188,515,123
ther Income			
	2020	2019	2018
Provisions for legal and other			
contingencies (see Note 34)	(₽34,779,970)	₽_	(₱2,253,030)
Other income from franchisees	19,412,500	10,943,399	10,373,039
Gain (loss) on:			
Disposal of property and			
equipment	(18,749,687)	(1,883,436)	(118,201)
Pre-termination of leases			
(see Note 15)	14,584,239	_	_
Disposal of inventory	5,498,534	_	_
Service fee and expired loyalty			
fund points	7,323,836	44,508,088	47,378,911
Accretion income from dealers'			
deposits (see Note 16)	4,243,006	3,990,747	3,981,670
Interest income (see Note 8)	2,886,826	2,345,458	1,706,189
Fair value gain on financial assets			
at FVPL (see Note 12)	589,306	1,016,240	_
Unrealized foreign exchange gain			
(loss)	(332,437)	1,963,181	1,256,949
Reversal of allowance for ECL			
(see Note 9)	100,000	443,910	_
Others - net	4,114,608	(4,020,654)	2,253,030
	₽4,890,761	₽59,306,933	₽64,578,557

Other income from franchisees pertains mostly to cash overages, fees charged by the Group to its franchisees for the new module of the point-of-sale machines, rental income and incentives given by a supplier for high volume purchases.



30. Income Taxes

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

	2020	2019
Deferred tax assets:		
NOLCO	₽170,841,604	₽_
Lease liabilities	69,974,877	64,755,306
Difference in depreciation due to adoption of		
lease standard	45,530,167	48,103,346
Accrued pension costs	39,513,066	23,510,852
MCIT	12,149,016	_
Contract liabilities	5,577,558	4,488,670
Unamortized past service cost	4,579,107	6,189,726
Loyalty points	2,511,484	1,958,673
Accrued bonus and other expense	2,165,042	6,371,126
Allowance for:		
Doubtful accounts	1,474,402	1,504,402
Inventory obsolescence	1,276,980	1,276,981
Unrecoverable deposits	989,188	989,188
Unrealized profit	418,034	3,455,885
Interest from contingencies	32,174	32,174
Unrealized foreign exchange loss	8,429	35,031
	357,041,128	162,671,360
Deferred tax liabilities:	, ,	, ,
Debt issuance cost	3,420,789	3,984,509
Excess of fair value over cost of net identifiable	, ,	, ,
assets acquired in business combination	3,364,991	3,714,293
Pension asset	82,820	_
	6,868,600	7,698,802
	₽350,172,528	₱154,972,558

The deferred tax assets were measured using the appropriate corporate income tax rate on the year these are expected to be reversed. The Group computes for deferred tax using the 30% tax rate except for its subsidiaries, namely BMI, SPCI and SSI, which compute for deferred tax using the OSD effective tax rate of 18%.

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

As at December 31, 2020, the Group has incurred NOLCO in taxable year 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

			Applied in			
	Availment		Previous		Applied in	
Year Incurred	Period	Amount	Year/s	Expired	Current Year	Unapplied
2020	2021-2025	₽569 472 013	₽_	P_	P _	₽569 472 013



The MCIT that can be applied against future RCIT is as follows:

			Applied in			
	Availment		Previous		Applied in	
Year Incurred	Period	Amount	Year/s	Expired	Current Year	Unapplied
2020	2021-2023	₽12,149,016	₽-	₽_	₽_	₽12,149,016

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

	2020	2019	2018
RCIT	₽73,513,084	₽266,784,766	₽210,360,646
Final withholding taxes	178,581	552,742	46,799,834
	₽73,691,665	₽267,337,508	₽257,160,480

The reconciliation between the provision for income tax computed at statutory income tax rate and the provision for (benefit from) income tax as shown in the consolidated statements of comprehensive income is as follows:

	2020	2019	2018
Provision for (benefit from) income			
tax computed at statutory			
income tax rate of 30%	(₱110,553,353)	₽332,492,302	₽324,671,209
Final tax on royalty and			
franchise fees	_	_	28,579,300
Tax effects of:			
Application of OSD	(39,329,484)	(105,463,707)	(80,904,315)
Nontaxable:			
Amortization of franchise			
fees	(5,974,147)	(4,315,413)	(7,825,990)
Interest accretion	(1,272,902)	(1,196,341)	(1,194,501)
Income subject to final tax:			
Interest income	(865,555)	(703,638)	(512,308)
Fair value gain on financial			
assets at FVPL	(176,792)	(304,872)	_
Royalty and franchise fees	_	_	(37,378,950)
Provisions for legal and other			
contingencies	10,433,991	_	_
Nondeductible expenses	32,816,355	22,563,076	15,887,491
Provision for (benefit from) income			
tax	(P 114,921,887)	₽243,071,407	₽241,321,936

31. Financial Risks Management Objectives and Policies

The Group's principal financial instruments comprise cash, trade and other receivables and short-term and long-term loans payable. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as rental deposit, accounts payable and other current liabilities, and dealers' deposits arising directly from operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The BOD reviews and approves policies for managing each of these risks and they are summarized below:



Credit Risk. Credit risk is the risk that the Group will incur a loss because its customers or counterparties failed to discharge their contractual obligations. The Group manages and controls credit risk by trading only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The table below shows the maximum exposure to credit risk for the Group's financial assets, without taking account of any collateral and other credit enhancements:

	2020	2018
Cash*	₽553,624,434	₽277,453,955
Financial assets at FVPL	120,000,000	120,000,000
Trade and other receivables:		
Trade receivables	285,437,396	453,610,970
Receivable from NAF	140,304,750	100,878,240
Royalty receivable	37,339,494	45,801,490
Receivable from franchisees	24,372,171	52,700,724
Receivable from employees	12,012,283	16,087,592
Advances	10,311,752	_
Other receivables	51,226,724	40,404,479
Rental and other deposits	173,125,540	165,662,780
Total credit risk exposure	₽1,407,754,544	₽1,272,600,230

^{*}Excluding cash on hand.

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

				2020		
	Neither					
	Past Due	Past I	ue but not Imp	aired		
	nor Impaired	1-180 Days	Over 181 days	Subtotal	Impaired	Total
Cash*	₽553,624,434	₽_	₽_	₽-	₽_	₽553,624,434
Financial assets at FVPL	120,000,000	_	_	_	_	120,000,000
Trade and other receivables:						
Trade receivables	247,824,019	27,584,267	10,029,110	37,613,377	4,492,526	289,929,922
Receivable from NAF	140,304,750	_	_	_	_	140,304,750
Royalty receivable	37,339,494	_	_	_	_	37,339,494
Receivable from franchisees	24,372,171	_	_	_	_	24,372,171
Receivable from employees	1,670,906	10,167,026	174,351	10,341,377	1,145,567	13,157,850
Advances	10,311,752	_	_	_	_	10,311,752
Other receivables	32,609,056	14,706,654	3,911,014	18,617,668	480,914	51,707,638
Rental and other deposits	173,125,540	_	_	_	3,297,293	176,422,833
•	₽1,341,182,122	₽52,457,947	₽14,114,475	₽66,572,422	₽9,416,300	₽1,417,170,844

*Excluding cash on hand.				2019		
	Neither					
	Past Due	Past	Due but not Impa	ired		
	nor Impaired	1-180 Days	Over 181 Days	Subtotal	Impaired	Total
Cash*	₱277,453,955	₽–	₽–	₽-	₽_	₽277,453,955
Financial assets at FVPL	120,000,000	_	_	_	_	120,000,000
Trade and other receivables:						
Trade receivables	383,928,716	54,446,349	15,235,905	69,682,254	4,492,526	458,103,496
Receivable from NAF	100,878,240	_	_	_	_	100,878,240
Receivable from franchisees	52,700,724	_	_	_	_	52,700,724
Receivable from employees	6,080,355	5,740,813	4,266,424	10,007,237	1,245,567	17,333,159
Royalty receivable	45,801,490	_	_	_	_	45,801,490
Other receivables	21,872,157	16,166,950	2,365,372	18,532,322	480,914	40,885,393
Rental and other deposits	165,662,780	_	_	_	3,297,293	168,960,073
	₽1,174,378,417	₽76,354,112	₽21,867,701	₽98,221,813	₽9,516,300	₱1,282,116,530

^{*}Excluding cash on hand.



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

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

		202	20	
	High grade	Medium grade	Standard grade	Total
Cash*	₽553,624,434	₽-	₽-	₽553,624,434
Financial assets at FVPL	120,000,000	_	_	120,000,000
Trade and other receivables:				
Trade receivables	229,843,566	5,497,969	12,482,484	247,824,019
Royalty receivable	37,339,494	_	_	37,339,494
Receivable from NAF	_	_	140,304,750	140,304,750
Receivable from franchisee	_	_	24,372,171	24,372,171
Receivable from employees	_	_	1,670,906	1,670,906
Advances	_	_	10,311,752	10,311,752
Other receivables	23,706,790	8,902,266	_	32,609,056
Rental and other deposits	_	_	173,125,540	173,125,540
-	₽964,514,284	₽14,400,235	₽362,267,603	₽1,341,182,122
*Excluding cash on hand.				
		201	9	
	High grade	Medium grade	Standard grade	Total
Cash*	₽277,453,955	₽_	₽_	₽277,453,955
Financial assets at FVPL	120,000,000	_	_	120,000,000
Trade and other receivables:				
Trade receivables	354,581,214	8,973,721	20,373,781	383,928,716
Royalty receivable	45,801,490	_	_	45,801,490
Receivable from franchisee	_	_	52,700,724	52,700,724
Receivable from NAF	_	_	100,878,240	100,878,240
Receivable from employees	_	_	6,080,355	6,080,355
Other receivables	18,408,425	3,463,732	_	21,872,157
Rental and other deposits	_	_	165,662,780	165,662,780
•	₽816,245,084	₽12,437,453	₽345,695,880	₽1,174,378,417

^{*}Excluding cash on hand.

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

Liquidity Risk. Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet or settle its obligations at a reasonable price.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of advances to related parties. The Group maintains sufficient cash to finance its operations.

The Group manages its liquidity risk by maintaining strength and quality on financial position where debt-to-equity ratio is at a manageable level. The Group also maintains a financial strategy that the scheduled debts are within the Group's ability to generate cash from its business operations.



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

			2020)		
	Due and				Over	
	Demandable	< 90 Days	91-180 Days	181-365 Days	365 Days	Total
Cash	₽553,624,434	₽-	₽-	₽-	₽-	₽553,624,434
Financial assets at FVPL	120,000,000		_	-	_	120,000,000
Trade and other receivables						
Trade	247,824,019	27,584,267	_	10,029,110	4,492,526	289,929,922
Royalty receivables	37,339,494	_	_	_	_	37,339,494
Receivable from NAF	140,304,750		_	-	_	140,304,750
Receivable from franchisees	24,372,171		_	-	_	24,372,171
Receivables from employees	1,670,906	5,693,535	4,473,491	174,351	1,145,567	13,157,850
Advances	10,311,752	_	_	_	_	10,311,752
Other receivables	32,609,056	14,706,654	_	3,911,014	480,914	51,707,638
Rental and other deposits	173,125,540	_	_	_	3,297,293	176,422,833
	1,341,182,122	47,984,456	4,473,491	14,114,475	9,416,300	1,417,170,844
Accounts payable and other						
current liabilities:						
Trade payables	_	427,298,167	1,326,257	_	_	428,624,424
Nontrade payables	_	45,682,280	_	5,279,348	_	50,961,628
Accrued expenses	_	216,019,169	_	_	_	216,019,169
Other payables*	_	75,093,759	_	_	_	75,093,759
Dealers' deposit and other						
noncurrent payables	_	_	_	_	41,240,550	41,240,550
Short-term loans payable**	_	100,875,000	707,145,833	255,833,333	_	1,063,854,166
Long-term loans payable**	-	63,479,894	88,438,131	151,774,175	4,843,937,698	5,147,629,898
	-	928,448,269	796,910,221	412,886,856	4,883,226,688	7,023,423,594
Liquidity gap	₽1,341,182,122	(₽880,463,813)	(P 792,436,730)	(P 398,772,381)	(P 4,873,810,388)	(P 5,606,252,750)

^{*}Excluding statutory payables.
**Including future interest payments.

	Due and				Over	
	Demandable	< 90 Days	91-180 Days	181-365 Days	365 Days	Total
Cash	₽507,701,190	₽_	₽_	₽_	₽_	₽507,701,190
Financial assets at FVPL	120,000,000	-	-		_	120,000,000
Trade and other receivables						
Trade	383,928,716	40,732,089	28,950,165	=	4,492,526	458,103,496
Receivable from NAF	100,878,240	=	=	=	_	100,878,240
Royalty receivables	45,801,490	=	=	=	_	45,801,490
Receivable from franchisees	52,700,724	=	=	=	_	52,700,724
Receivables from employees	6,080,355	5,740,813	4,266,424	=	1,245,567	17,333,159
Other receivables	21,872,157	6,906,712	11,625,610	=	480,914	40,885,393
Rental and other deposits	165,662,780	-	-	_	3,297,293	168,960,073
	1,404,625,652	53,379,614	44,842,199	-	9,516,300	1,512,363,765
Accounts payable and other						
current liabilities:						
Trade payables	₽–	₱439,483,113	₽_	₽_	₽-	439,483,113
Nontrade payables	_	255,510,351	=	=	_	255,510,351
Accrued expenses	_	163,392,955	=	=	_	163,392,955
Other payables*		24,654,430	=		-	24,654,430
Dealers' deposit and other						
noncurrent payables		-	-		44,355,755	44,355,755
Short-term loans payable**		552,249,653	-		_	552,249,653
Long-term loans payable**	=	42,854,408	67,814,787	110,551,740	5,136,227,268	5,357,448,203
	_	1,478,144,910	67,814,787	110,551,740	5,180,583,023	6,837,094,460
Liquidity gap	₽1,404,625,652	(₱1,424,765,296)	(P 22,972,588)	(₱110,551,740)	(P 5,171,066,723)	(\$\P\$5,324,730,695)



^{*}Excluding statutory payables.
**Including future interest payments.

Capital Management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern, so that it can to provide returns to stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group adjusts the dividend payment to stockholders, return capital to stockholders or issue new shares.

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

	2020	2019
Total liabilities	₽7,490,234,080	₽7,264,119,411
Total equity	4,784,363,987	5,068,506,346
	1.57:1	1.43:1

32. Fair Value Information

Fair value is defined as the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale.

Financial Instruments Whose Carrying Amounts Approximate Fair Value. Management has determined that the carrying amounts of cash, financial assets at FVPL, trade and other receivables and accounts payable and other current liabilities, based on their notional amounts, reasonably approximates their fair values because these are mostly short-term in nature or are repriced frequently.

Other Financial Instruments. Set out below is a comparison by category of carrying amounts and estimated fair values of the Group's financial instruments other than those described above:

		As at December 31, 2020			
			Fair Value		
	Date of Valuation	Carrying Value	Level 1 Quoted	Level 2 Significant Observable Input	
Assets for which fair values are disc	losed -				
Financial assets at FVPL	December 31, 2020	₽120,000,000	₽-	₽120,000,000	
Rental deposits	December 31, 2020	176,597,476	_	175,306,979	
		₽296,597,476	₽-	₽295,306,979	
Liabilities for which fair values are	disclosed:				
Long-term loans payable	December 31, 2020	₽3,788,597,369	₽-	₽4,528,403,943	
Dealers' deposits	December 31, 2020	23,710,436	_	19,257,642	
		₽3,812,307,805	₽-	₽4,547,661,585	



		As at December 31, 2019			
			Fair Value		
				Level 2	
				Significant	
			Level 1	Observable	
	Date of Valuation	Carrying Value	Quoted	Input	
Assets for which fair values are disclo	sed -		-		
Financial assets at FVPL	December 31, 2019	₽120,000,000	₽-	₽120,000,000	
Rental deposits	December 31, 2019	194,037,179	_	168,846,712	
		₽314,037,179	₽-	₱288,846,712	
Liabilities for which fair value are disc	closed:				
Long-term loans payable	December 31, 2019	₽4,386,718,303	₽-	₽4,346,508,655	
Dealers' deposits	December 31, 2019	22,427,231	_	15,473,150	
-		₽4,409,145,534	₽-	₽4,361,981,805	

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Rental Deposits. The fair values were obtained by discounting the instruments' expected cash flows using interest rates of 1.12% to 10.39% as at December 31, 2020 and of 2.36% to 8.13% as at December 31, 2019.

Long-term loans Payable. The fair value of loan payable which was discounted using prevailing market rate of 2.57% and 4.22% as at December 31, 2020 and 2019, respectively, approximates the carrying value since these bear interest at current market rates. Fair value category is Level 2, significant observable inputs.

Dealers' Deposits. The fair values were obtained by discounting the instruments' expected cash flows using interest rates of 4.46% and 7.05% as at December 31, 2020 and 2019, respectively.

As at December 31, 2020 and 2019, there were no transfers between Level 1 and 2 fair value measurements.

33. Commitments

<u>Trademark Licensing and Franchise Agreements</u>

The Group has existing Trademark Licensing and Franchise Agreements with independent franchisees to operate restaurant outlets under the "Shakey's" and "Peri-Peri" brand name, method, concept and trade name. In consideration thereof, the franchisees agree to pay continuing franchise fees equivalent to a certain percentage of the franchisees' net sales.

The franchisees also pay management fees for various services, including maintenance services, rendered by the Group.

The Group recognized royalty and franchise fees amounting to ₱247.4 million in 2020, ₱378.8 million in 2019 and ₱302.6 million in 2018 (see Note 22). Royalty receivables as at December 31, 2020 and 2019 amounted ₱37.3 million and ₱45.8 million, respectively (see Note 9).



34. Provisions

	2020	2019
Balance at beginning of year	₽2,253,030	₽2,253,030
Addition (see Note 29)	34,779,970	_
Balance at end of year	₽37,033,000	₽2,253,030

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

35. Earnings (Loss) per Share (EPS)

Basic earnings (loss) per share (EPS) is computed based on the weighted average number of issued and outstanding common shares during each year. Diluted EPS is computed as if the potential common share or instrument that may entitle the holder to common share were exercised as of the beginning of the year. When there are no potential common shares or other instruments that may entitle the holder to common shares, diluted EPS, is the same as the basic EPS.

There are no dilutive financial instruments as of December 31, 2020, 2019 and 2018, hence, diluted EPS is the same as the basic EPS.

The Group's EPS were computed as follows:

	2020	2019	2018
(a) Net income (loss)	(P 253,589,288)	₽865,236,267	₽840,915,428
(b) Weighted average number of shares outstanding	1,531,321,053	1,531,321,053	1,531,321,053
Basic/diluted EPS (a/b)	(₽0.17)	₽0.57	₽0.55

36. Notes to Consolidated Statements of Cash Flows

The following are the noncash activities for the years ended December 31, 2020 and 2019:

_		20	20	
	January 1	Net cash flows	Noncash changes	December 31
Rental and other noncurrent assets (a) (b)	₽165,662,780	(₽5,432,721)	₽12,895,481	₽173,125,540
Long-term loans payable (c)	3,836,718,303	(50,000,000)	1,879,066	3,788,597,369
Contract liabilities (d)	109,169,959	(23,430,428)	3,881,048	89,620,579
_		20	19	
	January 1	Net cash flows	Noncash changes	December 31
Rental and other noncurrent assets (a) (b)	₱137,079,814	₽44,662,438	(P 16,079,472)	₱165,662,780
Long-term loans payable (c)	3,885,415,919	(50,000,000)	1,302,384	3,836,718,303
Contract liabilities (d)	112,600,227	(9,656,214)	6,225,946	109,169,959



Details of the noncash changes are as follows:

- (a) Pertains to accretion of interest expense and interest income on long-term rental deposits included in "Rental and other noncurrent assets" and long-term dealer's deposits included in "Dealer's deposits and other noncurrent liabilities", respectively.
- (b) Pertains to rental deposits of Peri-Peri Business amounting to ₱9.5 million.
- (c) Pertains to amortization of debt issuance cost during the year amounting to ₱1.9 million and ₱1.7 million in 2020 and 2019, respectively.
- (d) Pertains to the accretion of the significant financing component of contract liabilities during the year amounting to ₱3.9 million and ₱6.2 million in 2020 and 2019, respectively.

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

					2020			
	January 1	Additions	Additions Proceeds		Interest	Other	December 31	
	January 1	Additions 110cccus		Additions Proceeds Payments		expense	movements	December 51
Lease liabilities*	₽1,598,627,163	₽259,663,593	₽–	(\pm203,225,951)	₽105,789,642	(¥230,251,428)	₽1,530,603,019	
Loans payable	4,386,718,303	_	1,500,000,000	(1,050,000,000)	1,879,066	_	4,838,597,369	
Dividends	_	15,313,210	_	(15,313,210)	_	_	-	
Accrued interest**	5,293,750	_	_	(221,822,567)	225,634,865	(3,881,048)	5,225,000	
Total liabilities from								
financing								
activities	₽5,990,639,216	₽274,976,803	₽1,500,000,000	(₱1,490,361,728)	₽333,303,573	(¥234,132,476)	₽6,374,425,388	

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

^{**}Other movements pertain to interest accretion for PFRS 15

					2019		
	January 1	Additions	Proceeds	Payments	Interest	Other	December 31
	January 1	Additions	Trocccus	1 ayınıcınıs	expense	movements	December 31
Lease liabilities	₱1,376,144,109	399,140,025	_	(278,999,874)	102,342,903	₽_	₽1,598,627,163
Loans payable	3,885,415,919	_	800,000,000	(300,000,000)	1,302,384	_	4,386,718,303
Dividends payable	_	153,132,105	_	(153,132,105)	_	_	_
Accrued interest*	5,362,500	_	_	(200,496,593)	207,827,516	(7,399,673)	5,293,750
Total liabilities from							
financing							
activities	₽5,266,922,528	₽522,272,130	₽800,000,000	(P 932,628,572)	₽311,472,803	(₽7,399,673)	₽5,990,639,216

^{*}Other movements pertain to interest accretion for PFRS 15 and PAS 39

37. Impact of COVID-19

On March 16, 2020, the Philippine Government declared the entire Luzon area in the Philippines under an "enhanced community quarantine" (ECQ) until May 15, 2020. ECQ is effectively a total lockdown, restricting the movement of the population in response to the growing pandemic of coronavirus disease 2019 (COVID-19) in the country. On May 16, 2020, the government relaxed the implementation of ECQ and has placed certain areas under the Modified ECQ and General ECQ (GCQ) until May 31, 2020. On May 28, 2020 the government further eased the implementation of community quarantine and placed most of the areas in the Philippines under the GCQ until June 15, 2020 and was further extended until this report date, March 30, 2021.

On March 27, 2021, President Rodrigo Duterte approved placing NCR, Bulacan, Cavite, Laguna and Rizal (NCR Plus) under enhanced community quarantine from March 29, 2021to April 4, 2021.



These measures have resulted in massive disruptions to most businesses and have caused significant increase in economic uncertainty. Governments and Central Banks have responded with monetary and fiscal interventions to stabilize the economies. The significant events and transactions that have occurred since December 31, 2019, which relate to the effects of the global pandemic on the Group's consolidated financial statements for the year ended December 31,2020, are summarized as follows:

- The Group saw a significant decrease in restaurant sales and other business segments.
- The Group was granted several lease concessions for its lease of land for the use of its office spaces and stores.
- The forecast used for impairment testing of goodwill and trademarks with indefinite life include the Group's estimates of the potential future impact from COVID-19 pandemic. Cash flow projections have been adjusted to reflect a range of possible outcomes, weighted by their expected occurrence.
- The uncertainty in determining key assumptions (including forecast of revenues and expenses) in the assessment of future taxable income of the Group, upon which the recognition of deferred tax assets is assessed, was considered.

38. Event After Reporting Date

President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, RCIT rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2021 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 5% GIT / 30% RCIT) for financial reporting purposes.



Applying the provisions of the CREATE Act, the Group would have been subjected to lower regular corporate income tax rate of 25% effective July 1, 2020.

- This will result in lower provision for current income tax for the year ended December 31, 2020 by ₱8.2 million and lower income tax payable as of December 31, 2020 by ₱1.1million, which will be reflected in the respective 2020 annual income tax returns of each of the taxable entities comprising the Group but will only be recognized for financial reporting purposes in their respective 2021 financial statements.
- This will result in lower deferred tax assets and liabilities as at December 31, 2020 and provision for deferred tax for the year then ended by \$\mathbb{P}68.2\$ million and \$\mathbb{P}61.2\$ million, respectively. These reductions will be recognized in the 2021 consolidated financial statements.





SyCip Gorres Velayo & Co. 6760 Ayala Avenue 1226 Makati City Philippines Tel: (632) 8891 0307 Fax: (632) 8819 0872 ey.com/ph BOA/PRC Reg. No. 0001, October 4, 2018, valid until August 24, 2021 SEC Accreditation No. 0012-FR-5 (Group A), November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

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

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Shakey's Pizza Asia Ventures Inc. and Subsidiaries (the Group) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 included in this Form 17-A and have issued our report thereon dated April 30, 2021. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

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

aria Pelar B. Fernandez

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



SHAKEY'S PIZZA ASIA VENTURES, INC. AND SUBSIDIARIES INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES FORM 17-A, Item 7

	Page No.
Consolidated Financial Statements Statement of Management's Responsibility for Financial Statements Report of Independent Public Accountants Consolidated Statements of Financial Position as of December 31, 2020 and 2019 Consolidated Statements of Comprehensive Income for the years ended December 31, 2020, 2019 and 2018 Consolidated Statements of Changes in Equity for the years ended December 31, 2020, 2019 and 2018 Consolidated Statements of Cash Flows for the years ended December 31, 2020, 2019 and 2018 Notes to Consolidated Financial Statements	Exhibit
Supplementary Schedules Report of Independent Public Accountants on Supplementary Schedules A. Financial Assets B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)	1 2
 C. Accounts Receivable from Related Parties which are eliminated during the consolidation of financial statements D. Intangible Assets - Other Assets E. Long-Term Debt F. Indebtedness to Related Parties (Long-Term Loans from Related Companies) G. Guarantees of Securities of Other Issuers H. Capital Stock 	3 4 5 6 7 8
Schedule of Retained Earnings Available for Dividend Declaration Philippine Financial Reporting Standards and Interpretations Effective as of December 31, 2020	

Financial soundness indicators - financial ratios
Map of Relationships of the Companies within the Group

SHAKEY'S PIZZA ASIA VENTURES, INC. AND SUBSIDIARIES Schedule A. Financial Assets December 31, 2020

Name of Issuing Entity and Association of each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
BDO Unibank, Inc.	73,159	120,000,000	120,000,000	-
	73,159	120,000,000	120,000,000	-

SHAKEY'S PIZZA ASIA VENTURES, INC. AND SUBSIDIARIES
Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2020

			Dedu	ctions					
Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amount Collected		Amount Reclassified	Amount Written-Off	Current	Non Current	Balance at End of Period
DBE Project Inc. (DBE)	1,498,128	1,205,331	2,501		-	-	2,700,958	-	2,700,958
The Pacific Meat Company Inc. (PMCI)	3,808,119	16,404,157	5,410,318		-	-	14,801,958	-	14,801,958
Century Pacific Group Inc. (CPGI)	866,584	2,215,496	-		-	-	3,082,080	-	3,082,080
Century Pacific Food Inc. (CPFI)	-	12,104,612	-		-	-	12,104,612	-	12,104,612
ALVAREZ, EMILY M	15,311	30,807	43,570	-	-	-	2,547	-	2,547
BELGICA, EDWIN R	1,642	136,922	117,412	-	-	-	21,151	-	21,151
BONIFACIO, ROLANDO H	11,737	64,775	63,750	-	-	-	12,762	-	12,762
CANIZARES, ROWENA R	13,968	114,405	109,049	-	-	-	19,324	-	19,324
CRUZ, CLARINDA	115,752	-	-	-	-	-	115,752	-	115,752
DAVID, JEROME	56,663	14,596	71,260	-	-	-	-	-	-
DE MESA, LIXLES	4,067	25,182	29,248	-	-	-	-	-	-
DEL ROSARIO, JONAS	5,146	12,107	14,278	-	-	-	2,975	-	2,975
DIVINAGRACIA, ELMER S	5,252	145,341	141,900	-	-	-	8,692	-	8,692
LORESCO, JULIUS M	4,020	21,402	12,822	-	-	-	12,600	-	12,600
MADALANSACAY, JANE	995	35,701	33,819	-	-	-	2,877	-	2,877
MALAGAYO, ROLAND F.	936	1,765	28,495	-	-	-	(25,795)	-	(25,795)
MENOR, ELENA S	2,310	26,485	25,755	-	-	-	3,040	-	3,040
MERCADO, MA VERONICA P	12,832	35,703	34,557	-	-	-	13,978	-	13,978
NOVELLES, EVANGELINE	15,607	368,757	194,365	-	-	-	189,999	-	189,999
PARAISO, MICHAEL ANGELO M	416	26,004	19,099	-	-	-	7,321	-	7,321
QUERUBIN, ERIC M	54,024	-	54,024	-	-	-	-	-	-
ROBLES, CARLOS S	10,179	-	10,179	-	-	-	-	-	-
ROXAS, VICTOR	4,187	21,828	25,328	-	-	-	687	-	687
SILVESTRE, FLODELIZA Z.	35,069	88,908	109,329	-	-	-	14,648	-	14,648
TUBU, CELESTE	11,532	26,590	35,613	-	-	-	2,509	-	2,509
VASQUEZ, KAREN	131,320	98,852	226,172	-	-	-	4,000	-	4,000
VILLANUEVA, MARIA CORAZON P	5,000		5,000	-	-	-	-	-	· <u>-</u>
VISPERAS, JONATHAN	5,925	32,644	37,249	-	-	-	1,319	-	1,319
	P 6,696,719	P 33,258,367	₽ 6,855,093		-	P -	₽ 33,099,994	₽ -	₽ 33,099,994

^{*}This consists of various small amount of receivable per employee.

SHAKEY'S PIZZA ASIA VENTURES, INC. AND SUBSIDIARIES

Schedule C. Accounts Receivable from Related Parties which are eliminated during the consolidation of financial statements December 31, 2020

					Dedu	ction	s						
Name and Designation of Debtor	Balance at Beginning of Period		Additions		Amount Collected		Amount Written-Off		Current		Non Current		Balance at End of Period
Shakey's Seacrest Inc. (SSI)	P 32,931,479	P	8,195,670	P	28,376,748	P	-	P	12,750,401	P	-	P	12,750,401
Shakey's International Ltd. (SIL)	48,895,774		6,096,515		9,589,867		-		45,402,422		-		45,402,422
Shakeys Pizza Commerce Inc (SPCI)	1,242,941,205		5,182,519,701		6,258,042,900		-		167,418,006		-		167,418,006
Bakemasters, Inc. (BMI)	2,874,988		303,473,741		221,296,777		-		85,051,952		-		85,051,952
WOW Brands Holding, Inc. (WBHI)	-		106,934,408		87,942,799				18,991,609		=		18,991,609
	P 1,327,643,446	₽	5,607,220,035	₽	6,605,249,091	₽	-	P	329,614,390	P	-	₽	329,614,390

SHAKEY'S PIZZA ASIA VENTURES, INC. AND SUBSIDIARIES
Schedule D. Intangible Assets - Other Assets
December 31, 2020

Description		Beginning Balance		Additions At Cost		Dedu Charged to Costs and Expenses	ctions	Charged to Other Accounts	Other Changes- Additions (Deductions)		Ending Balance
Trademark from the acquisition of SIL	P	3,577,911,666	P	-	P	-	P	-	<u>P</u> -	P	3,577,911,666
Trademark assignment to SSI from GGL		1,409,197,936		-		-		-	-		1,409,197,936
Trademark from the acquisition of AWIL		562,197,552		-				(562,197,552)			-
Trademark assignment to SPAVI from AWIL		-		562,197,552							562,197,552
Franchise right for R&B Tea		-		4,964,977		(177,321)					4,787,656
Goodwill from the acquisition of WBHI		185,476,929		-							185,476,929
Goodwill from the acquisition of BMI		1,078,606,020									1,078,606,020
	₽	6,813,390,103	₽	567,162,529	P	(177,321)	P	(562,197,552) P	-	₽	6,818,177,759

-

SHAKEY'S PIZZA ASIA VENTURES, INC. AND SUBSIDIARIES

Schedule E. Long-Term Debt December 31, 2020

Title of Issue and Type of Obligation		Amount Authorized by Indenture		Amount shown under Caption "Current Portion of Long-Term Debt" in related Balance Sheet		Amount shown under Caption "Long-Term Debt" in related Balance Sheet
Omnibus Loan and Security Agreement-						
BDO Unibank Inc.	P	3,800,000,000	P	50,000,000	P	3,750,000,000
Unamortized debt issue costs		(11,402,631)		(1,900,058)		(9,502,573)
	P	3,788,597,369	P	48,099,942	P	3,740,497,427

SHAKEY'S PIZZA ASIA VENTURES, INC. AND SUBSIDIARIES

Schedule F. Indebtedness to Related Parties (Long-Term Loans from Related Companies)
December 31, 2020

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
Not applicable: The Company has no indebtedness to related p	arties as at December 31	, 2020.

SHAKEY'S PIZZA ASIA VENTURES, INC. AND SUBSIDIARIES Schedule G. Guarantees of Securities of Other Issuers December 31, 2020

Name of Issuing Entity of Securities Guaranteed by the Company for which Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by the Company for which Statement is Filed	Nature of Guarantee				
Not applicable: The Company has no guarantees of securities of other issuers as at December 31, 2020.								

SHAKEY'S PIZZA ASIA VENTURES, INC. AND SUBSIDIARIES

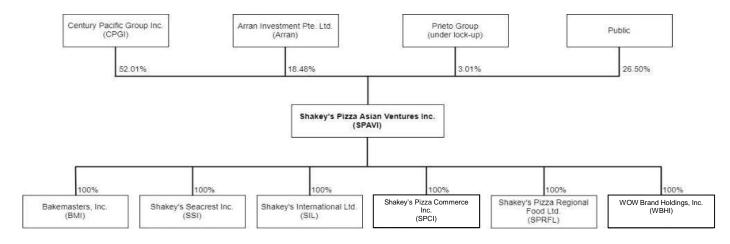
Schedule H. Capital Stock December 31, 2020

Title of Lague		Number of	Number of Shares Reserved for Options,	Nui	nber of Shares Held	Ву
Title of Issue	Number of Shares Authorized	Shares Issued and Outstanding	Warrants, Conversions, and Other Rights	Affiliates	Directors, Officers and Employees	Others
Common Shares	2,000,000,000	1,531,321,053	-	1,117,709,173	3,297,238	410,314,642

_

SHAKEY'S PIZZA ASIA VENTURES, INC. AND SUBSIDIARIES

Map of Relationships of the Companies within the Group



SHAKEY'S PIZZA ASIA VENTURES, INC. AND SUBSIDIARIES INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

Retained earnings, at December 31, 2019		1,997,686,487
Less:		
Deferred Tax Assets		125,823,073
Unappropriated retained earnings, as adjusted,		
as at December 31, 2019		1,871,863,414
Add (less):		
Net loss	(209,435,540)	
Changes in deferred tax assets	(187,062,207)	(396,497,747)
		1,475,365,667
Dividends declared during the year		(15,313,210)
Retained earnings available for additional		
dividend distribution as at December 31, 2020		1,460,052,457



SyCip Gorres Velayo & Co. 6760 Ayala Avenue 1226 Makati City Philippines Tel: (632) 8891 0307 Fax: (632) 8819 0872 ey.com/ph BOA/PRC Reg. No. 0001, October 4, 2018, valid until August 24, 2021 SEC Accreditation No. 0012-FR-5 (Group A), November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Shakey's Pizza Asia Ventures Inc. and its subsidiaries (the Group) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated April 30, 2020. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's financial statements as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 and no material exceptions were noted.

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

B. Hunander

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



SHAKEY'S PIZZA ASIA VENTURES, INC. AND SUBSIDIARIES FINANCIAL SOUNDNESS INDICATORS-FINANCIAL RATIOS

	As at December 31, 2020	As at December 31, 2019
	(252,500,200)	0/2 027 001
Net income	(253,589,288)	862,027,801
Total Assets	12,219,992,178	14,852,313,153
Return on Assets (Net income / Total Assets)	-2.1%	5.8%
Net income	(253,589,288)	862,027,801
Average stockholders' equity	4,926,435,167	4,796,460,053
Return on Equity (Net Income / Stockholders' Equity)	-5.1%	18.0%
Net income	(253,589,288)	862,027,801
No. of Shares	1,531,321,053	1,531,321,053
Earnings per share (Net income / Total no. of shares outstanding)	(0.17)	0.56
Total current assets	1,865,662,850	4,496,155,272
Total current liabilities	2,129,992,718	4,409,158,261
Current Ratio (Total Current assets / Total Current Liabilities)	0.88	1.02
Total current assets	1,865,662,850	4,496,155,272
Total current liabilities	2,129,992,718	4,409,158,261
Net working capital (Total Current Assets - Total Current Liabilities)	(264,329,868)	86,997,011
,		
Total liabilties	7,435,628,190	9,829,214,180
Total Equity	4,784,363,987	5,023,098,973
Debt to equity ratio (Total Liabilities / Stockholders' Equity)	1.55	1.96
Depreciation	497,433,459	553,352,713
Net income	(253,589,288)	862,027,801
Net Income + depreciation expense	243,844,171	1,415,380,514
Short Term + long term liabilities Solvency ratio (Net Income + Depreciation Expense / Short and Long Term Liabilities)	7,435,628,190 0.03	9,829,214,180 0.14
Solvency ratio (Net Income + Depreciation Expense / Short and Long Term Liabilities)	0.03	0.14
Total assets	12,219,992,178	14,852,313,153
Total Equity	4,784,363,987	5,023,098,973
Asset to equity ratio (Total assets / total equity)	2.55	2.96
Earnings before interest expense and income taxes (EBIT)	(35,207,602)	1,415,205,470
Interest expense	333,303,573	311,483,297
Interest coverage ratio (EBIT / Interest Expense)	(0.11)	4.54

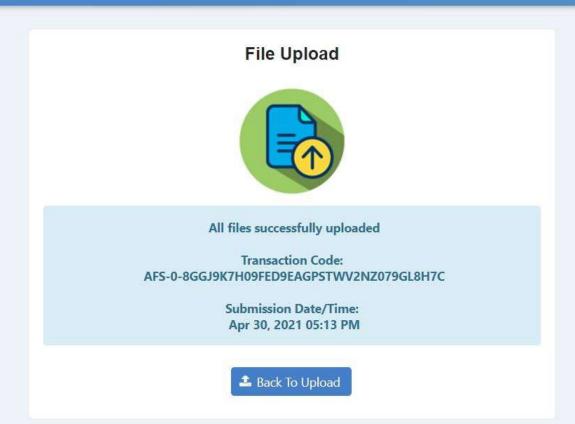








- ☆ Home
- . Profile
- 🎎 File Upload
- ➢ Transactions
- Sign Out



Copyright © 2020 EZY Infotech Inc. All Rights Reserved.

[EXT] Your BIR AFS eSubmission uploads were received

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

Fri 4/30/2021 5:33 PM

To: Tax Section <taxsection@shakeys.biz>

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

HI SHAKEY'S PIZZA ASIA VENTURES INC,

Valid file

EAFS000163396AFSTY122020.pdf

Invalid file

<None>

Transaction Code: AFS-0-CAG678BD06KJ89L6CQ4TN3ZXQ04N1TM2TW

Submission Date/Time: Apr 30, 2021 05:19 PM

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

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

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

This is a system-generated e-mail. Please do not reply.

======== DISCLAIMER =======

This email and its attachments may be confidential and are intended solely for the use of the individual or entity to whom it is addressed.

If you are not the intended recipient of this email and its attachments, you must take no action based upon them, nor must you disseminate, distribute or copy this e-mail. Please contact the sender immediately if you believe you have received this email in error.

E-mail transmission cannot be guaranteed to be secure or error-free. The recipient should check this email and any attachments for the presence of viruses. The Bureau of Internal Revenue does not accept liability for any errors or omissions in the contents of this message which arise as a result of e-mail transmission.

For Encrypted Emails click <u>here</u> for instructions

====== DISCLAIMER ======= This email and its attachments may be confidential and are intended solely for the use of the individual or entity to whom it is addressed. If you are not the intended recipient of this email and its attachments, you must take no action based upon them, nor must you disseminate, distribute or copy this e-mail. Please contact the sender immediately if you believe you have received this email in error. E-mail transmission cannot be guaranteed to be secure or error-free. The recipient should check this email and any attachments for the presence of viruses. The Bureau of Internal Revenue does not accept liability for any errors or omissions in the contents of this message which arise as a result of e-mail transmission.



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR SEPARATE FINANCIAL STATEMENTS

The management of Shakey's Pizza Asia Ventures, Inc. (the Company) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein as at December 31, 2020 and 2019, in accordance with the Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein and submits the same to the stockholders or members.

Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards of Auditing and its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Christopher T. Po Chairman of the Board

Vicente Cregorio
President & Chief Executive Officer

Manuel T. Del Barrio
Vice President & Chief Financial Officer

2 8 APR 2021 Signed this _____ day of _____ , 202



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

REPUBLIC OF THE PHILIPPINES MAKATI CITY

SUBSCRIBE AND SWORN to before me this the Passport Numbers, as follows:

2 8 APR 2021

affiant(s) exhibiting to me

Name	Passport No.	Date Issue	Place of Issue
Christopher T. Po	EC3438983	Feb. 11, 2015	DFA NCR East
Vicente L. Gregorio	EC5496727	Sept. 26, 2015	DFA NCR South
Manuel T. Del Barrio	EC2774494	Nov. 19, 2014	DFA NCR East

Notary Public

Doc. No. Page No. Book No.

Series of 2021.

COVER SHEET

for **AUDITED FINANCIAL STATEMENTS**

	SEC Registration Number																												
																									5	4	6	6	6
		PA	NY		A M																								
S	Н	A	K	E	Y	,	S		P	I	Z	Z	A		A	S	Ι	A		V	E	N	T	U	R	E	S		I
N	C																												
PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)																													
1	5	K			E	a	s	t		S	e	r	v	i	c	e		R	0	a	d		c	0	r	n	e	r	
M	a	r	i	a	n		R	0	a	d		2	,		В	a	r	a	n	g	a	y		S	a	n		M	a
		i	n		D	_		P		r						P				ñ						C	i	t	
r	t		n		υ	e		1	0	1	r	e	S	,		1	a	r	a	11	a	q	u	е			1	ι	y
	1	7	0	0																									
	Form Type Department requiring the report Secondary License Type, If Applicable																												
		A	I	F	S							2000	C		M									N	A	.) 0	,,	opou	
									(СО	M F	PAI	N Y	11	l F (R	M A	TI	0 1	ı									
			Com	pany'	s Ema	ail Ad	dress	;		1		Com	pany	's Tel	ephor	ne Nu	mber		1				Mobi	ile Nu	mber				1
			sha	akey	yspi	zza	.ph					((02)	88	39-(001	1							NA					
					011	l I.I.						A	-1.84		. / / / .	. 0. 7.1	.					-	-1.7/-	/ . 4	. 0. 7	D - \			
			N	o. of	38	noide	ers					Ann	uai ivi		g (Mo 1y 3	ntn / I	Jay)]				ece						
					30									1110	iy 3				j			ע		ши	CI S	'1			
										CO	NT	ACT	PE	RSC) N I	NFC	RM	ATI	ON										
								Th	e des	ignat	ed co				<u>IST</u> be	an C	Office	r of th											
				Conta					1				mail A					1				umbe		Ì		Mobi			
	N	Aar	ıuel	De	I Ba	arri	0			m	tde	lbar	rio(<i>a</i>)sh	ake	ys.b	lZ		(0	2) 8	339	-001	11				NA		
	CONTACT PERSON'S ADDRESS																												
15	15Km East Service Road corner Marian Road 2, Barangay San Martin de Porres, Parañaque City																												
13	1700																												

NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies





SyCip Gorres Velayo & Co. Tel: (632) 8891 0307 6760 Ayala Avenue 1226 Makati City Philippines

Fax: (632) 8819 0872 ey.com/ph

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of Shakey's Pizza Asia Ventures Inc. (the Company), which comprise the parent company statements of financial position as at December 31, 2020 and 2019, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the parent company financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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





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

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

Our objectives are to obtain reasonable assurance about whether the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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





We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 39 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Shakey's Pizza Asia Ventures Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Maria Pilar B. Hernandez.

SYCIP GORRES VELAYO & CO.

haria Pilar B. Hernandez

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



PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31				
	2020	2019			
ASSETS					
Current Assets					
Cash (Notes 7 and 31)	₽ 443,389,058	₱293,390,802			
Trade and other receivables (Notes 8 and 31)	803,517,943	2,013,325,272			
Financial assets at fair value through profit or loss (Notes 11, 31					
and 32)	100,000,000	120,000,000			
Inventories (Note 9)	412,769,974	195,763,178			
Prepaid expenses and other current assets (Note 10)	51,023,634	55,958,229			
Total Current Assets	1,810,700,609	2,678,437,481			
Noncurrent Assets					
Investment in subsidiaries (Note 12)	6,458,035,448	7,020,233,000			
Property and equipment (Note 13)	1,121,360,005	1,332,240,370			
Right-of-use assets (Note 15)	1,137,753,930	1,243,433,984			
Intangible assets (Note 14)	793,494,687	157,389,279			
Deferred tax assets - net (Note 30)	325,972,374	144,822,799			
Deferred input value - added tax	33,927,223	41,711,903			
Rental and other deposits (Notes 16, 31 and 32)	155,355,828	153,070,657			
Total Noncurrent Assets	10,025,899,495	10,092,901,992			
TOTAL ASSETS	₽11,836,600,104	₱12,771,339,473			
LIABILITIES AND EQUITY					
Current Liabilities					
Accounts payable and other current liabilities (Notes 17 and 31)	₽819,382,906	₽1,889,974,468			
Short-term loans payable (Notes 19 and 31) Current portion of:	1,050,000,000	550,000,000			
Long-term loans payable (Notes 20, 31 and 32)	48,099,942	48,120,934			
Lease liabilities (Note 15)	190,407,232	208,101,785			
Contract liabilities (Note 22)	13,553,779	16,223,114			
Income tax payable		33,855,605			
Total Current Liabilities	2,121,443,859	2,746,275,906			
Noncurrent Liabilities					
Noncurrent portion of:					
Long-term loans payable (Notes 20, 31 and 32)	3,740,497,427	3,788,597,370			
Lease liabilities (Note 15)	1,151,192,864	1,209,058,086			
Contract liabilities (Note 22)	58,526,085	69,582,046			
Accrued pension costs (Note 27)	129,437,415	76,614,118			
Dealer's deposits and other noncurrent liabilities (Note 32)	40,759,530	46,608,784			
Total Noncurrent Liabilities	5,120,413,321	5,190,460,404			
Total Liabilities	7,241,857,180	7,936,736,310			

(Forward)



	December 31				
	2020	2019			
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)	1,772,937,737	1,997,686,487			
Other components of equity (Note 27)	(63,070,663)	(47,959,174)			
Total Equity	4,594,742,924	4,834,603,163			
TOTAL LIABILITIES AND EQUITY	₽11,836,600,104	₽12,771,339,473			



PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31			
	2020	2019		
REVENUE FROM CONTRACTS WITH CUSTOMERS (Notes 18, 22 and 33)	₽4,275,152,552	₽6,665,290,956		
COSTS OF SALES (Notes 18 and 23)	(3,656,088,504)	(5,005,847,583)		
GROSS INCOME	619,064,048	1,659,443,373		
GENERAL AND ADMINISTRATIVE EXPENSES (Note 24)	(882,018,804)	(1,121,288,551)		
INTEREST EXPENSE (Note 28)	(320,571,844)	(301,237,867)		
DIVIDEND INCOME (Note 12)	185,034,520	904,323,618		
OTHER INCOME - Net (Note 29)	26,532,334	59,158,980		
INCOME (LOSS) BEFORE INCOME TAX	(371,959,746)	1,200,399,553		
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 30)				
Current Deferred	12,149,016 (174,673,222)	108,542,112 (23,456,924)		
	(162,524,206)	85,085,188		
NET INCOME (LOSS)	(209,435,540)	1,115,314,365		
OTHER COMPREHENSIVE LOSS Other comprehensive loss not to be reclassified to profit or loss in subsequent periods (net of tax) -				
Actuarial loss on defined benefit obligation (Note 27)	(21,587,842)	(93,004,383)		
Tax effect (Note 27)	6,476,353	27,901,315		
	(15,111,489)	(65,103,068)		
TOTAL COMPREHENSIVE INCOME (LOSS)	(₽224,547,029)	₽1,050,211,297		
Basic/Diluted Earnings (Loss) Per Share (Note 35)	(₽0.14)	₽0.73		



PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

				Cumulative Actuarial	
	Capital Stock (Note 21)	Additional Paid-in Capital (Note 21)	Retained Earnings (Note 3)	Gain (Loss) - Net of Tax (Note 27)	Total
Balances at December 31, 2019 Total comprehensive loss Cash dividends (Note 21)	₱1,531,321,053 - -	₽1,353,554,797 - -	₱1,997,686,487 (209,435,540) (15,313,210)	(P 47,959,174) (15,111,489)	₽4,834,603,163 (224,547,029) (15,313,210)
Balances at December 31, 2020	₽1,531,321,053	₽1,353,554,797	₽1,772,937,737	(P 63,070,663)	₽4,594,742,924
Balances at December 31, 2018 Total comprehensive income (loss) Cash dividends (Note 21)	₱1,531,321,053 - -	₽1,353,554,797 - -	₱1,035,504,227 1,115,314,365 (153,132,105)	₱17,143,894 (65,103,068)	₱3,937,523,971 1,050,211,297 (153,132,105)
Balances at December 31, 2019	₽1,531,321,053	₽1,353,554,797	₽1,997,686,487	(P 47,959,174)	₽4,834,603,163



PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31			
	2020	2019		
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax	(P 371,959,746)	₽1,200,399,553		
Adjustments for:	(F3/1,939,/40)	£1,200,399,333		
Depreciation and amortization (Note 26)	443,721,209	498,397,668		
Interest expense (Note 28)	320,571,844	301,237,867		
	320,371,044	301,237,807		
Loss (gain) on: Pre-termination of leases (Notes 15 and 29)	(14 504 220)			
	(14,584,238)	_		
Disposal of inventory	(5,498,534)	1 002 426		
Disposal of property and equipment (Note 29)	5,103,898	1,883,436		
Provision for legal and other contingencies (Note 29)	34,779,970	2.002.246		
Movement in accrued pension costs	31,235,455	2,092,246		
Accretion income (Notes 16 and 29)	(3,998,200)	(3,990,747)		
Interest income (Note 29)	(1,828,334)	(436,573)		
Fair value gain on financial assets at fair value through profit or	(500.200)	(1.016.040)		
loss (FVPL) (Note 29)	(589,306)	(1,016,240)		
Unrealized foreign exchange loss - net (Note 29)	28,098	116,769		
Income before working capital changes	436,982,116	1,998,683,979		
Decrease (increase) in:		(1.001.1-0.111)		
Trade and other receivables	1,209,807,329	(1,021,173,441)		
Inventories	(211,508,262)	235,754,372		
Prepaid expenses and other current assets	9,892,109	154,066,814		
Increase (decrease) in:				
Accounts payable and other current liabilities	(1,107,555,812)	290,731,878		
Contract liabilities (Notes 22 and 36)	(16,867,133)	(8,100,498)		
Net cash generated from operations	320,750,347	1,649,963,104		
Income taxes paid (including creditable withholding taxes)	(50,962,135)	(131,369,162)		
Interest received	1,828,334	436,573		
Net cash provided by operating activities	271,616,546	1,519,030,515		
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of	(02 121 274)	(274 110 000)		
Property and equipment (Note 13)	(92,131,274)	(374,118,009)		
Franchise right (Note 14)	(4,964,977)	(171 521 110)		
Software (Note 14)	(83,746,543)	(171,531,118)		
Proceeds from:	120 500 207	151 155 (50		
Redemption of financial assets at FVPL	120,589,306	151,155,652		
Disposals of property and equipment	10,378,469	56,159,830		
Investments in:	(100 000 000)	(270 120 412)		
Financial assets at FVPL (Note 11)	(100,000,000)	(270,139,412)		
Peri-Peri Business (Note 12)	-	(812,197,546)		
Increase (decrease) in dealers' deposits and other noncurrent liabilities	(3,596,224)	19,887,519		
Decrease (increase):	= = 0.4.600	12 002 555		
Deferred input value added tax	7,784,680	13,983,557		
Rental and other deposits (Note 36)	1,713,029	(38,125,159)		
Net cash used in investing activities	(143,973,534)	(1,424,924,686)		

(Forward)



	Years Ended December 31			
	2020	2019		
CACH ELOWE EDOM EINANCING ACTIVITIES (Note 26)				
CASH FLOWS FROM FINANCING ACTIVITIES (Note 36)	D1 500 000 000	D000 000 000		
Proceeds from short-term loans (Note 19)	₽ 1,500,000,000	₽800,000,000		
Payments of:				
Short-term loans (Note 19)	(1,000,000,000)	(250,000,000)		
Interest	(221,825,054)	(200,496,593)		
Lease liabilities (Note 15)	(190,478,394)	(261,877,462)		
Long-term loans	(50,000,000)	(50,000,000)		
Dividends (Note 21)	(15,313,210)	(153,132,105)		
Net cash provided by (used in) financing activities	22,383,342	(115,506,160)		
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(28,098)	(116,769)		
NET INCREASE (DECREASE) IN CASH	149,998,256	(21,517,100)		
CASH AT BEGINNING OF YEAR	293,390,802	314,907,902		
CASH AT END OF YEAR (Notes 7 and 31)	₽443,389,058	₽293,390,802		



NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. General Information

Corporate Information

Shakey's Pizza Asia Ventures Inc. Doing business under the name and style of Shakey's (SPAVI or the Parent Company), was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on February 14, 1974. The Parent Company and its subsidiaries (collectively referred to as "the Group") are involved primarily in the development, operations and franchising of fast casual restaurants under the trade names "Shakey's" and "Peri-Peri".

On December 15, 2016, the common shares of the Parent Company were listed and traded in the Philippine Stock Exchange (PSE) under the trading name "PIZZA".

The registered office address of the Parent Company is 15Km East Service Road corner Marian Road 2, Barangay San Martin de Porres, Parañaque City 1700.

<u>Approval and Authorization for the Issuance of the Parent Company Financial Statements</u>
The parent company financial statements were approved and authorized for issuance by the Board of Directors (BOD) on April 30, 2021.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

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

The Parent Company prepares and issues consolidated financial statements for the same period as the parent company financial statements in accordance with PFRS 10, *Consolidated Financial Statements*.

Statement of Compliance

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

3. Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2020. The Parent Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.



Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Parent Company.

Amendments to PFRS 3, Business Combinations, Definition of a Business

The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments may impact future periods should the Parent Company enter into any business combinations.

• Amendments to PFRS 7, Financial Instruments: Disclosures and PFRS 9, Financial Instruments, Interest Rate Benchmark Reform

The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

• Amendments to PAS 1, Presentation of Financial Statements, and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

Conceptual Framework for Financial Reporting issued on March 29, 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

• Amendments to PFRS 16, COVID-19-related Rent Concessions

The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

• The rent concession is a direct consequence of COVID-19;



- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

As of and for the year ended December 31, 2020, management has assessed that the lease concessions are not lease modifications since these are a direct consequence of the COVID-19 pandemic. As such, gain on lease concessions amounting to \$\mathbb{P}\$115.2 million was recognized as reduction in amortization expenses included in the "Cost of sales" in the 2020 parent company statement of comprehensive income (see Note 15).

The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.

Standards Issued but Not Yet Effective

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

Effective beginning on or after January 1, 2021

 Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, Interest Rate Benchmark Reform – Phase 2

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Parent Company shall also disclose information about:

- The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
 - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The amendments are effective for annual reporting periods beginning on or after 1 January 2021 and apply retrospectively, however, the Parent Company is not required to restate prior periods.



Effective beginning on or after January 1, 2022

• Amendments to PFRS 3, Reference to the Conceptual Framework

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

• Amendments to PAS 16, Plant and Equipment: Proceeds before Intended Use

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Parent Company.

■ Amendments to PAS 37, Onerous Contracts – Costs of Fulfilling a Contract

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Parent Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.



- Annual Improvements to PFRSs 2018-2020 Cycle
 - Amendments to PFRS 1, First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Parent Company.

• Amendments to PFRS 9, Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Parent Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Parent Company.

• Amendments to PAS 41, Agriculture, Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Parent Company.

Effective beginning on or after January 1, 2023

Amendments to PAS 1, Classification of Liabilities as Current or Non-current

The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period



- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Parent Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

PFRS 17, Insurance Contracts

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

PFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted.

Deferred effectivity

 Amendments to PFRS 10, Consolidated Financial Statements, and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.



4. Summary of Significant Accounting and Financial Reporting Policies

The following is the summary of significant accounting policies applied in preparing the parent company financial statements:

Current versus Noncurrent Classification

The Parent Company presents assets and liabilities in the parent company statement of financial position based on current/non-current classification.

An asset is current when:

- It is expected to be realized or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within twelve months after the reporting period, or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Parent Company classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and noncurrent liabilities, respectively.

Financial Instruments

Financial Assets

Initial Recognition and Measurement. Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and FVPL.

The classification at initial recognition depends on the contractual cash flow characteristics of financial assets and the Parent Company's business model for managing them. The initial measurement of financial assets, except for those classified as FVPL, includes the transaction cost. The exception is for trade receivables that do not contain a significant financing component. These are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at instrument level.

The Parent Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.



Subsequent Measurement. For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at FVPL.

The Parent Company has no financial assets at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) and financial assets at FVOCI with recycling of cumulative gains and losses (debt instrument) as at December 31, 2020 and 2019.

Financial Assets at Amortized Cost (Debt Instruments). The Parent Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at amortized cost are classified as current assets when the Parent Company expects to realize the asset within 12 months from reporting date. Otherwise, these are classified as noncurrent assets.

As at December 31, 2020 and 2019, the Parent Company's financial assets at amortized cost consist of cash, trade and other receivables and rental and other deposits (see Notes 7, 8, 10 and 16).

Financial assets at FVPL. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of comprehensive income.

This category includes derivative instruments and listed equity investments which the Parent Company had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are recognized as other income in the statement of comprehensive income when the right of payment has been established. A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

As at December 31, 2020 and 2019, the Parent Company has investment in unit investment trust fund (UITF) classified as financial assets at FVPL (see Note 11).



Impairment. The Parent Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Parent Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For receivables, the Parent Company applies a simplified approach in calculating ECLs. Therefore, the Parent Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Parent Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Parent Company considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Parent Company. A financial asset is written off when there is no reasonable expectation of recovering contractual cash flows.

Derecognition. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the statement of financial position) when:

- The Parent Company's rights to receive cash flows from the asset have expired; or
- The Parent Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Parent Company has transferred substantially all the risks and rewards of the asset, or (b) the Parent Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Parent Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Parent Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Parent Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Parent Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Parent Company could be required to repay.



Financial liabilities

Initial Recognition and Measurement. Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Parent Company's financial liabilities include loans payable, accounts payable and other current liabilities (excluding statutory liabilities), lease liabilities and dealers' deposit and other noncurrent payables (see Notes 17, 19 and 20).

The Parent Company has no financial liabilities at FVPL and derivatives designated as hedging instruments in an effective hedge.

Subsequent Measurement. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the statements of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest expense in the statements of comprehensive income.

Derecognition. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statements of comprehensive income.

Debt Issue Costs

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

Classification of Financial Instruments Between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Parent Company; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Parent Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument, as a whole, the amount separately determined as the fair value of the liability component on the date of issue.



"Day 1" Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Parent Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Parent Company determines the appropriate method of recognizing the "Day 1" difference.

Prepayment Option

If the Parent Company revises its estimates of payments or receipts, the Parent Company shall adjust the carrying amount of the financial asset or financial liability (or group of financial instruments) to reflect actual and revised estimated cash flows. The entity recalculates the carrying amount by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate or, when applicable, the revised effective interest rate calculated. The adjustment is recognized in the statement of comprehensive income.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Parent Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a nonfinancial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Parent Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the parent company financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value information is presented in Note 32.



Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the parent company statement of financial position if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Parent Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Parent Company and all of the counterparties.

Cash

Cash includes cash on hand and in banks.

Inventories

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

Investment in Subsidiaries

A subsidiary is an entity which the Parent Company has control. An investor, regardless of the nature of its involvement with an entity (the investee), shall determine whether it is a parent by assessing whether it controls the investee. Thus, an investor controls an investee if, and only if, the investee has all the following:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

Investment in subsidiaries are accounted for and presented at cost less any impairment in value. Under the cost method, the Parent Company recognizes income from the investment only to the extent that the Parent Company receives distributions from accumulated profits of the subsidiaries. The Parent Company recognizes dividend income from its subsidiaries when its right to receive the dividend is established.

An investment in a subsidiary is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets (calculated as the difference between the net disposal proceeds and the net carrying amount of the investment) is included in the statement of comprehensive income in the year the investment is derecognized.

Property and Equipment

Property and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation, amortization and any impairment in value. The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the property and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance costs, are normally charged to net income in the parent company statement of comprehensive income in the year such costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property and equipment.



When each major repair and maintenance is performed, its cost is recognized in the carrying amount of the item of property and equipment as a replacement if the recognition criteria are satisfied. Such major repairs and maintenance is capitalized and amortized over the next major repairs and maintenance activity.

Each component of an item of property and equipment with a cost that is significant in relation to the total cost of the item of property and equipment is depreciated separately.

Depreciation and amortization are computed using the straight-line basis over the following estimated useful lives of the property and equipment:

Category	Number of year(s)
Building	15-20
Leasehold improvements	2 - 10 or term of the lease whichever is shorter
Furniture, fixtures and equipment	1-10
Transportation equipment	5-7
Maintenance tools	3-10
Glasswares and utensils	1

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

The useful lives and depreciation and amortization method are reviewed at each reporting date, and adjusted prospectively, if appropriate.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in net income in the parent company statement of comprehensive income in the year the asset is derecognized.

Fully depreciated assets are retained in the account until they are no longer used although no further depreciation is charged to current operations.

Construction in progress is stated at cost. This includes cost of construction and other direct costs related to the asset being constructed. Construction in progress is transferred to the related property and equipment when the construction or installation and related activities necessary to prepare the property and equipment for their intended use have been completed, and the property and equipment are ready for use. Construction in progress is not depreciated until such time as the relevant assets are completed and put into operational use.

Intangible Assets

The cost of intangible assets acquired in a business combination such as trademark with indefinite life is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Following initial recognition, intangible assets are carried at cost less any accumulated amortization in the case of intangible assets with finite lives, and any accumulated impairment losses.

Intangible assets with finite lives such as software and franchise right are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a



finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

Amortization commences once the assets are available for use. Amortization are computed using the straight-line basis over the following estimated useful lives of the intangible assets with finite life:

Category	Number of year(s)		
Software	10-15		
Franchise right	7		

Intangible assets with indefinite useful lives, such as trademark, are tested for impairment annually or more frequently if an indication of impairment exists either individually or at the CGU level. Such intangibles are not amortized. Intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income.

Impairment of Nonfinancial Assets

The Parent Company assesses at each reporting date whether there is an indication that property and equipment, software, franchise right and right-of-use asset are impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Parent Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In determining fair value less costs to sell, an appropriate valuation model is used. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in net income in the parent company statement of comprehensive income in the expense category consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in net income in the parent company statement of comprehensive income unless the asset is carried at revalued amount, in which case, the reversal is recognized in other comprehensive income in the parent company statement of comprehensive income and in the parent company statement of changes in equity. After such a reversal, the depreciation and amortization charges are adjusted in future periods to allocate the asset's revised



carrying amount, less any residual value, on a systematic basis over its remaining useful life.

The following criteria are also applied in assessing impairment of specific nonfinancial assets:

Trademark with indefinite life. Trademark with indefinite life is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for trademarks with indefinite life by assessing the recoverable amount of the CGU, to which the trademarks with indefinite life relates. Where the recoverable amount of the cash-generating unit (or group of CGUs) is less than the carrying amount of the cash-generating unit (or group of CGUs) to which the trademarks with indefinite life has been allocated, an impairment loss is recognized in the parent company statement of comprehensive income. The Parent Company performs its annual impairment test of trademarks with indefinite life on December 31 of each year.

Dealers' Deposits

Dealers' deposits, included as part of "Dealer's deposits and other noncurrent liabilities" account in the parent company statement of financial position, are initially recognized at fair value. The discount is recognized as deferred credits and amortized over the estimated remaining term of the deposits using the effective interest method.

Equity

Capital Stock. Capital stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as deduction from proceeds, net of tax.

Additional Paid-in Capital (APIC). APIC represents the amount paid in excess of the par value of the shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown as a deduction from APIC.

Retained Earnings. Retained earnings represent accumulated earnings of the Parent Company less dividends declared and any adjustments arising from application of new accounting standards, policies or correction of errors applied retrospectively.

Dividends on Capital Stock

Cash dividends on common shares are recognized as liability and deducted from retained earnings upon declaration by the BOD.

Stock dividends on common shares are measured based on the total par value of declared stock dividend. Stock dividends are deducted from retained earnings when the BOD's declaration is ratified by the shareholders.

Cash dividends are recognized as liability and deducted from equity when declared. Stock dividends are treated as transfers from retained earnings to paid-in capital. The Parent Company may declare dividends only out of its unrestricted retained earnings.

Other Components of Equity. Other components of equity comprises items of income and expense, including reclassification adjustments and actuarial gains and losses on pensions that are not recognized in net income in the parent company statement of comprehensive income as required or permitted by other PFRS.



Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Parent Company expects to be entitled in exchange for those goods or services. The Parent Company assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent. The Parent Company has concluded that it is acting as principal in majority of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

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

Sale of Goods. Revenue from merchandise sales consists of revenue from sale of goods and equipment. Transaction price of merchandise sales, which excludes discounts, returns, rebates and sales taxes, is normally received and recorded point in time.

Franchise Revenue. Initial franchise fee is recognized on a straight-line basis over the term of the franchise agreement, which ranges from 5 to 10 years. The transaction price for franchise agreement is discounted, using the rate that would be reflected in a separate financing transaction between the Parent Company and its customers at contract inception, to take into consideration the significant financing component. In instances where a significant financing component has been identified from its contracts with customers, this is recognized as interest expense in the parent company statement of comprehensive income.

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

Interest Income. Revenue is recognized as the interest accrues, using the effective interest rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Contract Balances

Contract Assets. A contract asset is a conditional right to consideration in exchange for goods or services transferred to the customer. If the Parent Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. The Parent Company has no contract assets as at December 31, 2020 and 2019.

Trade Receivables. A receivable represents the Parent Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Parent Company has received consideration (or an amount of consideration) from the customer. If a customer pays consideration before the Parent Company transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Parent Company performs its obligation under the contract. Further, the Parent Company has a loyalty points program which allows customers to accumulate points that can be applied to customer purchases depending on the actual usage within the next financial year. The liability is recognized when the customer avails the Parent Company's services using the loyalty card. Loyalty points are recognized as revenue upon actual usage or expiration whichever comes first.



Cost and Expenses Recognition

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Costs of sales and general and administrative expenses are recognized in net income in the parent company statement of comprehensive income in the period these are incurred.

Leases

The Parent Company assesses at contract inception whether a contract is, or contains, a lease. That is if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration;

Right-of-use assets. The Parent Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Parent Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

Lease liabilities. At the commencement date of the lease, the Parent Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Parent Company and payments of penalties for terminating a lease, if the lease term reflects the Parent Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Parent Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the insubstance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets. The Parent Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below \$\frac{1}{2}50,000\$). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.



Lease Modification. Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term).

A lessee shall account for a lease modification as a separate lease if both:

- The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification a lessee shall:

- Allocate the consideration in the modified contract;
- Determine the lease term of the modified lease; and
- Remeasure the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, of the lessee's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined. The lessee shall account for the remeasurement of the lease liability by:
 - Decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The lessee shall recognize in profit or loss any gain or loss relating to partial or full termination of the lease.
 - Making corresponding adjustment to the right-of-use asset for all other lease modifications.

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

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and,
- There is no substantive change to other terms and conditions of the lease.

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

Pension Costs

The Parent Company has a funded, noncontributory defined benefit retirement plan covering substantially all its qualified employees. The plan requires contributions to be made to a parent company administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Defined Benefit Plans. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.



Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit obligation or asset
- Remeasurements of net defined benefit obligation or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as part of cost of sales and general and administrative expenses in the parent company statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit obligation or asset is the change during the period in the net defined benefit obligation or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit obligation) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to statement of comprehensive income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

Actuarial valuations are made with sufficient regularity that the amounts recognized in the parent company financial statements do not differ materially from the amounts that would be determined at reporting date.

Foreign Currency-denominated Transactions

Foreign currency-denominated transactions are recorded in Philippine peso using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the closing exchange rate at reporting date. Exchange rate differences arising on the settlement and restatement of monetary items at rates different from those at which they were initially recorded are recognized in net income in the parent company statement of comprehensive income in the year such differences arise. Nonmonetary items denominated in foreign currencies are measured on a historical cost basis and translated using the exchange rate at the date of transaction.

Income Tax

Current Tax. Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Net Operating Loss Carryover (NOLCO). NOLCO is recognized in accordance with the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(b) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from taxable income for the next five (5) consecutive taxable years immediately following the year of such loss.

MCIT. MCIT is calculated as 2% of gross income of any domestic and resident foreign corporation beginning the fourth taxable year immediately following the taxable year in which such corporation commenced its business operation. Any excess of the MCIT over the normal income tax shall be



carried forward and credited against the normal income tax for three (3) immediately succeeding taxable year.

Deferred Tax. Deferred tax is provided, using the liability method, on all temporary differences at reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused tax losses in the form of net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences, and the carryforward benefits from MCIT and NOLCO can be utilized.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable income will be available against which the deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets, if any, are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the years when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at reporting date.

Income tax relating to items recognized directly in equity is recognized in equity and not in the parent company statement of income.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

Value-added Tax (VAT)

Revenues, expenses and assets are recognized net of the amount of sales tax except:

- where the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the parent company statement of financial position.

Deferred Input VAT

In accordance with the Revenue Regulations No. 13-2018, input VAT on purchases or imports of the Parent Company of capital goods (depreciable assets for income tax purposes) with an aggregate acquisition cost (exclusive of input VAT) in a calendar month which exceeds ₱1.0 million, regardless



of the acquisition cost of each capital good, shall be claimed as credit against output tax in the following manner:

- a. If the estimated useful life of a capital good is five (5) years or more, the input tax shall be spread evenly over a period of 60 months and the claim for input tax credit will commence in the calendar month when the capital good is acquired. The total input taxes on purchases or importations of this type of capital goods shall be divided by 60 and the quotient will be the amount to be claimed monthly.
- b. If the estimated life of a capital good is less than five (5) years, the input tax shall be spread evenly on a monthly basis by dividing the input tax by the actual number of months comprising the estimated useful life of the capital good. The claim for input tax credit shall commence in the calendar month that the capital goods were acquired.

Where the aggregate acquisition cost (exclusive of VAT) of the existing or finished depreciable capital goods purchased or imported during any calendar month does not exceed \$\mathbb{P}1.0\$ million, the total input VAT will be allowable as credit against output VAT in the month of acquisition.

Earnings (Loss) Per Share (EPS)

Basic EPS is computed based on weighted average number of issued and outstanding common shares during each year after giving retroactive effect to stock dividends declared during the year. Diluted EPS is computed as if the stock options were exercised as at the beginning of the year and as if the funds obtained from exercise were used to purchase common shares at the average market price during the year. Outstanding stock options will have a dilutive effect under the treasury stock method only when the fair value of the underlying common shares during the period exceeds the exercise price of the option. Where the outstanding stock options have no dilutive effect and the Parent Company does not have any potential common share nor other instruments that may entitle the holder to common shares, diluted EPS is the same as basic EPS.

Segment Reporting

The Parent Company's operating businesses are organized and managed separately according to the nature of the products and services provided, with representing a strategic business unit that offers different products. Financial information on business segments is presented in Note 6 to the parent company financial statements.

Provisions

Provisions are recognized when the Parent Company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provisions due to the passage of time is recognized as interest expense.

Contingencies

Contingent liabilities are not recognized in the parent company financial statements but are disclosed in the notes to the parent company financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the parent company financial statements but are disclosed in the notes to the parent company financial statements when an inflow of economic benefit is probable.



Events After the Reporting Period

Post year-end events that provide additional information about the Parent Company's financial position at reporting period (adjusting events) are reflected in the parent company financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the parent company financial statements, when material.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the parent company financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments

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

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

- a right to access the Parent Company's intellectual property through a "Trademark Licensing and Franchise Agreement" throughout the term of the franchise agreement for which revenue is recognized over the term of the franchise agreement, or
- a right to use the Parent Company's intellectual property a "Trademark Licensing and Franchise Agreement" as it exists at the point in time the franchise license is granted for which revenue is recognized at the point in time the franchisee can first use and benefit from the franchise license.

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

- the franchise agreement requires, or the franchisee reasonably expects that the Parent Company will undertake activities that will significantly affect the franchise license to which the franchisee has rights (e.g., advertisements, promotions, campaigns, etc.);
- the rights granted by the franchise license directly expose the franchisee to any positive or negative effects of the Parent Company's activities;
- those activities do not result in the transfer of a good or service to the franchisee as those activities occur.

The Parent Company determined that it has met the all of the criteria mentioned above and concluded that it provides its franchisees with a right to access the Parent Company's franchise license throughout the term of the franchise agreement. Accordingly, revenue from granting franchise license is recognized over the term of the franchise agreement.

Determination of lease term of contracts with renewal and termination options - Company as a lessee. The Parent Company has several lease contracts that include extension and termination options. The Parent Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors



that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Parent Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

As at December 31, 2020 and 2019, the Parent Company's right-of-use assets amounted to \$\mathbb{P}\$1,137.8 million and \$\mathbb{P}\$1,243.4 million, respectively, while its lease liabilities amounted to \$\mathbb{P}\$1,341.6 million and \$\mathbb{P}\$1.417.2 million, respectively, as of those dates. For the years ended December 31, 2020 and 2019, the Parent Company recognized amortization of right-of use assets amounting to \$\mathbb{P}\$141.4 million and \$\mathbb{P}\$211.3 million, respectively, and interest expense on lease liabilities amounting to \$\mathbb{P}\$93.8 million and \$\mathbb{P}\$93.2 million, respectively, as of those dates (see Note 15).

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Parent Company based its assumptions and estimates on parameters available when the parent company financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Parent Company. Such changes are reflected in the assumptions when they occur.

Leases - Estimating the incremental borrowing rate. The Parent Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Parent Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Parent Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Parent Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

As at December 31, 2020 and 2019, the Parent Company's right-of-use assets amounted to ₱1,137.8 million and ₱1,243.4 million, respectively, while its lease liabilities amounted to ₱1,341.6 million and ₱1.417.2 million, respectively, as of those dates (see Note 15).

Determination of Fair Value of Financial Instruments. Where the fair value of financial assets and liabilities recorded in the parent company statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The fair values of financial assets and financial liabilities are disclosed in Note 32.

Impairment of Trade and Other Receivables and Rental and Other Deposits

The Parent Company uses a provision matrix to calculate ECLs for its trade and other receivables and rental and other deposits. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., customer type and rating).

The provision matrix is initially based on the Parent Company's historical observed default rates. The Parent Company calibrates the matrix to adjust the historical credit loss experience with forward-



looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forward-looking information, and ECLs is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Parent Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Parent Company's receivables is disclosed in Note 8.

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

The carrying value of trade and other receivables amounted to \$803.5 million and \$2.013.3 million as at December 31, 2020 and 2019, respectively (see Note 8). Allowance for ECL amounted to \$4.9 million and \$5.0 million as at December 31, 2020 and 2019, respectively. Provision for ECL amounted to nil and \$0.2 million in 2020 and 2019, respectively, (see Note 24) while recovery of allowance for ECL amounted to \$0.1 million and \$0.4 million in 2020 and 2019, respectively (see Note 29).

The carrying value of rental and other deposits amounted to ₱155.4 million and ₱153.1 million as at December 31, 2020 and 2019, respectively (see Note 16). Allowance for unrecoverable deposits of rental and other deposits amounted to ₱3.3 million as at December 31, 2020 and 2019. Recovery of allowance for unrecoverable deposit in 2020 and 2019 amounted to nil and ₱25,000, respectively, presented as part of others in general and administrative expense (see Note 24).

Evaluation of Net Realizable Value of Inventories. The Parent Company writes down the cost of inventories whenever net realizable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in prices level or other causes such as the impact of COVID-19 pandemic. The lower of cost and net realizable value of inventories is reviewed at each reporting date. Inventory items identified to be obsolete and unusable are also written off and charged as expense in net income in the parent company statement of comprehensive income.

The carrying values of inventories amounted to P412.8 million and P195.8 million, net of allowance for inventory obsolescence of P4.3 million as at December 31, 2020 and 2019 (see Note 9).

Estimation of Useful Lives of Property and Equipment. The useful lives of property and equipment are estimated based on the economic lives of the property and equipment and on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of the property and equipment are reviewed at reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the property and equipment. It is possible, however, that future financial performance could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

There are no changes in the estimation of useful lives of property and equipment in 2020 and 2019 other than changes in the estimated useful life of leasehold improvements in line with the adoption of PFRS 16. The carrying value of property and equipment amounted to ₱1,121.4 million and ₱1,332.2 million as at December 2020 and 2019, respectively (see Note 13).

Determination of Impairment of Nonfinancial Assets. Impairment review is performed when certain



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

Determining the value in use of property and equipment, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Parent Company to make estimates and assumptions that can materially affect the parent company financial statements.

Based on the assessment of management, the Parent Company's property and equipment, right-of-use assets, software and franchise right do not have any indication of impairment as at December 31, 2020 and 2019. No impairment loss was recognized for the years ended December 31, 2020 and 2019. The carrying value of nonfinancial assets are as follows:

	2020	2019
Property and equipment (see Note 13)	₽1,121,360,005	₽1,332,240,370
Software (see Note 14)	226,509,479	157,389,279
Franchise right (see Note 14)	4,787,656	_
Right-of-use assets (see Note 15)	1,137,753,930	1,243,433,984
	₽2,490,411,070	₽2,733,063,633

Recoverability Intangible Assets with Indefinite Life. The Parent Company performs recoverability testing annually or more frequently when there are indications of impairment for goodwill and trademark with indefinite lives. Goodwill acquired through business combination has been allocated to one CGU which is also the operating entity acquired through business combination and to which the goodwill relates. Recoverability testing requires an estimation of the value in use or fair value less cost of disposal of the CGU to which goodwill and trademark with indefinite life are allocated. Estimating the recoverable amount of the CGU involves significant assumptions about the future results of the business such as long-term revenue growth rate, operating expenses, gross margin and discount rate which were applied to cash flow forecasts. In addition, the assumptions are also subjected to a higher level of estimation uncertainty due to the current economic conditions which have been impacted by the COVID-19 pandemic. The cash flow forecasts were based on financial budgets approved by the BOD covering a five-year period.

The impairment on trademark is determined by comparing: (a) the carrying amount of the cash-generating unit; and (b) the present value of the annual projected cash flows for five years and the present value of the terminal value computed under the discounted cash flow method.

The key assumptions used in the impairment test of trademark with indefinite life are as follows:

a. Gross Revenue

On the average, gross revenue of the CGU over the next five years were projected to grow in line with the economy or with nominal Gross Domestic Product. This assumes that the market share of the subsidiaries in their respective industries will be flat on the assumption that the industries also grow at par with the economy. Historically, the business growth had a direct correlation with economic growth. A 6.2% perpetuity growth rate was assumed at the end of the five-year forecast period.

b. Operating Expenses

On the average, operating expenses were projected to increase in relation to revenue growth.



c. Gross Margins

Increased efficiencies over the next five years are expected to result in margin improvements.

d. Discount Rate

The discount rate used to arrive at the present value of future cash flows was the Parent Company's Weighted Average Cost of Capital (WACC). WACC was based on the appropriate weights of debt and equity, which were multiplied with the assumed costs of debt and equity. The discount rates applied to the cash flow projections is 10.9%.

The carrying amount of trademark with indefinite life as of December 31, 2020 amounted to ₱562.2 million.

The recoverable amount of the CGUs to which the trademark with indefinite lives are allocated is greater than its carrying amount. No impairment loss was recognized on trademark with indefinite life for the years ended December 31, 2020.

Determination of Pension Costs. The cost of defined benefit pension plans and present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Accrued pension costs and pension asset amounted to ₱129.4 million and ₱76.6 million as at December 31, 2020 and 2019, respectively (see Note 27).

The discount rate is derived by discounting all expected benefit payments using interest rates of government bonds that correspond to the timing of benefit payments, after which, a single discount rate is computed considering the aggregate amount of all discounted values.

The mortality rate is based on publicly available mortality tables in the Philippines and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates in the Philippines.

Further details about the assumptions used are provided in Note 27.

Recoverability of Deferred Tax Assets. The Parent Company performs an annual evaluation of the realizability of deferred tax assets in determining the portion of deferred tax assets which should be recognized. The Parent Company's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the forecasted taxable income of the following period. This forecast is based on the Parent Company's past results and future expectations on revenue and expenses. The effect of COVID-19 pandemic on the macroeconomic factors are also used in developing the assumptions.

Deferred tax assets recognized amounted to ₱329.4 million and ₱148.8 million as at December 31, 2020 and 2019, respectively (see Note 30).

Evaluation of Claims Under Legal Contingencies. The Parent Company is involved in certain legal actions and claims. The Parent Company's estimate of the probable costs for the resolution of possible legal actions and other claims has been developed in consultation with outside legal counsel handling the Parent Company's defense in these matters and is based upon thorough analysis of



potential results. Management believes that the ultimate liability or loss recorded in the parent company financial statements with respect to such obligations, claims and disputes is adequate.

The Parent Company recognized provision for legal and other contingencies amounting to ₱34.8 million and nil in 2020 and 2019, respectively (see Notes 29 and 35).

6. **Segment Information**

For management purposes, the Parent Company is organized into two business activities - Restaurant sales and franchise and royalty fees. This segmentation is the basis upon which the Company reports its primary segment information.

- Restaurant sales comprise revenues from restaurant activities and sale of merchandise and equipment to franchisees.
- Franchise and royalty fees represent payment of subdealers for the use of the Shakey's and Peri-Peri's brands.

The Parent Company's chief operating decision maker monitors operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit and loss in the parent company financial statements.

The Parent Company's performance is evaluated based on net income for the year, EBITDA and EBITDA margin. EBITDA margin pertains to EBITDA divided by gross revenues.

EBITDA and EBITDA margin are non-PFRS measures.

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

	Years Ended December 31		
	2020	2019	
EBITDA	₽390,504,973	₽1,999,598,515	
Depreciation and amortization (Note 26)	(443,721,209)	(498, 397, 668)	
Interest expense (Note 28)	(320,571,844)	(301,237,867)	
Benefit from (provision for) income tax (Note 30)	162,524,206	(85,085,188)	
Interest income (Note 29)	1,828,334	436,573	
Net income (loss)	(₱209,435,540)	₱1,115,314,365	



Business Segment Data
The following tables present revenue and income information and certain assets and liabilities information regarding business segments for each of the two years in the period ended December 31:

	Restaurant Sales		Franchise	Franchise and Royalty Fee		Total	
	2020	2019	2020	2019	2020	2019	
Revenue	₽4,019,763,505	₽6,285,075,724	₽255,389,047	₽380,215,232	₽4,275,152,552	₽6,665,290,956	
Net income (loss)	(P 400,977,325)	₽734,216,643	₽ 191,541,785	₽381,097,722	(P 209,435,540)	₽1,115,314,365	
Provision for (benefit from) income tax	(226,371,468)	85,085,188	63,847,262	, , ,	(162,524,206)	85,085,188	
Interest expense	320,571,844	296,054,988	, , –	5,182,879	320,571,844	301,237,867	
Interest income	(1,828,334)	(436,573)	_	_	(1,828,334)	(436,573)	
Depreciation and amortization	443,721,209	498,397,668	_	_	443,721,209	498,397,668	
EBITDA	₱135,115,926	₽1,613,317,914	₽ 255,389,047	₽386,280,601	₽390,504,973	₽1,999,598,515	
EBITDA Margin					9.13%	30.00%	
Assets and Liabilities							
Operating assets	₽ 5,052,592,282	₽5,606,283,674	₽_	₽_	₽ 5,052,592,282	₽5,606,283,674	
Investment in subsidiaries	6,458,035,448	7,020,233,000	_	_	6,458,035,448	7,020,233,000	
Deferred tax assets	320,394,816	140,334,129	5,577,558	4,488,670	325,972,374	144,822,799	
Total assets	₽11,831,022,546	₽12,766,850,803	₽5,577,558	₽4,488,670	₽11,836,600,104	₱12,771,339,473	
On anoting lightlities	P2 221 170 047	P2 464 212 946	D72 070 974	B05 005 160	D2 402 250 911	P2 550 019 006	
Operating liabilities	₽ 2,331,179,947	₱3,464,212,846	₽72,079,864	₽85,805,160	₽2,403,259,811	₽3,550,018,006	
Interest-bearing loans and borrowings	4,838,597,369	4,386,718,304	DE2 050 074	P05.005.150	4,838,597,369	4,386,718,304	
Total liabilities	₽ 7,169,777,316	₽7,850,931,150	₽72,079,864	₽85,805,160	₽ 7,241,857,180	₽7,936,736,310	



7. Cash

	2020	2019
Cash on hand	₽49,415,945	₽85,514,170
Cash in banks	393,973,113	207,876,632
	₽443,389,058	₱293,390,802

Cash in banks earn interest at the respective bank deposit rates. Interest income on cash amounted to ₱1.8 million and ₱0.4 million for the years ended December 31, 2020 and 2019, respectively.

8. Trade and Other Receivables

	2020	2019
Trade:		
Stores	₽155,079,167	₽136,843,941
Related parties (see Note 18)	288,280,016	1,242,179,456
Receivable from National Advertising Fund (NAF)	111,400,419	100,878,240
Royalty receivable	37,339,494	45,801,490
Receivable from franchisees	24,372,171	52,700,724
Receivables from employees	11,881,432	16,326,015
Dividend receivable (see Note 18)	_	261,070,429
Advances to related parties (see Note 18)	_	57,152,253
Others		
Third parties	55,422,271	38,133,395
Related parties (see Note 18)	124,657,647	67,254,003
	808,432,617	2,018,339,946
Less allowance for ECL	4,914,674	5,014,674
	₽803,517,943	₽2,013,325,272

Below are the terms and conditions of the above assets:

- Trade receivables are non-interest bearing and are normally collectible within 10 to 30 days.
- Royalty receivable is being collected from dealers on the 20th day of the following month.
- Receivable from NAF pertains to reimbursable advertising and promotion expenses from dealers which will be applied on future dealer remittances.
- Receivable from franchisees pertains to receivables for transactions other than sale of goods such as management fees, freight and gas expenses, are non-interest bearing and generally have 30 to 45 days' term.
- Receivables from employees, which represent mainly salary loan, are interest-free and are being collected through salary deduction for a period ranging from 6 months to 1 year.
- Other receivables consist mainly of receivables from cooperatives and freight charges which are non-interest bearing and generally have 30 to 45 days' term.
- For terms and conditions of related party receivables, refer to Note 18.



The Parent Company used the simplified provision matrix approach in estimating the expected credit losses on trade and other receivables. The movements of allowance for ECL are as follows:

	2020				2019	
		Receivables		Receivables		
	Trade and	from		Trade and	from	
	Others	Employees	Total	Others	Employees	Total
Balance at beginning of year	₽3,765,624	₽1,249,050	₽5,014,674	₽3,765,624	₽1,499,476	₽5,265,100
Provision for doubtful accounts (see Note 24)	_	_	_	_	190,000	190,000
Recovery of doubtful accounts						
(see Note 29)	-	(100,000)	(100,000)	_	(440,426)	(440,426)
Balance at year-end	₽3,765,624	₽1,149,050	₽4,914,674	₽3,765,624	₽1,249,050	₽5,014,674

9. Inventories

The NRV merchandise amounted to ₱412.8 million and ₱195.8 million as at December 31, 2020 and 2019, respectively, while the cost of merchandise amounted to ₱417.1 million and ₱200.1 million as at December 31, 2020 and 2019, respectively.

The cost of inventories charged to cost of sales amounting to ₱1,713.2 million and ₱2,472.3 million are recognized under cost of sales in the parent company statement of comprehensive income for the years ended December 31, 2020 and 2019, respectively (see Note 23).

Allowance for inventory obsolescence amounted to ₹4.3 million as at December 31, 2020 and 2019.

No provision for inventory obsolescence was recognized in 2020 and 2019.

10. Prepaid Expenses and Other Current Assets

	2020	2019
Advances to suppliers	₽34,206,806	₱22,573,397
Prepaid expenses	10,217,091	31,742,609
Prepaid taxes	6,599,737	1,642,223
	₽51,023,634	₽55,958,229

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

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



11. Financial Assets at FVPL

Movements of this account are as follows:

	2020	2019
Cost:		
Balance at beginning of year	₽120,000,000	₽_
Additions	100,000,000	270,139,412
Redemption	(120,000,000)	(150,139,412)
Balance at end of year	100,000,000	120,000,000
Accumulated Unrealized Fair Value Change		_
Balance at beginning of year	_	_
Fair value gain (see Note 29)	589,306	1,016,240
Redemption	(589,306)	(1,016,240)
Balance at end of year	-	_
Net carrying value at end of year	₽100,000,000	₽ 120,000,000

The Parent Company's investments in financial assets at FVPL consist of UITF, which have no holding period and are callable any time.

Fair value gain on financial assets at FVPL included in "Other Income - net" of the parent company financial statements amounted to ₱0.6 million and ₱1.0 million in 2020 and 2019, respectively (see Note 29).



12. Investment in Subsidiaries

The following are the Parent Company's investment in shares of stocks carried at cost:

	Place of		Functional	Effective	interest	Amo	unt
Company	Incorporation	Principal Activities	Currency	2019	2018	2020	2019
SIL	Hong Kong	Holding company for trademark rights of Shakey's in the Middle East, Asia (except Japan and Malaysia), Australia and Oceania.	Hong Kong Dollar (HKD)	100%	100%	₽3,500,000,000	₽3,500,000,000
BMI	Philippines	Manufacturing and distribution of bread, pastries and other confectionery products	Philippine Peso (PHP)	100%	100%	1,397,535,450	1,397,535,450
SSI	Philippines	Holding company for trademark and other intellectual property rights of Shakey's in the Philippines	PHP	100%	100%	1,285,500,000	1,285,500,000
SPCI	Philippines	Buying, selling, distributing and marketing, at wholesale or retail of goods, commodities and merchandise	PHP	100%	100%	24,999,995	24,999,995
SPRFL	Hong Kong	Holding company for sublicense of Shakey's brand in the Middle East.	HKD	100%	100%	8	8
WBHI (i)	Philippines	Restaurant company of Peri-Peri Charcoal & Sauce Bar	PHP	100%	100%	249,999,995	249,999,995
AWIL (ii)	British Virgin Islands	Holding company for trademarks rights of Peri-Peri Charcoal Chicken & Sauce Bar	USD Dollar	100%	100%	_	562,197,552
						₽6,458,035,448	₽7,020,233,000

⁽i) Incorporated on April 25, 2019

On June 1, 2020, the Directors of AWIL has approved its liquidation plan and pursuant to section 198(1) of BVI Business Companies Act of 2004, AWIL has declared insolvency. On June 19, 2020, pursuant to the BVI Business Companies Act of 2004, the Registrar of Corporate Affairs of BVI has approved and issued the certificate of dissolution of AWIL and was thereby declared dissolved.



⁽ii) Acquired on June 1, 2019 from EHL and was subsequently dissolved on June 19, 2020.

The movements of the investment in subsidiaries are as follows:

	2020	2019
Investment in subsidiaries at beginning of year	₽ 7,020,233,000	₱6,208,035,483
Additions	_	812,197,517
Disposals	(562,197,552)	_
Investment in subsidiaries at end of year	₽6,458,035,448	₽7,020,233,000

In 2020, SPCI declared cash dividends amounting to ₱185.0 million. In 2019, SPCI and SSI declared cash dividends amounting to ₱793.1 million and ₱111.3 million, respectively.



13. Property and Equipment

		Furniture,						
	Leasehold	Fixtures and	Transportation	Maintenance	Glasswares		Construction in -	
	Improvements	Equipment	Equipment	Tools	and Utensils	Building	progress	Total
Cost								
At December 31, 2018	₽1,114,641,947	₱1,271,534,784	₽37,438,707	₽50,207	₽7,078,924	₱243,395,836	₱169,357,129	₱2,843,497,534
Additions	132,266,511	147,631,595	3,974,338	3,017,026	4,481,116	958,975	81,788,448	374,118,009
Disposals	(41,552,757)	(44,804,701)	(4,077,679)	_	_	(18,141,282)		(108,576,419)
Reclassifications	51,098,472	63,473,488	34,911	1,969	2,516,183	19,421,448	(136,546,471)	
At December 31, 2019	1,256,454,173	1,437,835,166	37,370,277	3,069,202	14,076,223	245,634,977	114,599,106	3,109,039,124
Additions	28,338,713	38,975,314	2,623,805	15,893,038	2,925,147	3,375,257	_	92,131,274
Disposals	(284,016,854)	(378,433,803)	(17,269,699)	(1,772,295)	_	(263,870)		(681,756,521)
Reclassifications	72,011,355	4,059,459	_	_	_	4,559,627	(80,630,441)	_
Balance at December 31, 2020	₽1,072,787,387	₽1,102,436,136	₽22,724,383	₽17,189,945	₽17,001,370	₽253,305,991	¥33,968,665	₱2,519,413,877
Accumulated Depreciation and		D==0 1=101=	706 460 700	70.051	D. 4 500 010	D1 5 0 6 5 0 5 0		D1 == 1 200 = 0 =
At December 31, 2018	₽748,472,135	₽759,474,815	₽26,462,729	₽8,351	₽4,703,913	₽15,267,852	₽_	₽1,554,389,795
Depreciation and amortization								
(see Note 26)	118,358,898	128,670,414	3,679,051	521,700	4,178,724	17,533,325	_	272,942,112
Disposals	(16,979,749)	(28,336,577)	(2,448,078)	_	=	(2,768,749)		(50,533,153)
At December 31, 2019	849,851,284	859,808,652	27,693,702	530,051	8,882,637	30,032,428	_	1,776,798,754
Depreciation and amortization								
(see Note 26)	107,074,642	141,357,498	3,096,734	11,272,401	7,091,228	17,636,769	_	287,529,272
Disposals	(275,120,826)	(372,411,602)	(17,269,684)	(1,208,172)	_	(263,870)	_	(666,274,154)
Balance at December 31, 2019	₽681,805,100	₽628,754,548	₽13,520,752	₽10,594,280	₽15,973,865	₽47,405,327	₽_	₽1,398,053,872
Net Book Value								
Balance at December 31, 2019	₽406,602,889	₽578,026,514	₽9,676,575	₽2,539,151	₽5,193,586	₱215,602,549	₱114,599,106	₱1,332,240,370
Balance at December 31, 2020	390,982,287	473,681,588	9,203,631	6,595,665	1,027,505	205,900,664	33,968,665	1,121,360,005

There are no idle assets as at December 31, 2020 and 2019. The Parent Company has no property and equipment that are used as collateral for existing loans payable.

Net book value of property and equipment transferred to franchisees as part of the franchising agreement amounted to ₱6.4 million in 2020 and ₱58.0 million in 2019.



14. Intangible Assets

	2020	2019
Trademark	₽562,197,552	₽_
Software costs	226,509,479	157,389,279
Franchise right	4,787,656	_
	₽793,494,687	₽157,389,279

On February 26, 2020, AWIL, executed a deed of assignment, transferring all of its trademark with indefinite life and intellectual property amounting to \$\mathbb{P}\$562.2 million. The trademark with indefinite life was acquired by AWIL during the acquisition of the Peri-Peri business from I-Foods, Inc. in 2019.

On August 24, 2020, the Parent Company entered into a master franchise agreement for a consideration of \$\mathbb{P}4.8\$ million (\$0.1\$ million) with Supertea (Int) Pte. Ltd. (Supertea), whereby Supertea granted the Parent Company the following:

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

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

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

The details of the Parent Company's intangible assets with finite life are as follows:

	Software	Franchise Right
Cost		
Balance at December 31, 2018	₽_	₽_
Additions	171,531,118	
Balance at December 31, 2019	171,531,118	_
Additions	83,746,543	4,964,977
Balance at December 31, 2020	255,277,661	4,964,977
Accumulated Amortization		
Balance at December 31, 2018	_	_
Amortization (see Note 26)	14,141,839	
Balance at December 31, 2019	14,141,839	_
Amortization (see Note 26)	14,626,343	177,321
Balance at December 31, 2020	28,768,182	177,321
Net Book Value		
Balance at December 31, 2020	₽226,509,479	₽4,787,656
Balance at December 31, 2019	157,389,279	



15. Right-of-Use Assets and Lease Liabilities

Parent Company as a lessee

The Parent Company has lease contracts for land for the use of its office spaces and stores. Leases of co-owned stores usually has terms of 3 to 15 years. The Parent Company's obligations under its leases are secured by the lessor's title to the leased assets.

The Parent Company also has certain leases of stores with lease terms of 12 months or less and leases of office equipment with low value. The Parent Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The rollforward analysis of this account follows:

	2020	2019
Cost		
Balance at beginning of year	₽1,454,747,701	₱1,121,702,889
Additions	228,247,719	333,044,812
Pre-termination	(90,855,829)	
Balance at end of year	1,592,139,591	1,454,747,701
Accumulated Amortization		_
Balance at beginning of year	211,313,717	_
Amortization (see Note 26)	141,388,273	211,313,717
Lease concession	115,229,504	_
Pre-termination Pre-termination	(13,545,833)	_
Balance at end of year	454,385,661	211,313,717
Net Book Value	₽1,137,753,930	₽1,243,433,984

The rollforward analysis of lease liabilities follows:

	2020	2019
Balance at beginning of year	₽1,417,159,871	₱1,262,265,881
Additions	228,247,719	323,620,417
Interest expense (see Note 28)	93,794,638	93,151,035
Payments	(190,478,394)	(261,877,462)
Pre-termination	(91,894,234)	_
Gain on lease concession	(115,229,504)	_
Balance at end of year	1,341,600,096	1,417,159,871
Current portion of lease liabilities	190,407,232	208,101,785
Lease liabilities - net of current portion	₽1,151,192,864	₽1,209,058,086



The Parent Company has lease contracts for company-owned stores that contains variable payments based on the gross sales. The following provides information on the Parent Company's variable lease payments, including the magnitude in relation to fixed payments:

	As at December 31, 2020			
	Fixed	Variable		
	Payments	Payments	Total	
Fixed	₽143,252,937	₽_	₽143,252,937	
Variable rent with minimum payment	72,313,153	46,798,490	119,111,643	
Variable rent only	_	639,539	639,539	
	₽215,566,090	₽47,438,029	₽263,004,119	

	As at December 31, 2019			
	Fixed			
	Payments	Payments	Total	
Fixed	₽161,816,958	₽_	₽161,816,958	
Variable rent with minimum payment	158,962,830	85,203,484	244,166,314	
Variable rent only	_	688,669	688,669	
	₽320,779,788	₽85,892,153	₽406,671,941	

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

	2020	2019
1 year	₽277,235,537	₽297,627,774
more than 1 years to 2 years	239,214,473	253,308,419
more than 2 years to 3 years	205,882,446	214,898,933
more than 3 years to 4 years	167,506,314	180,756,223
more than 5 years	1,088,732,208	1,039,558,574

Rent expense on short-term leases and leases of low-value assets amounted to ₱75.6 million and ₱153.9 million as of December 31, 2020 and 2019, respectively (see Notes 23 and 24)

16. Rental and Other Deposits

	2020	2019
Rental deposits	₽158,653,121	₽156,367,950
Less allowance for unrecoverable deposits	3,297,293	3,297,293
	₽155,355,828	₽153,070,657

The Parent Company's rental deposits are refundable at the end of the lease term which range from 3 years to 15 years. Accordingly, rental deposits are discounted based on comparable rates for similar financial instruments with rates ranging from and 1.12% to 10.39% and 2.36% to 8.13% for the years ended December 31, 2020 and 2019, respectively. The excess of the principal amount of the deposit over its fair value is accounted for as right-of-use asset and amortized over the lease term on a straight-line basis while interest on the deposit is accounted for using the effective interest rate method.

The Parent Company uses a provision matrix to calculate ECLs for rental and other deposits. There were no provisions for unrecoverable deposits in 2020 and 2019. Recovery of allowance for



unrecoverable deposit in 2020 and 2019 amounted to nil and ₱25,000, respectively, presented as part of others in general and administrative expense (see Note 24).

Accretion income on rental deposits amounted to \$\frac{1}{2}4.0\$ million in 2020 and 2019 (see Note 29).

17. Accounts Payable and Other Current Liabilities

	2020	2019
Trade:		
Suppliers	₽231,478,237	₽36,518,300
Related parties (see Note 18)	149,271,289	1,311,299,079
Nontrade		
Third parties	142,703,484	221,206,683
Related parties (see Note 18)	27,599,712	90,676,931
Accrued expenses:		
Suppliers	83,210,424	36,387,844
Salaries and wages	46,991,848	73,923,132
Utilities	24,056,496	24,056,496
Customer's loyalty	15,112,737	6,528,910
Interest	5,225,000	5,293,750
Others	2,205,352	2,205,351
Others	91,528,327	81,877,992
	₽819,382,906	₽1,889,974,468

Below are the terms and conditions of the financial liabilities:

- Trade payables are non-interest bearing and are normally settled in 30 to 90 days' term.
- Nontrade payables consist of payable to contractors and employment agencies and are normally settled in 30 to 90 days' term.
- Accrued expenses are accrual of rent expense of stores, utilities, employee benefits and incentives, freight, commissions and storage costs which are normally settled in 30 to 90 days' term.
- Customers loyalty pertain to accumulated points which are generally applied to customer purchases within the next financial year. Revenue is recognized upon actual usage or expiration whichever comes first.
- Other payables are normally settled in 15 to 45 days' term.
- For terms and conditions of related party receivables, refer to Note 18.

Other payables consist of the following:

	2020	2019
Provision for legal and other contingencies	₽37,033,000	₱2,253,030
Output VAT	17,541,261	53,492,103
Customers' deposits	11,719,001	5,918,618
Withholding tax payable	8,637,177	2,445,846
Due to cooperative	8,229,078	8,229,078
SSS, Philhealth and Pag-ibig payable	4,862,559	3,116,571
Fun certificates payable	2,631,055	3,697,885
Others	875,196	2,724,861
	₽91,528,327	₽81,877,992



18. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Parent Company; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Parent Company that gives them significant influence over the Parent Company and close members of the family of any such individual.

Approval requirements and limits on the amount and extent of related party transactions

Material related party transactions (MRPT) refers to any related party transactions, either individually, or in aggregate over a twelve (12)-month period with the same related party, amounting to ten percent (10%) or higher of the Parent Company's total assets based on its latest audited financial statements.

All individual MRPT shall be approved by at least two-thirds (2/3) vote of the BOD, with at least a majority of the Independent Directors voting to approve the MRPT. In case that a majority of the Independent Directors' vote is not secured, the MRPT may be ratified by the vote of the stockholders representing at least two thirds (2/3) of the outstanding capital stock.

Aggregate RPT transactions within a 12-month period that meets or breaches the materiality threshold shall require the same BOD approval mentioned above.

Outstanding balances at year-end are unsecured and settlement occurs in cash throughout the financial year. There have been no guarantees provided or received for any related party receivables or payables. For the years ended December 31, 2020 and 2019, the Parent Company has not recorded any impairment of receivables on amounts owed by the related parties. The assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The Parent Company, in the normal course of business, has significant transactions with the following companies which have common members of BOD and stockholders as the Parent Company:

				Outstanding Ba	alance	
			Amount/ Volume	Receivable	Payable	
Category	Nature	Year	of transaction	(see Note 8)	(see Note 17) Terms	Conditions
Century Pacific Gro	oup Inc. (CPGI, Ultimate Parent Company)					
Advances	Cash advances for working capital	2020	₽-	₽–	₽- 30-day; non-interest be	earing Unsecured
	purposes	2019	111,375	905	_	

(Forward)



		Outstanding Balance				
			Amount/ Volume	Receivable	Payable	
Category	Nature	Year	of transaction	(see Note 8)	(see Note 17) Terms	Conditions
Bakemasters, Inc. (BMI)						
Trade sales and service	Sale of goods at prices (normally on	2020	₽3,930,061	₽4,688,089	₽ – 30-day; non-interest bearing	Unsecured; not impaired
income	cost plus basis) mutually agreed	2019	9,540,423	919,498	_	
	upon by both parties					
Purchases	Purchase of raw materials and goods	2020	82,199,357	_	60,821,493 30-day; non-interest bearing	Unsecured
	and rental storage at agreed prices	2019	_	_	_	
	usually on a cost-plus basis					
Advances	Advance payment for purchases of	2020	_	_	- 30-day; non-interest bearing	Unsecured; not impaired
	goods	2019	375,775	_	_	
Shakey's International Limited (SIL)						
Management fee income	Provides services (normally on cost	2020	6,096,515	50,706,556	- 30-day; non-interest bearing	Unsecured; not impaired
_	plus basis) mutually agreed upon	2019	11,041,260	48,895,774	_	-
	by both parties to manage the					
	onshore transactions of SIL					
Shakey's Pizza Regional F	Food I imited (SPRFI)					
Collection	Pertains remittances of SPRFL's	2020	10,455,196	_	21,937,667 30-day; non-interest bearing	Unsecured; not impaired
Concention	customers that are initially	2019	10,455,196	_	21,837,749	onsecured, not impaned
	collected by SPAVI due to		,,		,,,,,,,,	
	unavailability of SPRFL's bank					
	account.					
Shakey's Seacrest Inc. (SS	SD					
License fee	Annual remittance of royalty fee	2020	_	_	5,662,045 360-day; non-interest bearing	Unsecured
Encompe 100	amounting to 3% of net system	2019	147,550,365	_	66,730,385	
	wide sales		- 1, , 1,- 1		,	
Service income	Provides services (normally on cost	2020	4,360,921	3,470,333	- 30-day; non-interest bearing	Unsecured; not impaired
	plus basis) mutually agreed upon	2019	3,691,253	985,238	-	, 1
	by both parties to manage the					
	transactions of SPCI					
Rental income	Rental income on property lease	2020	60,000	_	 30-day; non-interest bearing 	Unsecured; not impaired
		2019	60,000	_	_	
Dividend income	Receipt of cash dividends from a	2020	_	_	- 4.0% per annum	Unsecured
	subsidiary	2019	111,256,265	31,946,241	-	
(Forward)						



		Outstanding Balance					
			Amount/ Volume	Receivable	Payable	_	
Category	Nature	Year	of transaction	(see Note 8)	(see Note 17)	Terms	Conditions
Shakey's Pizza Commo							
Sales	Sale of goods at prices (normally on	2020	₽120,105,301	₽278,216,660	₽-	30-day; non-interest bearing	Unsecured; not impaired
	cost plus basis) mutually agreed	2019	321,863,841	1,241,055,508	_		
	upon by both parties						
Service income	Provides services (normally on cost	2020	21,446,100	_	-	30-day; non-interest bearing	Unsecured; not impaired
	plus basis) mutually agreed upon	2019	20,460,000	1,875,000	_		
	by both parties to manage the						
. 1	transactions of SPCI	2020				20.1	** 1 1
Advances	Pertains to advances for purchase of	2020	40 200 270	40 200 270	_	30-day; non-interest bearing	Unsecured; not impaired
D 4-1 :	inventories	2019	49,308,370	49,308,370	_	20 1 :	TT
Rental income	Rental income on property lease	2020	120,000	10.700	_	30-day; non-interest bearing	Unsecured; not impaired
D 1 ¥	D 1 C	2019	120,000	10,700	20.461.005	20.1	TT 1 .: 1
Purchases*	Purchase of raw materials and goods	2020 2019	896,850,827 1.859,628,658	_		30-day; non-interest bearing	Unsecured; not impaired
	at agreed prices usually on a cost- plus basis	2019	1.839,028,038	_	1,308,993,208		
	Receipt of cash dividends from a	2020	185,034,520			30-day; non-interest bearing	Unsecured; not impaired
Dividend income	subsidiary	2019	793,067,352	229,124,188	_	50-day, non-interest bearing	Onsecured, not imparred
Dividend income	Subsidiary	2019	193,001,332	229,124,100	_		
Wow Brand Holdings,	Inc. (WBHI)						
License fee	Annual remittance of royalty fee	2020	12,782,481	5,442,889	_	30-day; non-interest bearing	Unsecured; not impaired
	amounting to 6% of net system	2019	14,426,564	14,426,564	_		
	wide sales						
Service income	Provide services mutually agreed	2020	16,464,453	65,037,869	_	30-day; non-interest bearing	Unsecured; not impaired
	upon by both parties to manage the	2019	6,545,805	1,028,627	_		
	transactions of WBHI						
Rental income	Rental income on property lease	2020	2,237,235	-	_	30-day; non-interest bearing	Unsecured; not impaired
		2019	210,000	32,100	-		
Advances		2020	-	-		30-day; non-interest bearing	Unsecured; not impaired
		2019	_	_	2,108,797		
Advances	Pertains to cash advances in relation	2020	-	-	-	30-day; non-interest bearing	Unsecured; not impaired
	to the acquisition of Peri-Peri	2019	237,802,448	7,842,978	_		
	Business						
The Pacific Meat Com							
Trade sales and service	Sale of goods at prices (normally on	2020	30,203,193	4,701,516	-	30-day; non-interest bearing	Unsecured; not impaired
income	cost plus basis) mutually agreed	2019	-	_	-		
_	upon by both parties						
Purchases	Purchase of raw materials and goods	2020				30-day; non-interest bearing	Unsecured; not impaired
	at agreed prices usually on a cost-		10.1.10.055		4= 000		
	plus basis		48,140,953	_	45,983,200		



				Outstanding B	g Balance		
			Amount/ Volume	Receivable	Payable		
Category	Nature	Year	of transaction	(see Note 8)	(see Note 17)	Terms	Conditions
DBE Project Inc. (DBE)							
Trade sales and service	Sale of goods at prices (normally on	2020	₽151,343	₽353,292	₽_	30-day; non-interest bearing	Unsecured; not impaired
income	cost plus basis) mutually agreed upon by both parties	2019	2,111,552	204,450	_		
Purchases	Purchase of raw materials and goods	2020	_	_	333,045	30-day; non-interest bearing	Unsecured; not impaired
	at agreed prices usually on a cost- plus basis	2019	9,242	_	333,045		
Snow Mountain dairy C	orporation (SMDC)						
Purchases	Purchase of raw materials and goods	2020	197,716	_	367,200	30-day; non-interest bearing	Unsecured; not impaired
	at agreed prices usually on a cost- plus basis	2019	490,141	_	512,958		
Century Pacific Food In	c. (CPFI)						
Trade sales and service	Sale of goods at prices (normally on	2020	356,659	320,459	_	30-day; non-interest bearing	Unsecured; not impaired
income	cost plus basis) mutually agreed upon by both parties	2019	_	_	-		•
Purchases	Purchase of raw materials and goods	2020	3,137,759	_	2,305,344	30-day; non-interest bearing	Unsecured; not impaired
	at agreed prices usually on a cost- plus basis	2019	38,010	_	-	•	, 1
	•	2020		₽412,937,663	₽176,871,001		
		2019		1,627,656,141	1,401,976,010		



Compensation of Key Management Personnel

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

	2020	2019
Salaries	₽295,571,716	₽265,599,603
Pension costs	39,187,758	39,192,246
	₽334,759,474	₽304,791,849

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

19. Short-term Loans Payable

The outstanding balance of the short-term loans is as follows:

	2020	2019
Balance at beginning of year	₽550,000,000	₽_
Additions	1,500,000,000	800,000,000
Payments	(1,000,000,000)	(250,000,000)
Balance at end of year	₽1,050,000,000	₽550,000,000

The Parent Company acquired several short-term loans amounting to ₱1,500.0 million with interest ranging from 3.50% to 5.50% per annum in 2020 and ₱800.0 million with interest of 5.40% per annum in 2019.

Interest expense pertaining to short-term loans amounting to ₱39.5 million and ₱21.7 million was recognized for the years ended December 31, 2020 and 2019, respectively (see Note 28).

20. Long-term Loans Payable

On June 8, 2016, the Parent Company entered into an Omnibus Loan and Security Agreement (OLSA) with BDO Unibank, Inc. (the Lender) and SAFHI. The lender provided a term loan facility in the principal amount of \$\mathbb{P}\$5,000.0 million. The breakdown of the loan is as follows:

	2020	2019
Principal	₽3,800,000,000	₽3,850,000,000
Less unamortized debt issue costs	11,402,631	13,281,696
	3,788,597,369	3,836,718,304
Less current portion of long-term loan payable	48,099,942	48,120,934
Noncurrent portion	₽3,740,497,427	₽3,788,597,370

The loan is payable within 10 years to commence on the 12th month following the availment date. Payments shall be made in 18 consecutive semi-annual installments of ₱25.0 million and a final payment of ₱4,550.0 million.

The loan's interest is to be fixed at the higher of 5-year PDST-R2 plus a spread of 0.75% or 4.5% floor rate for the first 5 years, to be repriced at the last 5 years. Management has assessed that the interest rate floor on the loan is an embedded derivative which is not for bifurcation since the market rate approximates the floor rate at the transaction date.



The loan facility also contains a prepayment provision which allows the Parent Company to make optional prepayment in the amount calculated by the lender comprising (i) the outstanding principal amount of the Loan to be prepaid, and (ii) any accrued interest on the principal amount of the Loan being prepaid computed as of the date of prepayment. The prepayment option was assessed as closely related to the loan and thus, was not bifurcated.

On June 3, 2019, the Parent Company entered into a short-term borrowing arrangement with Bank of the Philippine Islands (the Lender) in the principal amount of \$\mathbb{P}600.0\$ million with interest rate of 5.40% per annum which is the prevailing market rate at the time of the issuance hereof. The principal purpose of the loan is to fund the acquisition of "Peri-Peri" business.

On December 22, 2016, the Parent Company notified BDO of its intention to prepay the loan amounting to \$\mathbb{P}\$1,000.0 million. The exercise of the prepayment option resulted in the revision of estimated future payments and change in the carrying amount of the financial liability.

So long as any portion of the loan is outstanding and until payment in full of all amounts payable by the Parent Company under the loan documents are made, the Parent Company covenants and agrees that, unless the Lender shall otherwise consent in writing, it shall among others comply with the following affirmative covenants:

- a. Ensure that at all times its obligations will constitute its secured, direct, unconditional and unsubordinated obligations, and any of its residual obligation not satisfied out of the proceeds of the Collateral shall rank and will rank at all times at least pari passu in priority of payment and in all other respects with all its unsecured obligations, save for such obligations in respect of which a statutory preference is established solely by operation of law.
- b. The net proceeds from the loan shall be used for the purpose of refinancing the bridge loan.
- c. Financial covenant during the term of the Term Loan:
 - i. its Debt date of determination, the ratio of EBITDA less regular dividends and advances to Service Coverage Ratio is at least 1.2x. Debt Service Coverage Ratio is as of the shareholders over Debt Service. For purposes hereof, "EBITDA" means operating profit before interest, taxes, depreciation and amortization, each item determined in accordance with PFRS, and the term "Debt Service" means the aggregate amount of the succeeding year's principal amortization for the Loan, interest, fees and other financial charges made or due in respect thereof payable by the Borrower, provided that one (1) year prior to the maturity of the Loan, "Debt Service Coverage Ratio" shall mean the ratio of sum of the beginning cash balance and EBITDA less regular dividends and advances to shareholders over Debt Service;
 - ii. its Debt to Equity Ratio does not exceed 5.0x within the first two years from the Borrowing under the Term Loan and 4.0x thereafter.

The foregoing financial covenant shall be tested every six months based on annual audited or unaudited semi-annual consolidated financial statements. On January 27, 2017, the OLSA was amended to include June 30, 2017 as the commencement date for the testing for the financial covenant ratios.

a. Within the period required, open and establish the Debt Service Reserve Account; and ensure that the funds deposited in the Debt Service Reserve Account is at all times maintained in accordance with the agreement. As at December 31, 2020 and 2019, the balances of DSRA has been applied to the loan balance.



b. Prior to the assignment or transfer of any trade names, copyrights, trademarks, patents and other intellectual property rights or licenses currently held by the Parent Company or any whollyowned subsidiary of the Parent Company, the Parent Company shall pledge in favor of the Lender, under the terms and conditions of the Pledge under the Omnibus loan and security Agreement, all the outstanding shares of the Parent Company in such wholly-owned subsidiary.

As at December 31, 2020 and 2019, the Parent Company is in compliance with the aforementioned covenants. Accordingly, the noncurrent portion of the loan remains as noncurrent liability in the parent company statements of financial position as of December 31, 2020 and 2019.

Interest expense amounting to ₱181.6 million and ₱178.9 million was recognized for the years ended December 31, 2020 and 2019, respectively (see Note 28).

21. Equity

Capital Stock

The details are as follows:

	Number of	
	shares	Amount
Authorized capital stock - ₱1 par value:	2,000,000,000	₽2,000,000,000
Issued and outstanding capital stock - ₱1 par value	1,531,321,053	1,531,321,053

Below is the Parent Company's track record of the registration of securities:

Date of SEC Order				
Rendered Effective or		Authorized		Issue
Permit to Sell	Event	Capital Stock	Issued Shares	Price
	Registered and Listed Shares			_
	(Original Shares)	2,000,000,000	1,179,321,053	₽1.00
December 1, 2016	Initial Public Offering (IPO)			
December 1, 2010	Primary	2,000,000,000	104,000,000	11.26
	Secondary	2,000,000,000	202,000,000	11.26
	Over-allotment Option	2,000,000,000	46,000,000	11.26

The issued and outstanding shares as at December 31, 2020 and 2019 are held by 38 and 31 equity holders, respectively.

APIC

Amount received in excess of the par values of the shares issued amounting to ₱1,353.6 million was recognized as "APIC" in the parent company statements of changes in equity.

Retained Earnings

Details of cash dividends declared in 2020 and 2019 are as follows:

	D	Dividend		
Date of Declaration	Rate (per share)	Amount	Record Date	
June 20, 2019	₽0.10	₽153,132,105	July 19, 2019	
July 15, 2020	0.01	15,313,210	August 14, 2020	



There are no outstanding dividends payable as at December 31, 2020 and December 31, 2019. Cash dividends declared and paid for in 2020 and 2019 amounted to ₱15.3 million and ₱153.1 million, respectively, as of those dates.

22. Revenues from Contracts with Customers

Set out below is the disaggregation of the Parent Company's revenue from contracts with customers:

	2020	2019
Revenue from contracts with customers:		_
Restaurant sales	₽ 3,608,444,442	₽5,830,720,377
Sale of goods	411,319,063	454,355,347
Royalty and franchise fees	255,389,047	380,215,232
	₽4,275,152,552	₽6,665,290,956
		_
Timing of recognition:		
Goods transferred at a point in time	₽ 4,252,085,030	₽6,644,990,459
Services transferred over time	23,067,522	20,300,497
	₽4,275,152,552	₽6,665,290,956

Contract liabilities

Below are the details of contract liabilities:

	2020	2019
Initial franchise fee	₽ 72,079,864	₽85,805,160
Less current portion	13,553,779	16,223,114
Noncurrent portion	₽58,526,085	₽69,582,046

Movements of contract liabilities arising from initial franchise fees as at and for the year ended December 31, 2020 and 2019 are as follows:

	2020	2019
Beginning balance	₽85,805,160	₽88,722,779
Amortization of initial franchise fees	(23,067,522)	(20,300,497)
Initial franchise fees received	6,200,389	12,200,000
Accretion of interest expense	3,141,837	5,182,878
Ending balance	₽72,079,864	₽85,805,160



As at December 31, 2020, the amount of initial franchise fees allocated to remaining performance obligations, the amount of accretion of interest expense in the succeeding years, and the amount of contract liability arising from initial franchise fees are as follows:

			Contract
	Unamortized	Accretion	liabilities
	initial franchise	of interest	from initial
	fees	expense	franchise fees
Within one year	₽13,553,779	₽2,669,431	₱16,223,210
More than one year	58,526,085	6,131,884	64,657,969
	₽72,079,864	₽8,801,315	₽80,881,179

23. Cost of Sales

	2020	2019
Inventory costs (see Note 9)	₽1,713,159,127	₽2,472,265,240
Salaries, wages and benefits (see Note 25)	756,377,066	915,240,775
Depreciation and amortization (see Notes 13, 14,		
15 and 26)	402,957,486	480,256,874
Utilities	228,749,896	319,094,184
Outside services	107,049,335	176,506,067
Delivery call fees	101,915,623	73,043,442
Supplies	78,462,453	101,448,802
Rent	74,693,383	153,224,384
Gas expenses	61,123,675	95,944,661
Repairs and maintenance	43,239,469	59,847,515
Dues and subscription	20,060,633	1,570,357
Card charges	16,940,606	32,811,866
Pension costs (see Notes 25 and 27)	15,290,953	15,292,704
Costs of shop	6,423,971	58,043,493
Commissary costs	721,408	4,168,985
Seminar and training	634,622	2,254,367
Linen and uniform	_	7,265,843
Other	28,288,798	37,568,024
	₽3,656,088,504	₽5,005,847,583

24. General and Administrative Expenses

	2020	2019
Salaries, wages and benefits (see Note 25)	₽297,393,013	₽270,637,849
Advertising and promotions	150,350,525	242,026,421
Taxes and licenses	120,172,371	113,080,460
Outside services	119,312,360	151,026,545
Depreciation and amortization (see Notes 13, 14,		
15 and 26)	40,763,723	18,140,794
Supplies	32,874,772	46,120,910
Transportation and travel	29,882,560	42,494,431
(Forward)		



	2020	2019
Pension costs (see Notes 25 and 27)	₽23,896,805	₽23,899,542
Utilities	13,487,441	15,297,106
Insurance	7,585,927	4,241,260
Gas expenses	5,304,639	8,536,964
Directors' fees	1,371,930	1,238,596
Rent	881,081	661,946
License fees (see Notes 18 and 33)	_	147,550,365
Provision for ECL (see Note 8)	_	190,000
Others	38,741,657	36,145,362
	₽882,018,804	₱1,121,288,551

25. Personnel Expenses

	2020	2019
Salaries, wages, bonuses and allowances:		
Cost of sales (see Note 23)	₽708,805,771	₽891,258,075
General and administrative expense		
(see Note 24)	285,789,608	263,323,260
SSS, Pag-ibig, Medicare and other contributions:		
Cost of sales (see Note 23)	47,571,295	23,982,700
General and administrative expense		
(see Note 24)	11,603,405	7,314,589
Retirement costs:		
Cost of sales (see Notes 23 and 27)	15,290,953	15,292,704
General and administrative expense		
(see Notes 24 and 27)	23,896,805	23,899,542
	₽1,092,957,837	₽1,225,070,870

26. Depreciation and Amortization

	2020	2019
Property and equipment:		
Cost of sales (see Notes 13 and 23)	₽ 261,569,213	₽268,943,157
General and administrative expense		
(see Notes 13 and 24)	25,960,059	3,998,955
Software -		
General and administrative expense		
(see Notes 14 and 24)	14,626,343	14,141,839
Right-of-use asset -		
Cost of sales (see Notes 15 and 23)	141,388,273	211,313,717
Franchise right -		
General and administrative expense		
(see Note 24)	177,321	
	₽443,721,209	₽498,397,668



27. Pension

The Parent Company has a funded, noncontributory defined benefit pension plan covering substantially all its qualified employees. The benefits are based on years of service and percentage of compensation during the last year of employment.

The Parent Company amended its retirement plan beginning January 1, 2019. Based on the amended plan, employees who completed at least five (5) years of service qualify in the early retirement plan of the Parent Company. Current service cost and interest cost were computed using the financial assumptions at the beginning of the year reflecting the benefits offered under the plan amendment. Any changes in that effect, excluding amount in net interest, are recognized in OCI. Past service cost recognized as a result of the plan amendment amounted to ₱19.0 million for the year ended December 31, 2019.

The following tables summarize the components of net pension costs in the parent company statements of comprehensive income as of December 31, 2020 and 2019 and accrued pension costs in the parent company statements of financial position as at December 31, 2020 and 2019. The latest actuarial valuation is as at December 31, 2020.

	2020	2019
Pension costs:		_
Current service cost	₽ 44,529,716	₽20,173,018
Past service cost	(9,210,971)	18,982,294
Net interest cost	3,869,013	36,934
	₽39,187,758	₽39,192,246
Accrued pension costs		_
Present value of benefit obligation (PVBO)	₽276,303,082	₽279,237,387
Fair value of plan assets (FVPA)	(146,865,667)	(202,623,269)
	₽129,437,415	₽76,614,118

Movements in the PVBO are as follows:

	2020	2019
Balance at beginning of year before plan amendment	₽279,237,387	₱135,898,436
Current service cost	44,529,716	20,173,018
Interest cost	14,101,488	11,445,686
Past service cost due to:		
Employee reduction	(9,210,971)	_
Plan amendment	_	18,982,294
Benefits paid	(75,367,988)	(5,021,728)
Net actuarial loss	23,013,450	97,759,681
Balance at end of year	₽276,303,082	₽279,237,387

Movements in the FVPA are as follows:

	2020	2019
Balance at beginning of year	₽202,623,269	₽154,380,947
Interest income	10,232,475	11,408,752
Contributions	8,000,000	37,100,000
Benefits paid	(75,415,685)	(5,021,728)



Net actuarial gain	1,425,608	4,755,298
Balance at end of year	₽ 146,865,667	₱202,623,269

Movements in accrued pension costs are as follows:

	2020	2019
Balance at beginning of year	₽76,614,118	(₱18,482,511)
Pension costs	39,187,758	39,192,246
Contributions	(8,000,000)	(37,100,000)
Benefits paid for the employees of WOW Brand		
Holdings, Inc.	47,697	_
Actuarial loss	21,587,842	93,004,383
Balance at end of year	₽129,437,415	₽76,614,118

Amount recognized in OCI are as follows:

	2020	2019
Actuarial loss – PVBO	(₽ 23,013,450)	(₱97,759,681)
Actuarial gain – FVPA	1,425,608	4,755,298
Deferred tax	6,476,353	27,901,315
Total	(P 15,111,489)	(P 65,103,068)

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

	2020	2019
Cash	₽1,864	₽206
Investments	145,734,979	201,273,250
Receivables	1,219,619	1,468,882
Fees payable	(90,795)	(119,070)
Net asset value	₽146,865,667	₱202,623,268

The plan assets were invested in fixed income securities and equity investments. All equity and debt instruments held have quoted prices in active market. Investment activities entered by the plan asset/liability matching strategy during the year consist of, but is not limited to, buying and selling of securities. All investments are considered as high grade based on its performance in the market.

The management performs an Asset-Liability Matching Study (ALM) annually. The overall investment policy and strategy of the Parent Company's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risk of the plans.

The principal assumptions used to determine pension benefit obligations are as follows:

	2020	2019
Discount rates at beginning of year	5.00%	5.05%
Rate of compensation increase	5.00%	5.00%
Average future working years of service	31	25

The sensitivity analysis below has been determined based on reasonably possible changes of each



significant assumption on the defined benefit obligation assuming if all other assumptions were held constant:

	2020		20	19
	Increase		Increase	
	(decrease)	Amount	(decrease)	Amount
Discount rates	0.5% (₽25,000,723)	0.5%	(₱16,921,418)
	(0.5%)	32,073,232	(0.5%)	21,484,632
Salary increase rate	1.0%	67,415,858	1.0%	48,276,626
	(1.0%)	(44,286,646)	(1.0%)	(30,490,958)

Shown below is the schedule of expected future benefit payments:

1 year and less	₽3,984,177
More than 1 year to 5 years	_
More than 5 year to 10 years	42,705,372
More than 10 year to 15 years	147,420,754
More than 15 year to 20 years	202,028,538
More than 20 years	5,339,787,825
	₽5,735,926,666

The Parent Company expects to contribute of ₹4.0 million to its retirement fund in 2021.

The plan contributions are based on the actuarial present value of valuation accumulated plan benefits and fair value of plan assets are determined using an independent actuarial. The net defined benefit cost and the contributions to the plan are specifically identifiable, such that, the Company's PVBO pertains only to the benefit of the Parent Company's employees and the FVPA, pertains only to the contributions made by the Parent Company. The Parent Company shall contribute to the Fund such amounts as shall be required, under actuarial principles, to provide the benefits and the expenses incident to the operation and administration of the Fund.

28. Interest Expense

	2020	2019
Long-term loan payables (see Note 20)	₽181,577,312	₽178,929,113
Lease liabilities (see Note 15)	93,794,638	93,151,035
Short-term loan payables (see Note 19)	39,481,097	21,730,833
Contract liabilities (see Note 22)	3,141,837	5,182,878
Debt issue cost	1,879,066	1,783,237
Others	697,894	460,771
	₽320,571,844	₽301,237,867



29. Other Income- net

	2020	2019
Provision for legal and other contingencies (see		
Note 34)	(₽34,779,970)	₽–
Service fee	29,073,654	30,258,636
Gain (loss) on:		
Pre-termination of leases	14,584,238	_
Disposal of inventory	5,498,534	_
Disposal of property and equipment	(5,103,898)	(1,883,436)
Expired points from loyalty points	7,115,204	22,941,321
Accretion income	3,998,200	3,990,747
Interest income (see Note 7)	1,828,334	436,573
Other income from franchisees	1,255,905	6,065,369
Realized gain from institutional cash reserve fund	714,326	1,630,339
Fair value gain on financial assets at FVPL		
(see Note 11)	589,306	1,016,240
Reversal of allowance for ECL (see Note 8)	100,000	440,426
Unrealized foreign exchange loss - net	(28,098)	(116,769)
Others - net	1,686,599	(5,620,465)
	₽26,532,334	₽59,158,981

Other pertain mostly to cash overages, fees charged by the Parent Company to its franchisees for the new module of the point-of-sale machines, rental income and incentives given by a supplier for high volume purchases.

30. Income Taxes

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

	2020	2019
Deferred tax assets:		
NOLCO	₽150,374,380	₽_
Lease liabilities	64,822,577	56,748,060
Difference in depreciation due to adoption of		
lease standard	45,530,167	48,103,346
Accrued pension costs	38,816,915	22,984,235
MCIT	12,149,016	_
Contract liabilities	5,577,558	4,488,670
Unamortized past service cost	3,761,872	4,529,622
Accrued loyalty points fund	2,511,484	1,958,673
Accrued bonus and other expense	2,068,021	6,156,926
Allowance for ECL	1,474,402	1,504,402
Allowance for inventory obsolescence	1,276,980	1,276,981
Allowance for unrecoverable deposits	989,188	989,188
Interest from contingencies	32,174	32,174
Unrealized foreign exchange loss	8,429	35,031
	329,393,163	148,807,308
Deferred tax liability -		
Debt issuance cost	3,420,789	3,984,509
	₽325,972,374	₽144,822,799



The deferred tax assets were measured using the appropriate corporate income tax rate on the year these are expected to be reversed.

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

As at December 31, 2020, the Company has incurred NOLCO in taxable year 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

			NOLCO				
Year	Availment		Applied in Previous		Applied in		
Incurred	Period	Amount	Year/s	Expired	Current Year	Unapplied	
2020	2021-2025	₽501,247,933	P _	₽-	₽_	₽501,247,933	

The details of the MCIT as at December 31, 2020, of which excess over regular corporate income tax (RCIT) shall be carried forward and credited against RCIT for three (3) immediately succeeding taxable year, is as follows:

			MCIT				
Year	Availment		Applied in		Applied in	_	
Incurred	Period	Amount	Previous Year/s	Expired	Current Year	Unapplied	
2020	2021-2023	₽12,149,016	₽-	₽_	₽_	₽12,149,016	

The provision for current income tax represents RCIT and final withholding taxes on interest income are as follows:

	2020	2019
RCIT	₽11,958,316	₱108,025,384
Final withholding taxes	190,700	516,728
	₽ 12,149,016	₽108,542,112

The reconciliation between the provision for (benefit from) income tax computed at statutory income tax rate and the provision for (benefit from) income tax as shown in net income in the parent company statements of comprehensive income is as follows:

	2020	2019
Provision for (benefit from) income tax computed at		
statutory income tax rate of 30%	(₽111,587,924)	₽360,119,866
Tax effects of:		
Dividend income subjected to final tax	(55,510,356)	(271,297,085)
Nontaxable income already subjected to final tax		
in prior years	(5,974,147)	(4,315,413)
Interest income already subjected to final tax	(762,798)	(620,074)
Nontaxable gain on sale of financial assets at		
FVPL	(176,792)	(304,872)
Other nondeductible expenses	11,487,811	1,502,766
Provision for (benefit from) income tax	(₽162,524,206)	₽85,085,188



31. Financial Risk Management Objectives and Policies

The Parent Company's principal financial instruments comprise cash, financial assets at FVPL, trade and other receivables and loans payable. The main purpose of these financial instruments is to finance the Parent Company's operations. The Parent Company has various other financial assets and liabilities such as rental deposit, accounts payable and other current liabilities arising directly from operations and dividends payable.

The main risks arising from the Parent Company's financial instruments are credit risk, liquidity risk and equity price risk on financial assets at FVPL investment. The BOD reviews and approves policies for managing each of these risks and they are summarized below:

Credit Risk. Credit risk is the risk that the Parent Company will incur a loss because its customers or counterparties failed to discharge their contractual obligations. The Parent Company manages and controls credit risk by trading only with recognized, creditworthy third parties. It is the Parent Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Parent Company's exposure to bad debts is not significant.

The table below shows the maximum exposure to credit risk for the Parent Company's financial assets, without taking account of any collateral and other credit enhancements:

	2020	2019
Cash*	₽393,973,113	₽207,876,632
Financial assets at FVPL	100,000,000	120,000,000
Trade and other receivables:		
Trade receivables	440,070,054	1,375,734,268
Receivable from NAF	111,400,419	100,878,240
Royalty receivable	37,339,494	45,801,490
Receivable from franchisees	24,372,171	52,700,724
Dividend receivable	_	261,070,429
Receivables from employees	10,736,801	15,076,965
Other receivables	179,599,004	104,906,484
Rental and other deposits	155,355,828	153,070,657
Total credit risk exposure	₽ 1,452,846,884	₽2,437,115,889

^{*}Excluding cash on hand.

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

				2020		
	Neither					
	Past Due	Past D	ue but not Im	paired		
			More than			
	nor Impaired	1-180 Days	180 days	Subtotal	Impaired	Total
Cash*	₽393,973,113	₽_	₽-	₽_	₽-	₽393,973,113
Financial assets at FVPL	100,000,000	_	_	_	_	100,000,000
Trade and other receivables:						
Trade receivables	358,009,977	82,060,077	_	82,060,077	3,289,130	443,359,184
Receivable from NAF	111,400,419	_	_	_	_	111,400,419
Royalty receivable	37,339,494	_	_	_	_	37,339,494
Receivable from franchisees	24,372,171	_	_	_	_	24,372,171
Receivable from employees	1,670,905	9,065,896	_	9,065,896	1,144,631	11,881,432
Other receivables	152,383,504	27,215,500	_	27,215,500	480,914	180,079,918
Rental and other deposits	155,355,828	_	_	_	3,297,293	158,653,121
	₽1,334,505,411	₽118,341,473	₽-	₽118,341,473	₽8,211,967	₽1,461,058,852

^{*}Excluding cash on hand.



2019

				2017		
	Neither					
	Past Due	Past	Due but not Imp	aired		
			More than 180			
	nor Impaired	1-180 Days	days	Subtotal	Impaired	Total
Cash*	₽207,876,632	₽-	₽_	₽_	₽_	₽207,876,632
Financial assets at FVPL	120,000,000	_	_	_	_	120,000,000
Trade and other receivables:						
Trade receivables	441,037,667	934,696,601	_	934,696,601	3,289,129	1,379,023,397
Royalty receivable	45,801,490	_	_	_	_	45,801,490
Receivable from NAF	100,878,240	_	_	_	_	100,878,240
Receivable from franchisees	52,700,724	_	_	_	_	52,700,724
Dividend receivable	261,070,429	_	_	_	_	261,070,429
Receivable from employees	1,318,615	12,059,591	1,698,759	13,758,350	2,567,665	17,644,630
Other receivables	104,906,484	_	_	_	480,914	105,387,398
Rental and other deposits	153,070,657	_	_	_	2,095,290	155,165,947
	₽1,488,660,938	₽946,756,192	₽1,698,759	₱948,454,951	₽8,432,998	₱2,445,548,887

^{*}Excluding cash on hand.

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

The table below shows the credit quality of the Parent Company's neither past due nor impaired financial assets based on their historical experience with the corresponding debtors:

2020 Medium grade High grade Standard grade Total Cash* ₽393,973,113 ₽-₽393,973,113 Financial assets at FVPL 100,000,000 100,000,000 Trade and other receivables: 83,802,499 358,009,977 Trade receivables 274,207,478 Receivable from NAF 111,400,419 111,400,419 Royalty receivable 37,339,494 37,339,494 Receivable from franchisees 24,372,171 24,372,171 Receivable from employees 1,670,905 1,670,905 Other receivables 57,336,347 95,047,157 152,383,504 Rental and other deposits 155,355,828 155,355,828 ₽531,312,607 **₽141,138,846** ₽662,053,958 ₽1,334,505,411

*Excluding cash on hand.

_	2019					
	High grade	Medium grade	Standard grade	Total		
Cash*	₽207,876,632	₽_	₽_	₽207,876,632		
Financial assets at FVPL	120,000,000		_	120,000,000		
Trade and other receivables:						
Trade receivables	_	95,195,098	345,842,569	441,037,667		
Royalty receivable	45,801,490	_	_	45,801,490		
Receivable from NAF	_	_	100,878,240	100,878,240		
Receivable from franchisees	_	_	52,700,724	52,700,724		
Dividend receivable	_	_	261,070,429	261,070,429		
Receivables from employees	_	_	1,318,615	1,318,615		
Other receivables	-	45,598,351	59,308,133	104,906,484		
Rental and other deposits	_	-	153,070,657	153,070,657		
	₱373,678,122	₽140,793,449	₽974,189,367	₽1,488,660,938		

^{*}Excluding cash on hand.



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

Liquidity Risk. Liquidity risk arises from the possibility that the Parent Company may encounter difficulties in raising funds to meet or settle its obligations at a reasonable price.

The Parent Company's objective is to maintain a balance between continuity of funding and flexibility through the use of advances to related parties. The Parent Company maintains sufficient cash to finance its operations.

The Parent Company manages its liquidity risk by maintaining strength and quality on financial position where debt-to-equity ratio is at a manageable level. The Parent Company also maintains a financial strategy that the scheduled debts are within the Parent Company's ability to generate cash from its business operations.

The table below summarizes the maturity profile of the Parent Company's financial liabilities based on contractual undiscounted payments. The table also analyses the maturity profile of the Parent Company's financial assets in order to provide a complete view of the Parent Company's contractual commitments and liquidity.

				2020		
_	Due and				Over	
	Demandable	< 90 Days	91-180 Days	181-365 Days	365 Days	Total
Cash	₽393,973,113	₽-	₽-	₽-	₽_	₽393,973,113
Financial assets at FVPL	100,000,000	-	-	-	-	100,000,000
Trade and other receivables						
Trade	_	385,594,244	54,475,810	_	3,289,129	443,359,183
Royalty receivables	37,339,494	_	_	_	_	37,339,494
Receivable from NAF	111,400,419	_	_	_	_	111,400,419
Receivable from franchisees	24,372,171	_	_	_	_	24,372,171
Receivable from employees	_	6,747,807	3,988,994	_	1,144,631	11,881,432
Other receivables	_	167,090,158	12,508,846	_	480,914	180,079,918
Rental and other deposits	155,355,828	-	-	_	3,297,293	158,653,121
	822,441,025	559,432,209	70,973,650	-	8,211,967	1,461,058,851
Accounts payable and other current liabilities:						
Trade payables	_	266,458,976	93,058,518	21,232,032	_	380,749,526
Nontrade payables	_	136,985,191	2,148,257	31,169,748	_	170,303,196
Accrued expenses	_	176,801,857			_	176,801,857
Other payables*	_	28,316,889	_	_	_	28,316,889
Dealers' deposit and other						
noncurrent liabilities	_	_	_	_	40,759,530	40,759,530
Short-term loans payable**	_	9,500,000	9,500,000	1,058,854,167	_	1,077,854,167
Long-term loans payable**	_	7,031,250	32,031,250	38,968,750	3,850,312,500	3,928,343,750
	-	625,094,163	136,738,025	1,150,224,697	3,891,072,030	5,803,128,915
Liquidity gap	₽822,441,025	(P 65,661,954)	(P 65,764,375)	(¥1,150,224,697)	(¥3,882,860,063)	(P 4,342,070,064)

*excluding statutory payables.
**Including future interest payments.



				2019		
-	Due and				Over	
	Demandable	< 90 Days	91-180 Days	181-365 Days	365 Days	Total
Cash	₽293,390,802	₽-	₽-	₽_	₽_	₽293,390,802
Financial assets at FVPL	120,000,000	_	_	_	_	120,000,000
Trade and other receivables						
Trade	_	1,361,289,549	14,444,719	_	3,289,129	1,379,023,397
Royalty receivables	45,801,490	_	=	-	_	45,801,490
Receivable from NAF	100,878,240	_	_	_	_	100,878,240
Receivable from franchisees	52,700,724	_	_	_	_	52,700,724
Dividend receivable	261,070,429	_	=	-	_	261,070,429
Receivables from employees	1,318,615	_	_	1,698,759	2,567,665	5,585,039
Other receivables	_	104,906,484	=	-	480,914	105,387,398
Rental and other deposits	153,070,657	=	=	-	2,095,290	155,165,947
	1,028,230,957	1,466,196,033	14,444,719	1,698,759	8,432,998	2,519,003,466
Accounts payable and other current						
liabilities:						
Trade payables	_	989,939,376	345,727,859	78,880,529	_	1,414,547,764
Nontrade payables	=-	192,091,330	2,743,217	52,571,712	_	247,406,259
Accrued expenses	_	105,454,246	_	_	_	105,454,246
Other payables*	_	63,511,679	=	-	_	63,511,679
Dealers' deposit and other						
noncurrent liabilities	10,000,100	_	8,650,000	-	27,958,685	46,608,785
Short-term loans payable**	_	552,249,653	_	_	_	552,249,653
Long-term loans payable**	_	42,854,408	67,814,787	110,551,740	5,136,227,268	5,357,448,203
	10,000,100	1,946,100,692	424,935,863	242,003,981	5,164,185,953	7,787,226,589
Liquidity gap	₽1,018,230,857	(P 479,904,659)	(P 410,491,144)	(₱240,305,222)	(P 5,155,752,955)	(P -5,268,223,123)

^{*}excluding statutory payables.
**Including future interest payments.

Capital Management

The primary objective of the Parent Company's capital management is to safeguard the Parent Company's ability to continue as a going concern, so that it can to provide returns to stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Parent Company manages its capital structure and adjusts it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Parent Company adjusts the dividend payment to stockholders, return capital to stockholders or issue new shares. The Parent Company's debt-to-equity ratio is as follows:

	2020	2019
Total liabilities	₽7,241,857,180	₽7,936,736,310
Total equity	4,594,742,924	4,834,603,163
	1.58:1	1.64:1

32. Fair Value Information

Fair value is defined as the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale.

Financial Instruments Whose Carrying Amounts Approximate Fair Value. Management has determined that the carrying amounts of cash, trade and other receivables, advances to related parties, accounts payable and other current liabilities and dividends payable, based on their notional amounts, reasonably approximates their fair values because these are mostly short-term in nature or are repriced frequently.



Other Financial Instruments. Set out below is a comparison by category of carrying amounts and estimated fair values of the Parent Company's financial instruments other than those described above:

		As at December	31, 2020		
	Fair Value				
		_		Level 2	
				Significant	
		Carrying	Level 1	Observable	
	Date of Valuation	Value	Quoted	Input	
Assets for which fair values are disclosed:			_	•	
Financial assets at FVPL	December 31, 2020	₽100,000,000	₽-	₽100,000,000	
Rental deposits	December 31, 2020	155,355,828	_	158,653,121	
		₽255,355,828	₽-	₽258,653,121	
		, ,		, ,	
Liabilities for which fair values are disclose	ed:				
Loan payable	December 31, 2020	₽3,788,597,369	₽-	₽4,528,403,943	
Dealers' deposits	December 31, 2020	23,710,436	_	19,257,642	
•		₽3,812,307,805	₽-	₽4,547,661,585	
		As at December 3	/		
			Fair \	Value	
				Level 2	
				Significant	
		Carrying	Level 1	Observable	
	Date of Valuation	Value	Quoted	Input	
Assets for which fair values are disclosed:			-		
Financial assets at FVPL	December 31, 2019	₽120,000,000	₽-	₽120,000,000	
Rental deposits	December 31, 2019	126,927,815	_	156,367,950	
•	,	₽246,927,815	₽-	₽276,367,950	
		· ·			
Liabilities for which fair values are disclose	ed:				
Loan payable	December 31, 2019	₱4,386,718,304	₽-	₽4,346,508,655	
Dealers' deposits	December 31, 2019	22,427,231	_	15,473,150	
		₽4,409,145,535	₽-	₽4,361,981,805	

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Rental Deposits. The fair values were obtained by discounting the instruments' expected cash flows using interest rates of 1.12% to10.39% as at December 31, 2020 and of 2.36% to 8.13% as at December 31, 2019. Fair value category is Level 2, significant observable inputs.

Loans Payable. The fair value of loan payable which was discounted using prevailing market rate of 2.75% and 4.22% as at December 31, 2020 and 2019, respectively. Fair value category is Level 2, significant observable inputs.

Dealers' Deposits. The fair values were obtained by discounting the instruments' expected cash flows using interest rates of 4.46% and 7.05% as at December 31, 2020 and 2019, respectively. Fair value category is Level 2, significant observable inputs.

As at December 31, 2020 and December 31, 2019, there were no transfers between Level 1 and 2 fair value measurements.



33. Commitments

Trademark Licensing and Franchise Agreements

The Parent Company has existing Trademark Licensing and Franchise Agreements with independent franchisees to operate restaurant outlets under the "Shakey's" "Peri-Peri" and "Supertea" concept and trade names. In consideration thereof, the franchisees agree to pay continuing franchise fees equivalent to a certain percentage of the franchisees' net sales.

The franchisees also pay management fees for various services, including maintenance services and advertising rendered by the Parent Company.

Royalty and franchise fees amounted to ₱255.4 million in 2020 and ₱380.2 million in 2019 (see Note 22). As at December 31, 2020 and 2019, royalty receivable amounted to ₱37.3 million and ₱45.8 million, respectively (see Note 8).

Territorial Licensing Agreement

The Parent Company has a territorial licensing agreement with SSI, the licensor, for the exclusive right to license other individuals and/or establishments to use the "Shakey's" brand name, method and concept of the licensor in the production, merchandising, packaging and sale of certain food products in the Philippines. In consideration for the exclusive territorial license, the Parent Company is liable to the licensor for a license fee based on sales of each of the dealers of the Parent Company. The agreement, which was drawn on August 1, 2017, is renewable at the option of the Parent Company, from term to term, each term being a period of ten (10) years under the same terms and conditions.

SPAVI is required to pay annual license fees to SSI amounting to 1.5% of net system wide sales. On December 1, 2020, SSI waived its 1.5% monthly license fee to SPAVI for the entire year of 2020 and the year after until 2023. On the other hand, SPAVI waived the rental fees of SSI for the entire year of 2020 and the year after until 2023. These initiatives aim to mitigate the COVID-19 pandemic's adverse impact on the restaurant business of SPAVI (see Note 18).

License fees incurred amounted to nil and ₱147.6 million in 2020 and 2019, respectively (see Note 24). Outstanding balance of incurred license fees amounted to ₱5.7 million and ₱66.7 million as at December 31, 2020 and 2019, respectively (see Note 18).

34. Provisions

	2020	2019
Balance at beginning of year	₽2,253,030	₽2,253,030
Addition (see Note 29)	34,779,970	_
Balance at end of year	₽37,033,000	₽2,253,030

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



35. Earnings per Share (EPS)

Basic EPS is computed based on the weighted average number of issued and outstanding common shares during each year. Diluted EPS is computed as if the potential common share or instrument that may entitle the holder to common share were exercised as of the beginning of the year. When there are no potential common shares or other instruments that may entitle the holder to common shares, diluted EPS, is the same as the basic EPS.

There are no dilutive financial instruments for the years ended December 31, 2020 and 2019, hence, diluted EPS is the same as the basic EPS.

The Parent Company's EPS were computed as follows:

	2020	2019
(a) Net income (loss)	(P 209,435,540)	₱1,115,314,365
(b) Weighted average number of shares outstanding	1,531,321,053	1,531,321,053
Basic/ diluted EPS (a/b)	(₽0.14)	₽0.73

36. Notes to the Parent Company Statements of Cash Flows

The following are the noncash activities for the years ended December 31, 2020 and 2019:

			2020	
	January 1	Net cash flows	Noncash changes	December 31
Rental and other noncurrent assets (a) Loans payable (b) Contract liabilities (a) Lease liabilities (c)	₱153,070,657 4,386,718,303 85,805,160 1,417,159,871	₽1,713,029 450,000,000 (16,867,133) (190,478,394)	₱572,142 1,879,066 3,141,837 114,918,619	₱155,355,828 4,838,597,369 72,079,864 1,341,600,096
			2019	
_	January 1	Net cash flows	Noncash changes	December 31
Rental and other noncurrent assets (a) Loans payable (b) Contract liabilities (a) Lease liabilities (c)	₱130,735,019 3,884,935,066 88,722,779	₱38,125,159 500,000,000 (8,100,498) (261,877,462)	(₱15,789,521) 1,783,237 5,182,879 1,679,037,333	₱153,070,657 4,386,718,303 85,805,160 1,417,159,871

Details of the noncash changes are as follows

- (a) Pertains to accretion of interest expense on long term rental and other deposits and contract liabilities.
- (b) Pertains to amortization of debt issue costs
- (c) The breakdown of the change is as follows

(i) Additional lease contracts during the year	₽ 228,247,719
(ii) Accretion of interest expense	93,794,638
(iii) Derecognition	(91,894,234)
(iv) Gain on lease concession	(115,229,504)
	₽114,918,619

(i) Pertains to additional lease contracts entered into during the year



- (ii) Pertains to the accretion of the significant financing component of the contract liabilities.
- (iii) Pertains to the lease contracts ended or terminated during the year
- (iv) Pertains to the waived, discounted or deferred lease payments in accordance with PFRS 16 Amendments

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

				2020			
	'				Interest	Other	
	January 1	Additions	Proceeds	Payments	expense	movements	December 31
Lease liabilities*	₽1,417,159,871	₽228,247,719	₽_	(¥190,478,394)	₽93,794,638	(P 207,123,738)	₽1,341,600,096
Loans payable	4,386,718,303	_	1,500,000,000	(1,050,000,000)	1,879,066	_	4,838,597,369
Dividends	_	15,313,210	_	(15,313,210)	_	_	_
Accrued interest**	5,293,750	_	_	(221,825,054)	224,898,140	(3,141,836)	5,225,000

Total liabilities from

financing activities \$\P\$5,809,171,924 \$\P\$243,560,929 \$\P\$1,500,000,000 (\$\P\$1,477,616,658) \$\P\$320,571,844 (\$\P\$210,265,574) \$\P\$6,185,422,465

^{**}Other movements pertain to interest accretion for PFRS 15

				2019			
					Interest	Other	
	January 1	Additions	Proceeds	Payments	expense	movements	December 31
Lease liabilities	₱1,262,265,881	323,620,417	_	(261,877,462)	93,151,035	₽-	₽1,417,159,871
Loans payable	3,885,415,919	_	800,000,000	(300,000,000)	1,302,384	_	4,386,718,303
Dividends payable	_	153,132,105	_	(153,132,105)	_	_	_
Accrued interest*	5,362,500	_	_	(200,496,593)	206,784,448	(6,356,605)	5,293,750
Total liabilities from							
financing activities	₽5,153,044,300	₽476,752,522	₽800,000,000	(P 915,506,160)	₽301,237,867	(P 6,356,605)	₽5,809,171,924

^{*}Other movements pertain to interest accretion for PFRS 15 and PAS 39

37. Impact of COVID-19

On March 16, 2020, the Philippine Government declared the entire Luzon area in the Philippines under an "enhanced community quarantine" (ECQ) until May 15, 2020. ECQ is effectively a total lockdown, restricting the movement of the population in response to the growing pandemic of coronavirus disease 2019 (COVID-19) in the country. On May 16, 2020, the government relaxed the implementation of ECQ and has placed certain areas under the Modified ECQ and General ECQ (GCQ) until May 31, 2020. On May 28, 2020 the government further eased the implementation of community quarantine and placed most of the areas in the Philippines under the GCQ until June 15, 2020 and was further extended until this report date, March 30, 2021.

On March 27, 2021, President Rodrigo Duterte approved placing NCR, Bulacan, Cavite, Laguna and Rizal (NCR Plus) under enhanced community quarantine from March 29, 2021to April 4, 2021.

These measures have resulted in massive disruptions to most businesses and have caused significant increase in economic uncertainty. Governments and Central Banks have responded with monetary and fiscal interventions to stabilize the economies. The significant events and transactions that have occurred since December 31, 2019 which relate to the effects of the global pandemic on the Parent Company's financial statements for the year ended December 31,2020 are summarized as follows:

- The Parent Company saw a significant decrease in restaurant sales and other business segments.
- The Parent Company was granted several lease concessions for its lease of land for the use of its office spaces and stores.
- The forecast used for impairment testing of trademark with indefinite life includes the Parent Company's estimates of the potential future impact from COVID-19 pandemic. Cash flow projections have been adjusted to reflect a range of possible outcomes, weighted by their expected occurrence.



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

• The uncertainty in determining key assumptions (including forecast of revenues and expenses) in the assessment of future taxable income of the Parent Company, upon which the recognition of deferred tax assets is assessed, was considered.

38. Events After the Reporting Date

President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Company:

- Effective July 1, 2020, RCIT rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2021 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 5% GIT / 30% RCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Company would have been subjected to lower regular corporate income tax rate of 25% effective July 1, 2020.

- This will result in lower provision for current income tax for the year ended December 31, 2020 and higher tax overpayment as of December 31, 2020 by ₱3.0 million, which will be reflected in the Parent Company's 2020 annual income tax return but will only be recognized for financial reporting purposes in its 2021 parent company financial statements.
- This will result in lower deferred tax assets and liabilities as of December 31, 2020 and provision for deferred tax for the year then ended by \$\mathbb{P}64.7\$ million. These reductions will be recognized in the 2021 parent company financial statements.



39. Supplementary Information Required Under RR 15-2010

The Parent Company reported and/or paid the following types of taxes in 2020:

VAT

The Parent Company's sales are subject to output VAT while its importations and purchases from other VAT-registered individuals or corporations are subject to input VAT. The VAT rate is 12%.

a. Output VAT

Sales and output VAT declared in the Parent Company's VAT returns for 2020 are as follows:

	Net Sales/	
	Receipts	Output VAT
Taxable sales of goods	₽4,166,503,923	₽499,980,471
Exempt sales	208,607,078	_
	₽4,375,111,001	₽499,980,471

The Parent Company has exempt sales pursuant to the provision of RR 7-2010 "Implementing the Tax Privileges Provisions of Republic Act No. 9994, otherwise known as the 'Expanded Senior Citizen Act of 2010', and Prescribing the Guidelines for the Availment."

b. Input VAT

As at December 31, 2020, the details of the Parent Company's input VAT are as follows:

		Tax Amount
Balance at beginning of the year		₽_
Current year's domestic purchase of goods other		
than capital goods	₽1,832,855,089	219,942,611
Current year's domestic purchase of services	555,629,186	66,675,502
Other adjustments on input VAT		49,864,568
Input VAT claimed against output VAT		(336,482,681)
Balance at end of year		₽_

<u>Information on the Parent Company's Importations</u>

In 2020, the Parent Company's transactions which are subject to broker's and other fees are as follows:

Taxable value	₽322,284,697
Broker's fee and others	13,634,612
Total landed cost of imports	₽335,919,309
Input VAT	₱40,310,317



Taxes and Licenses

Taxes and licenses, local and national, include real estate taxes, business licenses and permit fees and fringe benefit taxes.

License and permit fees	₽104,135,939
Fringe benefit taxes	3,224,902
Realty tax payment	3,600,245
Barangay/DTI and other fees	7,444,548
Documentary stamp taxes (DST)	1,405,670
Others	361,067
	₱120,172,371

Documentary Stamp Taxes

DST paid by the Parent Company in 2020 amounting to ₱669,063 pertains to its lease contracts; and the P736,607 pertains to Sale of Imus & V Central co-owned stores to franchisee business partner.

Withholding Taxes

Movements in withholding taxes for 2020 are as follows:

	Final	Tax on	Expanded
	withholding	Compensation	Withholding
	taxes	and Benefits	Taxes
Balance at beginning of year	₽_	(₱3,642,176)	₽6,088,022
Additions	557,469	43,076,782	57,020,956
Applications/remittances	(557,469)	(37,531,573)	(56,374,834)
Balance at end of year	₽_	₽1,903,033	₽6,734,144

Tax Assessments and Tax Cases

The Parent Company is currently not involved in any tax cases and tax assessments as at December 31, 2020.





SyCip Gorres Velayo & Co. 6760 Ayala Avenue 1226 Makati City Philippines Tel: (632) 8891 0307 Fax: (632) 8819 0872 ey.com/ph BOA/PRC Reg. No. 0001, October 4, 2018, valid until August 24, 2021 SEC Accreditation No. 0012-FR-5 (Group A), November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULE

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

We have audited, in accordance with Philippine Standards on Auditing, the parent company financial statements of Shakey's Pizza Asia Ventures Inc. as at and for the years ended December 31, 2020 and 2019 and have issued our report thereon dated April 30, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

haria Pilar B. Hernandez

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



SHAKEY'S PIZZA ASIA VENTURES INC.

Schedule of Retained Earnings Available for Dividend Declaration December 31, 2020

Less -		
Deferred tax asset		125,823,073
Unappropriated retained earnings, as adjusted, as at		
December 31, 2019		1,871,863,414
Add (less):		
Net income	(209,435,540)	
Changes in deferred tax assets	(187,062,207)	(396,497,747)
		1,475,365,667
Dividends declared during the year		(15,313,210)
Retained earnings available for dividend distribution as at		
December 31, 2020		₽1,460,052,457

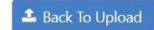
File Upload



All files successfully uploaded

Transaction Code: AFS-0-76DL85EL08LFG9DD9QZT1SPMZ02NXVTVYP

Submission Date/Time: Apr 30, 2021 04:57 PM



[EXT] Your BIR AFS eSubmission uploads were received

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

Fri 4/30/2021 5:10 PM

To: Tax Section <taxsection@shakeys.biz>

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

HI SHAKEY'S PIZZA ASIA VENTURES INC,

Valid file

EAFS000163396AFSTY122020.pdf

Invalid file

<None>

Transaction Code: AFS-0-76DL85EL08LFG9DD9QZT1SPMZ02NXVTVYP

Submission Date/Time: Apr 30, 2021 04:57 PM

Company TIN: 000-163-396

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

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

This is a system-generated e-mail. Please do not reply.

DISCLAIMER

This email and its attachments may be confidential and are intended solely for the use of the individual or entity to whom it is addressed.

If you are not the intended recipient of this email and its attachments, you must take no action based upon them, nor must you disseminate, distribute or copy this e-mail. Please contact the sender immediately if you believe you have received this email in error.

E-mail transmission cannot be guaranteed to be secure or error-free. The recipient should check this email and any attachments for the presence of viruses. The Bureau of Internal Revenue does not accept liability for any errors or omissions in the contents of this message which arise as a result of e-mail transmission.

Appendix 8

Interim Financial Statements As of March 31, 2021

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

1.	For the quarterly period ended March 31, 2021			
2.	Commission identification number <u>54666</u>			
3.	BIR Tax Identification No. <u>000-163-396</u>			
4.	SHAKEY'S PIZZA ASIA VENTURES INC. Exact name of issuer as specified in its charter			
5.	. MANILA, PHILIPPINES Province, country or other jurisdiction of incorporation or organization			
6.	Industry Classification Code: (SEC Use Only)			
7.	15KM EAST SERVICE ROAD CORNER MARIAN ROAD 2, BARANGAY SAN MARTIN DE PORRES, PARANAQUE CITY Address of issuer's principal office Postal Code			
8.	(632) 867-7602 Issuer's telephone number, including area code			
9.	. <u>N/A</u> Former name, former address and former fiscal year, if changed since last report			
10.	Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA			
	Title of each Class Number of shares of common stock outstanding COMMON SHARES 1,531,321,053			
11.	Are any or all of the securities listed on a Stock Exchange?			
	Yes [✓] No []			

12. Indicate by check mark whether the registrant:

PHILIPPINE STOCK EXCHANGE: COMMON SHARES

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Yes [✓] No []

(b) has been subject to such filing requirements for the past Threety (90) days.

Yes [✓] No []

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited interim consolidated financial statements of Shakey's Pizza Asia Ventures Inc., and its wholly owned subsidiaries Bakemasters, Inc., Shakey's International Limited, Golden Gourmet Limited, Shakey's Seacrest Incorporated, Shakey's Pizza Regional Foods Limited, Shakey's Pizza Commerce, Inc., Wow Brand Holdings Inc. and Anchor Wood International Ltd (collectively, the 'Company' or 'PIZZA') as of and for the period ended March 31, 2021 and the comparative period in 2020 is attached to this 17-Q report, comprising of the following:

- 1.1 Consolidated Balance Sheets as of March 31, 2021 and December 31, 2020
- 1.2 Consolidated Statement of Income for the period ended March 31, 2021 and March 31, 2020
- 1.3 Consolidated Statement of Cash Flows for the period ended March 31, 2021 and March 31, 2020
- 1.4 Consolidated Statement of Changes in Shareholder's Equity for the period ended March 31, 2021 and March 31, 2020
- 1.5 Notes to Consolidated Financial Statements for the period ended March 31, 2021

Item 2. Management Discussion and Analysis of Financial Condition and Results of Operations (Based on the unaudited consolidated financial statements for the period ended March 31, 2021)

Business Overview

Shakey's Pizza Asia Ventures Inc. (SPAVI) or PIZZA, is the market leader in both chained pizza full service restaurant and chained full service restaurant according to Euromonitor. Originally an American brand established in 1954, Shakey's expanded into the Philippines in 1975, and has since become a household name to generations of Filipinos. PIZZA is a strong brand because of its unique products paired with excellent guest service. It is best known for its original thin crust pizza and iconic Chicken N' Mojos.

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

PIZZA is able to serve the A, B and upper C income classes through its various sales channels. PIZZA's dine-in segment caters mostly to families and friends who want an affordable upgrade from the usual fast-food dining. At the same time, PIZZA appeals to the A and B classes through its delivery segment. With the shift of consumer trend towards convenience, PIZZA ensures that it continues to operate well-designed, comfortable, clean and guest-oriented stores, an efficient delivery system, and expand its online sales platform to align itself with current market and consumption trends.

PIZZA is spread nationwide through its five store formats. These formats differ in size ranging from 120 sqm to 400 sqm. Smaller stores tend to need lower capital investment. This allows

PIZZA flexibility to serve the demand of a specific market, while still achieving the desired profitability.

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

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

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

On June 1, 2019, PIZZA acquired Peri-Peri Charcoal Chicken, an emerging fast casual and full service restaurant brand in the Philippines. The acquisition includes assets and intellectual property relating to the Peri business, including its brand, trade name, and the various proprietary recipes used by the chain to make its trademark peri-peri chicken.

Last August 2020, the Company entered into a master franchise agreement with Singapore-based Koufu Group Ltd to bring the *R&B milk tea* brand to the Philippines. R&B is one of the leading milk tea and bubble tea players in Singapore. It currently has more than 1,000 outlets worldwide, spanning across China, US, Singapore, Cambodia, Vietnam, Malaysia and Indonesia. Under the agreement, PIZZA shall be awarded the territorial rights to sell *R&B* milk tea, bubble tea, and other specialty tea drinks in the Philippines, through stand-alone store formats and cobranding in select *Shakey's* and *Peri-Peri Charcoal Chicken* outlets.

Results of Operations

The following table summarizes the reported key financial information for PIZZA for the three months ending March 31, 2021 and 2020, respectively:

In ₱ Mill	Three months ending March 31, 2021	Three months ending March 31, 2020	Change YoY
System-wide sales	1,671	2,309	-28%
Net Revenue	1,281	1,835	-30%
Cost of Sales	965	1,379	-30%
Gross Profit	317	456	-30%
Operating Expense	195	238	-18%
Operating Income	122	218	-44%
EBITDA	240	347	-31%
Net income before tax	40	147	-73%
Net income after tax	29	114	-75%
<u>Margins</u>			
Gross profit margin	24.7%	24.8%	-0.1 pps
EBITDA margin	18.7%	18.9%	-0.2 pps
Net income margin	2.2%	6.2%	-4.0 pps

Results of Operation

- Shakey's Pizza Asia Ventures Inc. (PIZZA), the Philippines' leading chain of full-service restaurants, reported a positive bottomline for the second consecutive quarter since the start of COVID-19, posting a net income of Php29 million during the first three months of the year.
- Net income before tax ended at Php 40 million, an improvement of 22% versus the period before.
- First quarter EBITDA also showed a sequential increase at Php240 million, up 6% from 4Q 2020. EBITDA margins stood firmly at double-digit territory at 18.7% in spite of continued challenges brought about by the ongoing pandemic and related government-imposed lockdowns.
- These positive results were driven by healthy systemwide sales, which landed at Php1.7 billion equivalent to a 67% recovery as a percent of 2019 pre-pandemic sales. Though sales were down 28% year on year, this recovery rate nonetheless represents a 500-basis point improvement versus that of the previous quarter.
- Dine-in sales, which exhibited positive signs of recovery in Q4 2020, saw a sequential dip in the first three months of the year due to the restaurant industry's seasonality, alongside fears of a more contagious variant and stricter quarantine measures.
- Delivery and carryout sales, on the other hand, which now comprises majority of the business, carried the company through the first quarter, posting strong double-digit year-on-year growth. The Company has been strengthening this business segment for years, and is now reaping the benefits of convenient and easy access during times of reduced mobility.

Financial Condition

The Company's financial stability and financial position as of March 31, 2021 is as follows:

- Cash and cash equivalents stood at ₱520 million. Operating activities generated a net inflow of ₱225 million, with operating cash more than enough to cover changes in working capital. Net cash generated by investing activities totaled ₱95 million, while net cash used in financing activities amounted to ₱409 million.
- Current ratio increased to 0.92x as of March 31, 2021, relative to 2020's 0.88x. The cash conversion cycle increased to 12 days from 9 days as of end-2020. Receivable and inventory days stood at 43 and 38 respectively, while accounts payable came in at 69 days.
- Net property, plant and equipment, amounted to ₱1.4 billion as of March 31, 2021. Capital expenditures for the first three months of the year totaled ₱48 million.

- As of March 31, 2021, the Company had ₱4.5 billion in interest-bearing debt, comprised mainly of the ₱3.8 billion long-term loan incurred for the acquisition of its wholly-owned subsidiaries and the remaining portion from the interest-bearing loan used primarily for the acquisition of Peri and emergency loan related to the ongoing COVID-19 pandemic.
- Total stockholders' equity increased by ₱29 million, from ₱4.78 billion as of year-end 2020 to ₱4.81 billion as of March 31, 2021. The increase came mainly from net income earned during the first three months of 2021.
- Net debt-to-equity ratio is measured at 1.35x as of March 31, 2021, lower than year-end 2020's 1.43. Considering only interest-bearing liabilities, the Company's net gearing ratio stood at 0.84x as of March 31, 2021.

Key Performance Indicators (KPIs)

	Unaudited	Unaudited
	1st Three Months	1st Three Months
_	2021	2020
Gross Profit Margin	25%	25%
Before Tax Return on Sales	3%	8%
Return on Sales	2%	6%
Interest-Bearing Debt-to-		
Equity	0.9x	0.9x
Current Ratio	0.9x	1.1x

Notes:

- 1 Gross Profit margin = Gross Profit / Net Revenue
- 2 Before Tax Return on Sales = Net Profit Before Tax / Net Revenue
- 3 Return on Sales = Recurring Net Profit After Tax / Net Revenue
- 4 Interest-Bearing Debt-to-Equity = Loans Payable / Total Stockholders' Equity
- 5 Current Ratio = Total Current Assets / Total Current Liabilities

SIGNATURES

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

SHAKEY'S PIZZA ASIA VENTURES INC.

VICENTE L. GREGORIO

President and Chief Executive Officer

Date: May 11, 2021

MANUEL 7. DEL BARRIO
Vice President and Chief Finance Officer

Date: May 11, 2021

SHAKEY'S PIZZA ASIA VENTURES INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	P519,594,662	₽607,674,132
Trade and other receivables	558,177,045	561,004,570
Financial assets at fair value through profit and loss	_	120,000,000
Inventories	408,309,670	444,941,572
Prepaid expenses and other current assets	144,401,833	132,042,576
Total Current Assets	1,630,483,210	1,865,662,850
Noncurrent Assets		
Property and equipment	1,389,852,927	1,419,634,223
Intangible assets	7,050,516,770	7,051,509,002
Right-of-use assets	1,244,800,318	1,311,464,060
Deferred input value-added tax	34,625,459	48,423,974
Deferred tax assets Rental and other noncurrent assets	340,398,343	350,172,528
	157,571,342	173,125,540
Total Noncurrent Assets	10,217,765,158	10,354,329,327
TOTAL ASSETS	P11,848,248,369	₽12,219,992,177
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans payable	P750,000,000	₽1,050,000,000
Accounts payable and other current liabilities	746,705,955	801,171,873
Current portion of:	200.007.225	211 544 240
Lease Liabilities	209,886,325	211,544,249
Long-term loans payable	48,099,942	48,099,942
Contract liabilities	14,493,460	16,020,186
Income tax payable Total Current Liabilities	6,679,240 1,775,864,922	3,156,468 2,129,992,718
Total Current Elabilities	1,775,004,922	2,129,992,718
Noncurrent Liabilities		
Noncurrent current portion of: Lease liabilities	1,259,917,000	1,319,058,770
Lease habilities Long-term loans payable	3,740,497,427	3,740,497,427
Contract liabilities	71,833,086	73,600,393
Accrued pension costs	146,478,420	131,238,332
Dealers' deposits and other noncurrent liabilities	40,568,793	41,240,550
Total Noncurrent Liabilities	5,259,294,725	5,305,635,472
Total Liabilities	7,035,159,647	7,435,628,190
Equity		
Capital stock	1,531,321,053	1,531,321,053
Additional paid-in capital	1,353,554,797	1,353,554,797
Retained earnings	1,992,893,003	1,964,168,269
Other components of equity	(64,680,132)	(64,680,132)
Total Equity	4,813,088,722	4,784,363,987
TOTAL LIABILITIES AND EQUITY	P11,848,248,369	P12,219,992,177

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

	2021 (Unaudited)	2020 (Unaudited)
	, , , , , , , , , , , , , , , , , , , ,	, , ,
REVENUES		
Net sales	P 1,227,103,087	₽1,751,326,249
Royalty and franchise fees	54,358,483	83,377,649
	1,281,461,570	1,834,703,898
COSTS OF SALES	(964,714,290)	(1,379,014,265)
GROSS INCOME	316,747,280	455,689,633
GENERAL AND ADMINISTRATIVE EXPENSES	(195,184,162)	(237,893,847)
INTEREST EXPENSE	(82,528,237)	(73,347,418)
OTHER INCOME- Net	496,613	2,699,447
INCOME BEFORE INCOME TAX	39,531,494	147,147,815
PROVISION FOR INCOME TAX		
Current	3,522,772	33,567,890
Deferred	7,283,988	
	10,806,760	33,567,890
TOTAL COMPREHENSIVE INCOME	P28,724,734	₽113,579,925
Basic/Diluted Earnings Per Share	P0.02	₽0.07

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

	Capital Stock	Additional Paid-in Capital	Retained Earnings	Cumulative Actuarial Gain (Loss)- Net of Tax	Total
Balances at January 1, 2021	P1,531,321,053	P1,353,554,797	P1,964,168,269	(P64,680,132)	P4,784,363,987
· · · · · · · · · · · · · · · · · · ·	£1,331,321,033	£1,333,33 7 ,777		(±0 4 ,000,1 <i>32)</i>	
Total comprehensive loss			28,724,734		28,724,734
Balances at March 31, 2021	P1,531,321,053	P1,353,554,797	P1,992,893,003	(P64,680,132)	P4,813,088,721
Balances at January 1, 2020	₽1,531,321,053	₽1,353,554,797	₽2,233,070,767	(P49,440,271)	£ 5,068,506,346
Total comprehensive income	_	_	113,579,925	_	113,579,925
Balances at March 31, 2020	₽1,531,321,053	₽1,353,554,797	P2,346,650,692	(P 49,440,271)	₽5,182,086,271

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

	2021	2020
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₽39,531,494	₽147,147,815
Adjustments for:		,,
Depreciation and amortization	118,086,266	126,564,058
Interest expense	82,528,237	73,347,418
Increase (decrease) in accrued pension costs	11,770,761	(73,981)
Interest income	(180,962)	(227,654)
Loss (gain) on disposal of property and equipment	237,626	(381,673)
Unrealized foreign exchange gain	(36,395)	(14,532)
Income before working capital changes	251,937,027	346,361,451
Decrease (increase) in:		- 10,00-,10-
Trade and other receivables	28,065,096	(34,879,507)
Inventories	45,087,790	8,883,990
Prepaid expenses and other current assets	(40,354,837)	15,037,845
Deferred input value added tax	(21,763,948)	13,908,418
Increase (decrease) in:	(21), (61)	12,500,.10
Accounts payable and other current liabilities	(34,123,392)	(258,946,220)
Contract liabilities	(3,593,835)	1,709,335
Net cash generated from operations	225,253,901	92,075,314
Interest received	180,962	227,654
Net cash provided by operating activities	225,434,864	92,302,968
	-, -, -, -	. ,,.
Decrease (increase) in:		
Rental and other deposits	23,827,399	(21,900,482)
Dealer's deposits and other noncurrent liabilities	(247,417)	20,720,659
Acquisition of property and equipment	(48,145,857)	(81,923,687)
Acquisition of softwares	_	(38,467,817)
Proceeds from redemption of financial assets at FVPL	120,000,000	120,000,000
Net cash provided by (used in) investing activities	95,434,125	(1,571,327)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availment of short- term loan	=	400,000,000
Payment of short-term loans	(300,000,000)	_
Payment of interest	(55,646,500)	(35,294,114)
Payment of lease liability	(53,338,355)	(70,358,156)
Net cash provided by (used in) financing activities	(408,984,855)	294,347,730
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND		
CASH EQUIVALENTS	36,395	14,532
NET INCREASE (DECREASE) IN CASH AND CASH		7
EQUIVALENTS	(88,079,471)	385,093,902
CASH AND CASH EQUIVALENTS AT		
BEGINNING OF YEAR	607,674,132	507,701,190
CASH AND CASH EQUIVALENTS AT END OF YEAR	P 519,594,661	₽892,795,092

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

Corporate Information

Shakey's Pizza Asia Ventures Inc. Doing business under the name and style of Shakey's (SPAVI or the Parent Company), was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on February 14, 1974. The Parent Company and its subsidiaries (collectively referred to as "the Group") are involved primarily in the development, operations and franchising of fast casual restaurants under the trade names "Shakey's" and "Peri-Peri".

On December 15, 2016, the common shares of the Parent Company were listed and traded in the Philippine Stock Exchange (PSE) under the trading name "PIZZA".

The registered office address of the Parent Company is 15Km East Service Road corner Marian Road 2, Barangay San Martin de Porres, Parañaque City 1700.

<u>Approval and Authorization for the Issuance of the Unaudited Interim Condensed Consolidated Financial Statements</u>

The unaudited interim condensed consolidated financial statements were approved and authorized for issuance by the Parent Company's Board of Directors (BOD) on May 3, 2021.

2. Basis of Preparation and Consolidation and Statement of Compliance

Basis of Preparation

The unaudited interim condensed consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVPL) which are carried at fair value. The unaudited interim condensed consolidated financial statements are presented in Philippine peso, which is the Group's functional currency. All values are rounded off to the nearest million, except those otherwise indicated.

Statement of Compliance

The unaudited interim condensed consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis of Consolidation

The unaudited interim condensed consolidated financial statements comprise the unaudited interim condensed financial statements of the Parent Company and its wholly-owned subsidiaries and are prepared for the same reporting year as the Parent Company, using consistent accounting policies for like transactions and other events with similar circumstances.

Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and when it has the ability to affect those returns through its power over the investee.

Specifically, the Parent Company controls an investee if and only if the Parent Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee,
- Rights arising from other contractual arrangements, and
- The Group's voting rights and potential voting rights.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the Three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the unaudited interim condensed consolidated statement of comprehensive income from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Parent Company loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

The unaudited interim condensed consolidated financial statements include the accounts of the Parent Company and the following subsidiaries:

		Place of	Percentage of
	Principal Activities	Incorporation	Ownership (%)
Bakemasters, Inc. (BMI) ^a	Manufacturer of pizza	Philippines	100%
	dough and pastries		100%
Shakey's International Limited (SIL) ^a	Trademark	Hong Kong	100%
Shakey's Seacrest Incorporated (SSI) ^b	Trademark	Philippines	100%
Shakey's Pizza Regional Foods Limited (SPRFL) ^c	Trademark	Hong Kong	100%
Shakey's Pizza Commerce Inc. (SPCI) ^d	Trading of goods	Philippines	100%
Wow Brand Holdings, Inc. (WBHI) ^e	Restaurant business	Philippines	100%

^a Acquired on October 5, 2016 from SAFHI

3. Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the Company's financial statements are consistent with those of the previous financial year except for the following new accounting pronouncements. Unless otherwise indicated, the Group does not expect that the adoption of the said pronouncements to have a significant impact on its consolidated financial statements.

Effective beginning on or after January 1, 2021

 Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, Interest Rate Benchmark Reform – Phase 2

^b Incorporated on June 29, 2016

^c Incorporated on November 25, 2016 ^d Incorporated on November 25, 2017

^e Incorporated on April 25, 2019

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, Reference to the Conceptual Framework
- Amendments to PAS 16, Plant and Equipment: Proceeds before Intended Use
- Amendments to PAS 37, Onerous Contracts Costs of Fulfilling a Contract
- Annual Improvements to PFRSs 2018-2020 Cycle

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, Classification of Liabilities as Current or Non-current
- PFRS 17, Insurance Contracts

Deferred effectivity

 Amendments to PFRS 10, Consolidated Financial Statements, and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

4. Business Combinations

Acquisition of Peri-Peri Business

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

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

On June 1, 2019 (the acquisition date), SPAVI and WBHI, a newly-incorporated subsidiary, executed a deed of assignment, wherein SPAVI, assigned, transferred and conveyed all its rights under the Agreement, except with respect to SPAVI's rights under the Agreement pertaining to Trademarks, Know-How and Confidential Information, and Intellectual Properties (collectively, the "Intangible Assets") of the P2 Business, to WBHI. Subsequently, WBHI and IFI executed a deed of absolute sale of assets wherein I-Foods sold, transferred and conveyed to WBHI the title, rights, material and physical possession of, and interest in, the assets related to the P2 Business for P212.3 million. On the same date, as part of the acquisition of the P2 business, SPAVI acquired 100% ownership of AWIL, which is the owner of the intangible assets relevant to the P2 Business for P562.2 million.

Total consideration for the acquisition of the P2 business amounted to ₱774.5 million.

The purchase price consideration has been allocated based on relative fair values at date of acquisition as follows:

		Fair Values
	Carrying Values	Recognized
Current Assets -		_
Inventories	₽4,000,000	₽4,000,000
Noncurrent Assets		
Property and equipment	13,390,023	13,390,023
Trademark	562,197,552	562,197,552
Rental deposits	9,456,662	9,456,662
Total Noncurrent Assets	585,044,237	585,044,237
Identifiable Net Assets Acquired	₽589,044,237	₽589,044,237

(Forward)

Identifiable Net Assets Acquired	₽589,044,237
Goodwill from the acquisition	185,476,929
Purchase consideration transferred	₽774,521,166
Cash flow from an investing activity:	
Cash payment	₽774,521,166
Net cash acquired from subsidiary	
Net cash outflow	₽774,521,166

5. Segment Information

Segment information is prepared on the following bases:

Business Segments

For management purposes, the Group is organized into Three business activities - Restaurant sales, franchise and royalty fees and commissary sales. This segmentation is the basis upon which the Group reports its primary segment information.

- Restaurant sales comprise revenues from restaurant activities and sale of merchandise and equipment to franchisees.
- Franchise and royalty fees represents payment of subdealers for use of the Shakey's brand.
- Commissary sales comprise third party sales other than aforementioned activities.

Inter-segment Transactions

Segment revenue, segment expenses and operating results include transfers among business segments. The transfers are accounted for at competitive market prices charged to unrelated customers for similar services. Such transfers are eliminated upon consolidation.

The Group's chief operating decision maker monitors operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit and loss in the consolidated financial statements.

On a consolidated basis, the Group's performance is evaluated based on consolidated net income for the year, EBITDA and EBITDA margin. EBITDA margin pertains to EBITDA divided by gross revenues.

EBITDA and EBITDA margin are non-PFRS measures.

The following table shows the reconciliation of the consolidated EBITDA to consolidated net income for the Three months ended March 31, 2021 and 2020:

	2021	2020
Consolidated EBITDA	P239,965,034	₽346,831,637
Depreciation and amortization	(118,086,266)	(126,564,058)
Provision for income tax	(10,806,760)	(33,567,890)
Interest expense	(82,528,237)	(73,347,418)
Interest income	180,962	227,654
Consolidated net income	P28,724,734	₽113,579,925

6. Cash and Cash Equivalents

	March 31,	December 31,
	2021	2020
Cash on hand	P65,764,383	£54,049,698
Cash in banks	453,830,278	553,624,434
	P 519,594,662	₽607,674,132

Cash in banks earn interest at the respective bank deposit rates. Short-term deposits are made for varying periods of up to Three months depending on the immediate cash requirements of the Group, and earn interest ranging from 0.13% to 0.25% for the three months ended March 31, 2021 and 2020. Interest income on cash and cash equivalents amounted to P0.2 million and P0.2 million for the three months ended March 31, 2021 and 2020, respectively.

7. Trade and Other Receivables

	March 31,	December 31,
	2021	2020
Trade:		
Franchisee	P139,625,158	₽99,739,093
Related parties	152,661,340	157,501,221
Third parties	32,430,413	32,689,608
Royalty receivable	41,324,607	37,339,494
Receivable from:		
National Advertising Fund (NAF)	126,599,550	140,304,750
Franchisees	17,482,612	24,372,171
Employees	12,343,456	13,157,850
Advances to third parties	_	10,311,752
Others	41,828,917	51,707,638
	564,296,052	567,123,577
Less allowance for doubtful account	(6,119,007)	(6,119,007)
	P558,177,045	₽561,004,570

Below are the terms and conditions of the financial assets:

- Trade receivables are noninterest-bearing and are normally collectible within 10 days.
- Royalty receivable is being collected from dealers on the 20th day of the following month.
- Receivable from NAF pertains to reimbursable advertising and promotion expenses from dealers which will be applied on future dealer remittances.
- Receivable from franchisees pertains to receivables for transactions other than sale of goods such as management fees, freight and gas expenses and are non-interest bearing and generally have 30 to 45 days' term.
- Receivables from employees, which represent mainly salary loan, are interest-free and are being collected through salary deduction for a period ranging from 6 months to 1 year.
- Other receivables consist mainly of receivables from cooperatives and freight charges which are non-interest bearing and generally have 30 to 45 days' term.

The movements of allowance for doubtful accounts are as follows:

		2021			2020	
		Receivables			Receivables	
	Trade and	from		Trade and	from	
	Others	Employees	Total	Others	Employees	Total
Balance at beginning of year	P4,973,440	P1,145,567	₽6,119,007	₽4,973,440	₽1,245,567	₽6,219,007
Reversal of doubtful accounts	_	_	_	_	(100,000)	(100,000)
Balance at reporting date	P4,973,440	P1,145,567	P6,119,007	₽4,973,440	₽1,145,567	₽6,119,007

8. Inventories

	March 31, 2021	December 31, 2020
At cost -		
Finished goods	£ 4,147,631	₽4,443,221
Raw materials - food	13,883,870	18,127,413
At NRV:		
Merchandise	385,517,657	417,026,575
Raw materials - packaging	4,760,511	5,344,363
	P408,309,670	₽444,941,572

Allowance for inventory obsolescence amounted to \$\mathbb{P}4.3\$ million as at March 31, 2021 and December 31 2020.

9. Prepaid Expenses and Other Current Assets

	March 31,	December 31,
	2021	2020
Advances to suppliers	P 68,512,298	₽47,222,941
Prepaid expenses	53,448,680	57,591,809
Prepaid taxes	22,440,855	27,227,826
	P144,401,833	₽132,042,576

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

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

10. Financial Assets at FVPL

Movements of this account are as follows:

	March 31,	December 31,
	2021	2020
Balance at beginning of year	P120,000,000	P120,000,000
Additions	_	120,000,000
Redemption	(120,000,000)	(120,000,000)
Balance at end of year	₽–	₽120,000,000

The Group's investments in financial assets at FVPL consist of UITF, which have no holding period and are callable any time.

11. Property and Equipment

						Cost of Shops			
			Furniture,	Machinery		and			
		Leasehold	Fixtures and	and	Transportation	Maintenance	Glassware	Construction	
	Building	Improvements	Equipment	Equipment	Equipment	Tools	and Utensils	in-progress	Total
Cost									
Balance at December 31, 2019	249,429,619	1,374,047,450	1,464,902,747	209,190,945	40,230,884	3,069,202	15,077,312	120,986,226	3,476,934,385
Additions	3,375,257	63,869,452	61,564,185	16,591,092	2,623,805	15,893,038	3,251,773	_	167,168,602
Disposals	(263,870)	(299,263,918)	(378,630,778)	-	(17,269,699)	(1,772,295)	-	-	(697,200,560)
Reclassification	4,559,627	64,848,723	4,059,459					(73,467,809)	
Balance at December 31, 2020	257,100,633	1,203,501,707	1,151,895,613	225,782,037	25,584,990	17,189,945	18,329,085	47,518,417	2,946,902,427
Additions	_	22,445,370	18,542,834	3,738,999	_	3,418,654	_	_	48,145,857
Disposals	_	(6,641,190)	(1,329,997)	_	_	_	_	_	(7,971,187)
Reclassification		12,397,990	6,675,841					(19,073,831)	
Balance at March 31, 2020	P257,100,633	₽1,231,703,877	P1,175,784,291	₽229,521,036	P 25,584,990	P20,608,599	P18,329,085	P28,444,586	P 2,987,077,097
Accumulated Depreciation									
Balance at December 31, 2019	30,127,293	848,126,064	865,346,357	78,724,396	29,824,699	530,051	8,963,362	_	1,861,642,222
Depreciation	18,016,234	114,962,173	150,940,176	26,522,906	3,663,397	11,272,401	8,244,166	_	333,621,453
Disposals	(263,870)	(276,747,559)	(372,506,186)	=	(17,269,684)	(1,208,172)	=	=	(667,995,471)
Balance at December 31, 2020	₽47,879,657	686,340,678	643,780,347	105,247,302	16,218,412	10,594,280	17,207,528	_	1,527,268,204
Depreciation	4,519,366	24,159,626	38,968,105	5,884,495	754,660	2,897,456	505,820	_	77,689,527
Disposals	_	(6,403,564)	(1,329,997)		_	_	_	_	(7,733,561)
Balance at March 31, 2020	P52,399,023	P704,096,740	P681,418,455	₽111,131,797	P16,973,072	P13,491,736	P17,713,348	₽–	P1,597,224,170
Net Book Value									
Balance at December 31, 2020	₽209,220,976	₽517,161,029	₽508,115,266	₽120,534,735	₽9,366,578	₽6,595,665	₽1,121,557	₽47,518,417	₽1,419,634,223
Balance at March 31, 2021	204,701,610	527,607,137	494,365,836	118,389,240	8,611,918	7,116,863	615,737	28,444,586	1,389,852,927

There are no idle assets as at March 31, 2021 and December 31, 2020. The Group has no property and equipment that are used as collateral for existing loans payable.

12. Intangible Assets

The Group's intangible assets consist of:

	March 31,	December 31,
	2021	2020
Goodwill	P1,264,082,949	₽1,264,082,949
Trademarks with indefinite life	5,549,307,154	5,549,307,154
Software costs	232,516,332	233,331,243
Franchise right	4,610,335	4,787,656
	₽ 7,050,516,770	₽7,051,509,002

In 2016, goodwill amounting to \$\mathbb{P}\$1,078.6 million was recognized in connection with its acquisition of BMI while trademarks amounting to \$\mathbb{P}\$4,987.1 million was recognized and treated as acquisition of assets based on relevant accounting standards since such transaction did not qualify as an acquisition of a business.

In 2019, the Group acquired the Peri-Peri business from IFGI including the properties, assets and rights which are related to or are used in the said business. Such transaction was accounted for as an acquisition of a business and additional goodwill and trademarks amounting to \$\mathbb{P}\$185.5 million and \$\mathbb{P}\$562.2 million were recorded as at the date of acquisition.

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

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

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

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

13. Right-of-Use Assets and Lease Liabilities

Group as a lessee

The Group has lease contracts for its office spaces and stores. Lease contracts office spaces usuallay has terms of 20 to 25 years while leases of stores usually has terms of 3 to 15 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group also has certain leases of stores with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The rollforward analysis of this account follows:

	2021	2020
Cost		_
Balance at beginning of year	P1,808,953,814	₽1,637,933,084
Additions	_	261,876,559
Pre-terminations	_	(90,855,829)
Balance at end of year	₽1,808,953,814	₽1,808,953,814
Accumulated Amortization		
Balance at beginning of year	P 497,489,754	₽224,309,814
Amortization	34,606,311	148,368,580
Lease concessions	32,057,431	138,357,193
Pre-terminations	_	(13,545,833)
Balance at end of year	564,153,496	497,489,754
Net Book Value	P1,244,800,318	₽1,311,464,060

The rollforward analysis of lease liabilities follows:

	2021	2020
Balance at beginning of year	P1,530,603,019	₽1,598,627,163
Additions	_	259,663,593
Interest expense	24,596,092	105,789,642
Payments	(53,338,355)	(203,225,951)
Pre-terminations	_	(91,894,235)
Lease concessions	(32,057,431)	(138, 357, 193)
Balance at end of year	1,469,803,325	1,530,603,019
Current portion of lease liabilities	209,886,325	211,544,249
Lease liabilities -net of current portion	P1,259,917,000	₽1,319,058,770

The Group has lease contracts for stores that contains variable payments based on the gross sales. The following provides information on the Group's variable lease payments, including the magnitude in relation to fixed payments:

	Fixed	Variable	
	Payments	Payments	Total
Fixed	P35,746,597	₽–	P35,746,597
Variable rent with minimum payment	17,591,758	13,720,190	31,311,948
Variable rent only	_	254,968	254,968
As at March 31, 2021	P53,338,355	P13,975,158	P67,313,512
			_
	Fixed	Variable	
	Payments	Payments	Total
Fixed	₽42,031,024	₽–	₽42,031,024
Variable rent with minimum payment	39,890,569	17,473,838	57,364,407
Variable rent only	_	176,950	176,950
As of March 31, 2020	₽81,921,593	₽17,650,789	₽99,572,381

14. Accounts Payable and Other Current Liabilities

	March 31,	December 31,
	2021	2020
Trade:		
Suppliers	£ 276,571,108	₽372,469,808
Related parties	29,372,790	56,154,616
Nontrade	76,163,107	50,961,628
Accrued expenses:		
Suppliers	103,820,831	104,160,624
Interest	44,194,570	5,225,000
Utilities	38,773,912	42,924,172
Salaries and wages	29,551,377	48,596,636
Customers loyalty	18,330,235	15,112,737
Others	129,928,025	105,566,652
	P746,705,955	₽801,171,873

Below are the terms and conditions of the financial liabilities:

- Trade payables are non-interest bearing and are normally settled in 30 to 90 days' term.
- Nontrade payables consist mainly of reimbursable expenses to officers and employees, payable to contractors and employment agencies which are normally settled in 30 to 90 days' term.
- Accrued expenses, which consist mainly of accrual of rent expense of stores, utilities, employee benefits and incentives, freight, commissions and storage costs are normally settled in 30 to 90 days' term.
- Customers loyalty pertain to accumulated points which are generally applied to customer purchases within the next financial year. Revenue is recognized upon actual usage or expiration whichever comes first.
- Other payables are normally settled in 15 to 45 days' term.

Other payables consist of the following:

	March 31,	December 31,
	2021	2020
Provision	P37,033,000	₽37,033,000
Customers' deposits	36,521,532	11,719,001
Output VAT	30,080,233	27,841,838
Withholding tax payable	9,896,038	10,580,738
Due to cooperative	5,867,954	8,305,794
SSS, Philhealth and Pag-ibig payable	4,199,704	5,633,872
Fun certificates payable	2,857,494	2,631,055
Others	3,472,070	1,821,354
	₽129,928,025	₽105,566,652

15. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Group; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual.

Outstanding balances at year-end are unsecured and settlement occurs in cash throughout the financial year. There have been no guarantees provided or received for any related party receivables or payables. For the Three months ended March 31, 2021 and 2020, the Group has not recorded any impairment of receivables on amounts owed by the related parties. The assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The Group, in the normal course of business, has significant transactions with the following companies which have common members of BOD and stockholders as the Group:

			Amount/ Volume	Outstanding Balance			
Category	Nature	Year	of transaction	Receivable	Payable	Terms	Conditions
Century Pacific Group Inc. (CPC	GI, Ultimate Parent Company)						
Purchases	Purchase of raw materials	2021	1,941,956	3,082,355	-	30-day; non-interest	Unsecured
	and goods at agreed prices	2020	2,412,615	3,082,080	_	bearing	
	usually on a cost plus basis						
•	rs of BOD and stockholders as the C	Group					
The Pacific Meat Company Inc.							
Sales	Sale of goods at prices	2021	5,490,068	15,565,195	_	30-day; non-interest	Unsecured; not
	(normally on cost plus basis)	2020	8,018,469	14,801,958	_	bearing	impaired
	mutually agreed upon by						
	both parties						
Purchases	Purchase of raw materials	2021	21,650,810	-	23,537,364	30-day; non-interest	Unsecured
	and goods at agreed prices	2020	3,327,866	-	49,190,062	bearing	
	usually on a cost plus						
	basis						
DBE Project Inc. (DBE)							
Trade sales and service income	Sale of goods at prices	2021	5,934	2,707,521	_	30-day; non-interest	Unsecured; not
	(normally on cost plus	2020	508,295	2,700,958	_	bearing	impaired
	basis) mutually agreed						
	upon by both parties						
Purchases	Purchase of raw materials	2021	_	_	333,045	30-day; non-interest	Unsecured
	and goods at agreed prices	2020	_	_	333,045	bearing	
	usually on a cost plus						
	basis						

(Forward)

			Amount/ Volume	Outstanding Balance		_	
Category	Nature	Year	of transaction	Receivable	Payable	Terms	Conditions
Snow Mountain Dairy Co	orporation (SMDC)						
Purchases	Purchase of raw materials	2021	_	_	367,200	30-day; non-interest	Unsecured
	and goods at agreed prices usually on a cost plus basis	2020	708,239	_	367,200	bearing	
Century Pacific Food Inc.	. (CPFI)						
Sales	Sale of goods at prices	2021	5,637,639	11,075,342	_	30-day; non-interest	Unsecured; not
	(normally on cost plus basis) mutually agreed upon by both parties	2020	5,873,209	12,104,612	-	bearing	impaired
Purchases	Purchase of raw materials	2021	3,798,957	_	5,135,181	30-day; non-interest	Unsecured
	and goods at agreed prices usually on a cost plus basis	2020	3,845,149	-	6,264,309	bearing	
		2021		P32,430,413	P29,372,790		
		2020		32,689,608	56,154,616		

Compensation of Key Management Personnel

The salaries and pension costs of key management personnel in 2021 and 2020 are as follows:

	For the Three months ended March 31,		
	2021	2020	
Salaries	P68,838,537	₽85,562,990	
Pension costs	12,688,175	5,030,792	
	P81,526,712	₽90,593,782	

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

16. Short-term Loans Payable

	2021	2020
Balance at beginning of year	P1,050,000,000	₽550,000,000
Additions	_	1,500,000,000
Payments	(300,000,000)	(1,000,000,000)
Balance at end of year	₽ 750,000,000	₽1,050,000,000

As at March 31, 2021, the loan has outstanding amount of \$\mathbb{P}750.0\$ million with interest ranging from 3.50% to 5.50% per annum. Interest expense pertaining to short-term loans amounting to \$\mathbb{P}10.6\$ million and \$\mathbb{P}5.8\$ million was recognized for the periods ended March 31, 2021 and 2020, respectively.

17. Long-term Loan Pavable

Long-term facility loan

On June 8, 2016, the Group entered into an Omnibus Loan and Security Agreement (OLSA) with BDO Unibank, Inc. (the Lender) and SAFHI. The lender provided a term loan facility in the principal amount of \$\mathbb{P}5,000.0\$ million.

The breakdown of the loan is as follows:

	March 31,	December 31,
	2021	2020
Principal	P3,800,000,000	₽3,800,000,000
Less unamortized debt issue costs	11,402,631	11,402,631
	3,788,597,369	3,788,597,369
Less current portion of long-term loan	48,099,942	48,099,942
Noncurrent portion	P3,740,497,427	₽3,740,497,427

The loan is payable within 10 years to commence on the 12^{th} month following the availment date. Payments shall be made in 18 consecutive semi-annual installments of \$\mathbb{P}25.0\$ million and a final payment of \$\mathbb{P}4,550.0\$ million.

The loan's interest is to be fixed at the higher of 5-year PDST-R2 plus a spread of 0.75% or 4.5% floor rate for the first 5 years, to be repriced at the last 5 years. Management has assessed that the interest rate floor on the loan is an embedded derivative which is not for bifurcation since the market rate approximates the floor rate at the transaction date.

The loan facility also contains a prepayment provision which allows the Group to make optional prepayment in the amount calculated by the lender comprising (i) the outstanding principal amount

of the Loan to be prepaid, and (ii) any accrued interest on the principal amount of the Loan being prepaid computed as of the date of prepayment. The prepayment option was assessed as closely related to the loan and thus, was not bifurcated.

On December 22, 2016, the Group notified BDO of its intention to prepay the loan amounting to \$\mathbb{P}\$1,000.0 million. The exercise of the prepayment option resulted in the revision of estimated future payments and change in the carrying amount of the financial liability as at December 31, 2016.

As at March 31, 2021 and December 31, 2020, the Group is in compliance with the covenants.

Interest expense amounting to \$\mathbb{P}44.6\$ million and \$\mathbb{P}44.2\$ million was recognized for the three months ended March 31, 2021 and 2020, respectively.

14. Equity

Capital Stock

	Number of	
	shares	Amount
Authorized capital stock - ₱1 par value:	2,000,000,000	₽2,000,000,000
Issued and outstanding capital stock - ₽1 par value	1,531,321,053	1,531,321,053

Below is the Parent Company's track record of the registration of securities:

Date of SEC Order				
Rendered Effective or		Authorized		Issue
Permit to Sell	Event	Capital Stock	Issued Shares	Price
December 1, 2016	Registered and Listed Shares (Original Shares) Initial Public Offering (IPO)	2,000,000,000	1,179,321,053	₽1.00
December 1, 2016	Primary	2,000,000,000	104,000,000	11.26
	Secondary	2,000,000,000	202,000,000	11.26
	Over-allotment Option	2,000,000,000	46,000,000	11.26

The issued and outstanding shares as at March 31, 2021 and December 31, 2020 are held by 39 and 38 equity holders, respectively.

Retained Earnings

Details of cash dividends declared in 2020, 2019 and 2018 are as follows:

	Divide		
	Rate		
Date of Declaration	(per share)	Amount	Record Date
August 16, 2018	0.10	153,132,105	October 10, 2018
June 20, 2019	0.10	153,132,105	July 19, 2019
July 15, 2020	0.01	15,313,210	August 14, 2020

There is no outstanding dividends payable as at March 31, 2021 and December 31, 2020.

Undistributed earnings of the subsidiaries included in the Group's retained earnings amounting to ₱193.1 million as at March 31, 2021 and ₱191.2 million as at December 31, 2020 are not currently available for dividend distribution.

APIC

Amount received in excess of the par values of the shares issued amounting to \$\mathbb{P}\$1,353.6 million were recognized as "APIC".

15. Earnings per Share (EPS)

Basic EPS is computed based on the weighted average number of issued and outstanding common shares during each year. Diluted EPS is computed as if the potential common share or instrument that may entitle the holder to common share were exercised as of the beginning of the year. When there are no potential common shares or other instruments that may entitle the holder to common shares, diluted EPS, is the same as the basic EPS.

There are no dilutive financial instruments as of March 31, 2021 and December 31, 2020, hence, diluted EPS is the same as the basic EPS.

The Group's EPS were computed as follows: H8

For t	the Three months	ended March 31,
	2021	2020
(a) Net income loss	P28,724,734	₽113,579,925
(b) Weighted average number of shares outstanding	1,531,321,053	1,531,321,053
Basic/ diluted EPS (a/b)	P0.02	₽0.07

16. Financial Risks Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents, AFS investments and loan to a related party. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables, rental deposit, accounts payable and other current liabilities arising directly from operations and dividends payable.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and equity price risk on AFS investment. The BOD reviews and approves policies for managing each of these risks and they are summarized below:

Credit Risk. Credit risk is the risk that the Group will incur a loss because its customers or counterparties failed to discharge their contractual obligations. The Group manages and controls credit risk by trading only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The main risks arising from the Group's financial instruments are credit risk, liquidity risk and equity price risk on AFS investment. The BOD reviews and approves policies for managing each of these risks and they are summarized below:

The table below shows the maximum exposure to credit risk for the Group's financial assets, without taking account of any collateral and other credit enhancements:

	2021	2020
Cash*	P453,830,278	₽553,624,434
Financial assets at FVPL	_	120,000,000
Trade and other receivables:		
Trade receivables	320,224,385	285,437,396
Receivable from NAF	126,599,550	140,304,750
Royalty receivable	41,324,607	37,339,494
Receivable from franchisees	17,482,612	24,372,171
Receivable from employees	11,197,889	12,012,283
Advances	_	10,311,752
Other receivables	41,348,003	51,226,724
Rental and other deposits	195,405,526	173,125,540
Total credit risk exposure	P1,207,412,849	₽1,407,754,544

^{*}Excluding cash on hand.

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

				2021		
	Neither Past Due	Past I	Oue but not Imp	aired		
	nor Impaired	1–180 Days	Over 181 days	Subtotal	Impaired	Total
Cash*	P453,830,278	₽–	₽–	₽–	₽-	P453,830,278
Trade and other receivables:						
Trade receivables	265,671,944	42,537,915	12,014,526	54,552,441	4,492,526	324,716,911
Receivable from NAF	126,599,550	_	_	_	_	126,599,550
Royalty receivable	41,324,607	_	_	_	_	41,324,607
Receivable from franchisees	17,482,612	_	_	_	_	17,482,612
Receivable from employees	4,054,825	6,968,713	174,351	7,143,064	1,145,567	12,343,456
Other receivables	33,080,845	6,316,166	1,950,992	8,267,158	480,914	41,828,917
Rental and other deposits	195,405,526			, , , _	3,297,293	198,702,819
	P1.137.450.187	₽55,822,794	₽14,139,868	P69,962,663	₽9,416,300	P1,216,829,149

*Excluding	0001		Land
*Excinaing	casn	on	riana.

	2020					
	Neither					
	Past Due	Past	Due but not Impa	ired		
	nor Impaired	1-180 Days	Over 181 days	Subtotal	Impaired	Total
Cash*	₽553,624,434	₽–	₽–	₽–	₽–	₽553,624,434
Financial assets at FVPL	120,000,000	_	_	_	_	120,000,000
Trade and other receivables:						
Trade receivables	247,824,019	27,584,267	10,029,110	37,613,377	4,492,526	289,929,922
Receivable from NAF	140,304,750	_	_	_	_	140,304,750
Royalty receivable	37,339,494	_	_	_	_	37,339,494
Receivable from franchisees	24,372,171	_	_	_	_	24,372,171
Receivable from employees	1,670,906	10,167,026	174,351	10,341,377	1,145,567	13,157,850
Advances	10,311,752	_	_	_	_	10,311,752
Other receivables	32,609,056	14,706,654	3,911,014	18,617,668	480,914	51,707,638
Rental and other deposits	173,125,540	_	_	_	3,297,293	176,422,833
	₽1,341,182,122	₽52,457,947	₽14,114,475	₽66,572,422	₽9,416,300	₽1,417,170,844

^{*}Excluding cash on hand.

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

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

	2021

	High grade	Medium grade	Standard grade	Total
Cash*	P453,830,278	P –	₽–	P453,830,278
Trade and other receivables:				
Trade receivables	249,053,284	5,893,925	10,724,735	265,671,944
Royalty receivable	41,324,607	_	_	41,324,607
Receivable from NAF	_	_	126,599,550	126,599,550
Receivable from franchisee	_	_	17,482,612	17,482,612
Receivable from employees	_	_	4,054,825	4,054,825
Other receivables	24,711,398	8,369,447	_	33,080,845
Rental and other deposits	_	_	195,405,526	195,405,526
	P768.919.567	P14.263.372	P354.267.248	P1.137.450.187

*Excluding cash on hand.

	2020					
	High grade	Medium grade	Standard grade	Total		
Cash*	P553,624,434	₽–	₽–	P553,624,434		
Financial assets at FVPL	120,000,000	_	_	120,000,000		
Trade and other receivables:						
Trade receivables	229,843,566	5,497,969	12,482,484	247,824,019		
Royalty receivable	37,339,494	_	_	37,339,494		
Receivable from NAF	_	_	140,304,750	140,304,750		
Receivable from franchisee	_	_	24,372,171	24,372,171		
Receivable from employees	_	_	1,670,906	1,670,906		
Advances	_	_	10,311,752	10,311,752		
Other receivables	23,706,790	8,902,266	_	32,609,056		
Rental and other deposits	_	_	173,125,540	173,125,540		
	P964,514,284	P14,400,235	P362,267,603	₽1,341,182,122		

^{*}Excluding cash on hand.

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

Liquidity Risk. Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet or settle its obligations at a reasonable price.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of advances to related parties. The Group maintains sufficient cash to finance its operations.

The Group manages its liquidity risk by maintaining strength and quality on financial position where debt-to-equity ratio is at a manageable level. The Group also maintains a financial strategy that the scheduled debts are within the Group's ability to generate cash from its business operations.

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

2021

			2021			
	Due and				Over	
	Demandable	< 90 Days	91–180 Days	181-365 Days	365 Days	Total
Cash	P519,594,662	₽–	₽-	₽–	₽–	P519,594,662
Trade and other receivables						
Trade	265,671,944	42,537,915	_	12,014,526	4,492,526	324,716,911
Royalty receivables	41,324,607	_	_	_	_	41,324,607
Receivable from NAF	126,599,550	_	_	_	_	126,599,550
Receivable from franchisees	17,482,612	_	_	_	_	17,482,612
Receivables from employees	4,054,825	6,968,713	174,351	_	1,145,567	12,343,456
Other receivables	33,080,845	6,316,166	· -	1,950,992	480,914	41,828,917
Rental and other deposits	195,405,526	_	-	-	3,297,293	198,702,819
	1,203,214,570	55,822,794	174,351	13,965,517	9,416,300	1,282,593,533
Accounts payable and other						
current liabilities:						
Trade payables	_	305,943,896	_	_	_	305,943,896
Nontrade payables	_	76,163,107	_	_	_	76,163,107
Accrued expenses	_	234,670,925	_	_	_	234,670,925
Other payables*	_	85,752,050	_	_	_	85,752,050
Dealers' deposit and other						
noncurrent payables	_	_	_	_	40,568,793	40,568,793
Short-term loans payable**	_	760,125,000	_	_	_	760,125,000
Long-term loans payable**	-	151,918,025	-	151,774,175	4,843,937,698	5,147,629,898
	_	1,614,573,003	_	151,774,175	4,884,506,491	6,650,853,669
Liquidity gan	P1.203.214.570	(£1.558.750.209)	P174.351	(P137.808.658)	(P4.875.090.191)	(P5.368.260.136)

^{*}Excluding statutory payables.
**Including future interest payments.

			2020			
	Due and				Over	
	Demandable	< 90 Days	91-180 Days	181-365 Days	365 Days	Total
Cash	₽553,624,434	₽–	₽–	₽–	₽–	₽553,624,434
Financial assets at FVPL	120,000,000	_	_	_	_	120,000,000
Trade and other receivables						
Trade	247,824,019	27,584,267	_	10,029,110	4,492,526	289,929,922
Royalty receivables	37,339,494	_	_	_	_	37,339,494
Receivable from NAF	140,304,750	_	_	_	_	140,304,750
Receivable from franchisees	24,372,171	_	_	_	_	24,372,171
Receivables from employees	1,670,906	5,693,535	4,473,491	174,351	1,145,567	13,157,850
Advances	10,311,752	_	_	_	_	10,311,752
Other receivables	32,609,056	14,706,654	_	3,911,014	480,914	51,707,638
Rental and other deposits	173,125,540	_	_	_	3,297,293	176,422,833
	1,341,182,122	47,984,456	4,473,491	14,114,475	9,416,300	1,417,170,844
Accounts payable and other						
current liabilities:						
Trade payables	_	427,298,167	1,326,257	_	_	428,624,424
Nontrade payables	_	45,682,280	_	5,279,348	_	50,961,628
Accrued expenses	_	216,019,169	_	_	_	216,019,169
Other payables*	_	75,093,759	_	_	_	75,093,759
Dealers' deposit and other						
noncurrent payables	_	_	_	_	41,240,550	41,240,550
Short-term loans payable**	_	100,875,000	707,145,833	255,833,333	_	1,063,854,166
Long-term loans payable**	_	63,479,894	88,438,131	151,774,175	4,843,937,698	5,147,629,898
	-	928,448,269	796,910,221	412,886,856	4,883,226,688	7,023,423,594
Liquidity gap	₽1,341,182,122	(P 880,463,813)	(P 792,436,730)	(P 398,772,381)	(P4,873,810,388)	(£5,606,252,750)

^{*}Excluding statutory payables.

Capital Management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern, so that it can to provide returns to stockholders and benefits to others stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group adjust the dividend payment to stockholders, return capital to stockholders or issue new shares.

^{**}Including future interest payments.

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

	March 31,	December 31,
	2021	2020
Total liabilities	P7 ,035,159,647	₽ 7,435,628,190
Total equity	4,813,088,721	4,784,363,987
	1.46:1	1.55:1

17. Fair Value Information

Fair value is defined as the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale.

Financial Instruments Whose Carrying Amounts Approximate Fair Value. Management has determined that the carrying amounts of cash, trade and other receivables, accounts payable and other current liabilities and dividends payable, based on their notional amounts, reasonably approximates their fair values because these are mostly short-term in nature or are repriced frequently.

Other Financial Instruments. Set out below is a comparison by category of carrying amounts and estimated fair values of the Group's financial instruments other than those described above:

		As at March 31,	2021	
			Fair '	Value
		Carrying	Level 1	Level 2 Significant Observable
	Date of Valuation	Value	Quoted	Input
Assets for which fair values are disc	losed -			
Rental deposits	March 31, 2021	P159,903,024	₽-	P158,734,522
Liabilities for which fair values are	disclosed:			
Long-term loans payable	March 31, 2021	P3,788,597,369	₽-	P4,528,403,943
Dealers' deposits	March 31, 2021	19,457,642	_	15,803,518
		P3,808,055,011	₽-	P4,544,207,461

	As at December 31, 2020			
			Fair '	Value
				Level 2
				Significant
			Level 1	Observable
	Date of Valuation	Carrying Value	Quoted	Input
Assets for which fair values are disclosed -				
Financial assets at FVPL	December 31, 2020	₽120,000,000	₽-	₽120,000,000
Rental deposits	December 31, 2020	176,597,476	_	175,306,979
		₽296,597,476	₽-	₽295,306,979
Liabilities for which fair values are disclose	ed:			
Long-term loans payable	December 31, 2020	₽3,788,597,369	₽-	£ 4,528,403,943
Dealers' deposits	December 31, 2020	23,710,436	_	19,257,642
		₽3,812,307,805	₽-	₽4,547,661,585

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Rental Deposits. The fair values were obtained by discounting the instruments' expected cash flows using interest rates of 1.12% to 10.39% as at March 31, 2021 and December 31, 2020.

Long-term loans Payable. The fair value of loan payable which was discounted using prevailing market rate of 2.57% and 4.22% as at March 31, 2021 and December 31, 2020 approximates the carrying value since these bear interest at current market rates. Fair value category is Level 2, significant observable inputs.

Dealers' Deposits. The fair values were obtained by discounting the instruments' expected cash flows using interest rates of 4.46% and 7.05% as at March 31, 2021 and December 31, 2020.

As at March 31, 2021 and December 31, 2020, there were no transfers between Level 1 and 2 fair value measurements.

Appendix 9

Annual Stockholders' Meeting Minutes July 15, 2020

MINUTES

OF THE

ANNUAL MEETING OF STOCKHOLDERS OF SHAKEY'S PIZZA ASIA VENTURES INC.

Via Remote Communication WEDNESDAY, July 15, 2020, AT 8:30 O'CLOCK IN THE MORNING

Number of shares held by shareholders:

Present in Person or Represented by Proxy, 1,261,609,656

and Participant Brokers

Number of Total Outstanding Shares 1,531,321,053

Preferred and Common

Percentage of the Total Shares Represented 82.39%

By Proxies and In Person

Incumbent Directors Present:

Mr. Christopher T. Po Chairman Mr. Ricardo Gabriel T. Po Vice Chairman Mr. Teodoro Alexander T. Po Vice Chairman Mr. Vicente L. Gregorio President and CEO

Mr. Leonardo Arthur T. Po Treasurer Ms. Eileen Grace Z. Araneta Director

Mr. Paulo L. Campos III **Independent Director** Mr. Fernan Victor P. Lukban Independent Director Ms. Frances J. Yu **Independent Director**

Also Present:

Atty. Maria Rosario L. Ybanez Corporate Secretary

I. Call to Order

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

II. Proof of Notice and Determination of Existence of Quorum

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

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

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

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

IV. President's Report on Operations

The President then presented the Report on Operations for 2019.

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

The company's top three priorities continue to be:

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

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

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

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

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

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

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

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

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

VI. Election of the Board of Directors

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

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

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

Independent Directors:

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

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

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

members of the Board of Directors of the Corporation for the year 2019 as duly elected to the Board of Directors. The results of the votes are as follows:

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

VII. Appointment of External Auditor

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

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

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

VIII. Other Matters

The Chairman inquired if there is any other matter which may be properly taken up by the stockholders in the meeting, and the Corporate Secretary stated that there are no other matters for stockholders' approval.

IX. Adjournment

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

MARIA ROSARIO L. YBANEZ

Corporate Secretary

ATTESTED:

CHRISTOPHER T. PO

Chairman

Appendix 10

Schedule of Board and Committee Meetings for 2020

DATE OF MEETING	TYPE OF MEETING
February 11, 2020	Authority To Transfer Ownership Of Vehicles; Authorized
	Signatory For First Metro Securities Brokerage, Inc.
Feb. 20, 2020	Review and Approval of Previous Minutes of Meeting, Financial Results, 2020 Consolidated P&L and CAPEX Budget; Supercard Upgrade and Launch, Project DASH, Project PEARL
March 13, 2020	Liquidation Plan of Anchor Wood International Limited
March 17, 2020	Attendance and Participation Of Directors Of The
	Corporation In Regular And Special Meetings Through Remote Communication; Board Meetings Of Directors Or Trustees
April 03, 2020	Authorized signatories for Banco de Oro; Authorized
,	signatories for transactions with Grab Express, Inc.
April 17, 2020	Notice of Annual Stockholders' Meeting
April 22, 2020	Authority to Issue Financial Statements
April 27, 2020	Postponement of Annual Stockholders' Meeting
May 15, 2020	Revised Notice of Annual Stockholders' Meeting
June 19, 2020	Authorization of Giovanna M. Vera To Represent the
	Corporation For Various Government Agencies
July 15, 2020	Regular Meeting of the Board, Approval of Minutes of the Annual Stockholders' Meeting held on June 20, 2019, President's Report on Operations, Approval and Ratification of All Acts of the Board of Directors, Board Committees, and Management for the year 2019; Election of the Board of Directors, Appointment of External Auditor; Declaration of Cash Dividends
August 10, 2020	Authorized signatories Represent the Corporation For Various Government Agencies
August 20, 2020	Review and Approval of Previous Minutes of Meeting, Financial Results, Cashflow Update; Mr. Vicente L. Gregorio as authorized signatory with transactions with Globe Telecom, Inc.
October 09, 2020	Authority to Enter into A Negotiated Sale With Department Of Transportation For A Right Of Way Payment; Authority To Accept Offer as Negotiated Right of Way Payment
November 16, 2020	Application For A Credit Line With San Miguel Foods, Inc. – Great Food Solutions
November 19, 2020	Review and Approval of Previous Minutes of Meeting, Financial Results, Project Dash Update, Project Phoenix Update; Mr. Vicente L. Gregorio as authorized signatory for the Memorandum of Agreement to sublease a commercial lot in Makati City
December 21, 2020	Official E-Mail And Mobile Number Of The Company As Required By The Securities And Exchange Commission

Schedule of Audit Committee Meetings for 2020

DATE OF MEETING	TYPE OF MEETING
March 30, 2020	Presentation of 2019 Financial Results; Presentation of
	external audit for the 2019 audit; Results of 2019 internal
	audit; COVID-19 Update
May 28, 2020	Presentation of Q1 2020 Financial Results; Internal Audit
	Update; Post-COVID Organization Restructuring
August 3, 2020	Presentation of 1H 2020 Financial Results; Internal Audit
	Results Summary; COVID-19 Update (Project Right Sizing)
November 9, 2020	Presentation of external audit for the 2021 audit;
	Presentation of Q3 2020 Financial Results; Wrap-up of 2020
	Internal Audit results

Schedule of Corporate Governance Committee Meetings for 2020

DATE OF MEETING	TYPE OF MEETING
February 20, 2020	Results of the Board of Directors' Self-Assessment Survey;
	Moving from Corporate Social Responsibility to
	sustainability purpose-driven journey. Assign the
	Subcommittee to focus on the ESG issues and expanding the
	Corporate Governance Subcommittee's scope beyond the
	governance but to environmental and social as well.
November 19, 2020	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; Approval of
	Amended Corporate Governance and Sustainability Charter

Schedule of Related Party Transactions Committee Meetings for 2020

DATE OF MEETING	TYPE OF MEETING
February 20, 2020	Review of Related Party Transactions for FY 2019
November 19, 2020	Review of Related Party Transactions for 2020

Schedule of the Risk Oversight Committee Meeting for 2020

DATE OF MEETING	TYPE OF MEETING
August 20, 2020	COVID-19 Risk Assessment and Mitigation Measures

Attendance in Board of Directors' Meetings

DATE OF MEETING	ATTENDANCE
February 11, 2020	PRESENT:
	Christopher T. Po
	Ricardo Gabriel T. Po
	Teodoro Alexander T. Po
	Leonardo Arthur T. Po
	Fernan Victor P. Lukban
	Paulo L. Campos III
	Frances J. Yu
	Eileen Grace Z. Araneta
	ABSENT:
	None
February 20, 2020	PRESENT:
	Christopher T. Po
	Ricardo Gabriel T. Po
	Teodoro Alexander T. Po
	Leonardo Arthur T. Po
	Fernan Victor P. Lukban
	Paulo L. Campos III
	Frances J. Yu
	Eileen Grace Z. Araneta
	ABSENT:
	None
March 13, 2020	PRESENT:
1941 611 13, 2020	Christopher T. Po
	Ricardo Gabriel T. Po
	Teodoro Alexander T. Po
	Leonardo Arthur T. Po
	Fernan Victor P. Lukban
	Paulo L. Campos III
	Frances J. Yu
	Eileen Grace Z. Araneta
	ABSENT:
	None
March 17, 2020	PRESENT:
	Christopher T. Po
	Ricardo Gabriel T. Po
	Teodoro Alexander T. Po
	Leonardo Arthur T. Po
	Fernan Victor P. Lukban
	Paulo L. Campos III
	Frances J. Yu
	Eileen Grace Z. Araneta
	ABSENT:
	None
April 03, 2020	PRESENT:
	Christopher T. Po
	Ricardo Gabriel T. Po

	Teodoro Alexander T. Po
	Leonardo Arthur T. Po
	Fernan Victor P. Lukban
	Paulo L. Campos III
	Frances J. Yu
	Eileen Grace Z. Araneta
	Eliceli di ace Z. Ai alieta
	ABSENT:
	None
A . :1 17 2020	
April 17, 2020	PRESENT:
	Christopher T. Po
	Ricardo Gabriel T. Po
	Teodoro Alexander T. Po
	Leonardo Arthur T. Po
	Fernan Victor P. Lukban
	Paulo L. Campos III
	Frances J. Yu
	Eileen Grace Z. Araneta
	ABSENT:
	None
April 22, 2020	PRESENT:
11p111 22, 2020	Christopher T. Po
	Ricardo Gabriel T. Po
	Teodoro Alexander T. Po
	Leonardo Arthur T. Po
	Fernan Victor P. Lukban
	Paulo L. Campos III
	Frances J. Yu
	Eileen Grace Z. Araneta
	ABSENT:
	None
April 27, 2020	PRESENT:
	Christopher T. Po
	Ricardo Gabriel T. Po
	Teodoro Alexander T. Po
	Leonardo Arthur T. Po
	Fernan Victor P. Lukban
	Paulo L. Campos III
	Frances J. Yu
	Eileen Grace Z. Araneta
	Eliceli di dec Zi ili diletti
	ABSENT:
	None
May 15, 2020	PRESENT:
174y 10, 2020	Christopher T. Po
	Ricardo Gabriel T. Po
	Teodoro Alexander T. Po
	Leonardo Arthur T. Po
	Fernan Victor P. Lukban
	Paulo L. Campos III
	Frances J. Yu
	Eileen Grace Z. Araneta
	

	ABSENT:
	None
June 19, 2020	PRESENT:
June 19, 2020	Christopher T. Po
	Ricardo Gabriel T. Po
	Teodoro Alexander T. Po
	Leonardo Arthur T. Po
	Fernan Victor P. Lukban
	Paulo L. Campos III
	Frances J. Yu
	Eileen Grace Z. Araneta
	Elleell Grace L. Aralleta
	ABSENT:
	None
July 15, 2020	PRESENT:
july 13, 2020	Christopher T. Po
	Ricardo Gabriel T. Po
	Teodoro Alexander T. Po
	Leonardo Arthur T. Po
	Fernan Victor P. Lukban
	Paulo L. Campos III
	Frances J. Yu
	Eileen Grace Z. Araneta
	Elleell Grace L. Aralleta
	ABSENT:
	None
August 10, 2020	PRESENT:
11ugust 10, 2020	Christopher T. Po
	Ricardo Gabriel T. Po
	Teodoro Alexander T. Po
	Leonardo Arthur T. Po
	Fernan Victor P. Lukban
	Paulo L. Campos III
	Frances J. Yu
	Eileen Grace Z. Araneta
	Encen drace Ermanea
	ABSENT:
	None
August 20, 2020	PRESENT:
1148430 20, 2020	Christopher T. Po
	Ricardo Gabriel T. Po
	Teodoro Alexander T. Po
	Leonardo Arthur T. Po
	Fernan Victor P. Lukban
	Paulo L. Campos III
	Frances J. Yu
	Eileen Grace Z. Araneta
	ABSENT:
	None
	I

Oatobox 00 2020	DDECENT.
October 09, 2020	PRESENT:
	Christopher T. Po
	Ricardo Gabriel T. Po
	Teodoro Alexander T. Po
	Leonardo Arthur T. Po
	Fernan Victor P. Lukban
	Paulo L. Campos III
	Frances J. Yu
	Eileen Grace Z. Araneta
	2.00.0.0.0.0.0.0.0.0.0.0.0.0.0.0.0.0.0.
	ABSENT:
	None
November 16, 2020	PRESENT:
November 16, 2020	
	Christopher T. Po
	Ricardo Gabriel T. Po
	Teodoro Alexander T. Po
	Leonardo Arthur T. Po
	Fernan Victor P. Lukban
	Paulo L. Campos III
	Frances J. Yu
	Eileen Grace Z. Araneta
	ABSENT:
	None
November 19, 2020	PRESENT:
1,000011001 19,2020	Christopher T. Po
	Ricardo Gabriel T. Po
	Teodoro Alexander T. Po
	Leonardo Arthur T. Po
	Fernan Victor P. Lukban
	Paulo L. Campos III
	Frances J. Yu
	Eileen Grace Z. Araneta
	ABSENT:
	None
December 21, 2020	PRESENT:
· ·	Christopher T. Po
	Ricardo Gabriel T. Po
	Teodoro Alexander T. Po
	Leonardo Arthur T. Po
	Fernan Victor P. Lukban
	Paulo L. Campos III
	Frances J. Yu
	Eileen Grace Z. Araneta
	ADGENT
	ABSENT:
	None

Attendance in Audit Committee Meetings

DATE OF MEETING	ATTENDANCE
March 30, 2020	Present:
	FERNAN VICTOR P. LUKBAN
	PAULO L. CAMPOS, III
	RICARDO GABRIEL T. PO
	Absent: None
May 28, 2020	Present:
	FERNAN VICTOR P. LUKBAN
	PAULO L. CAMPOS, III
	RICARDO GABRIEL T. PO
	Absent: None
August 3, 2020	Present:
	FERNAN VICTOR P. LUKBAN
	PAULO L. CAMPOS, III
	RICARDO GABRIEL T. PO
	Absent: None
November 9, 2020	Present:
	FERNAN VICTOR P. LUKBAN
	PAULO L. CAMPOS, III
	RICARDO GABRIEL T. PO
	Absent: None

Attendance in Board Risk Committee Meetings

DATE OF MEETING	ATTENDANCE
August 20, 2020	Present: FRANCES J. YU FERNAN VICTOR P. LUKBAN RICARDO GABRIEL T. PO
	Absent: None

Attendance in Corporate Governance Committee Meetings

DATE OF MEETING	ATTENDANCE
February 20, 2020	Present:
	PAULO L. CAMPOS, III
	FERNAN VICTOR P. LUKBAN
	EILEEN GRACE Z. ARANETA
	Absent: None
November 19, 2020	Present:
	PAULO L. CAMPOS, III
	FERNAN VICTOR P. LUKBAN
	EILEEN GRACE Z. ARANETA
	Absent: None

Attendance in Related Party Transactions Committee Meetings

DATE OF MEETING	ATTENDANCE
February 20, 2020	Present:
	PAULO L. CAMPOS, III
	FERNAN VICTOR P. LUKBAN
	RICARDO GABRIEL T. PO
	Absent: None
November 19, 2020	Present:
	PAULO L. CAMPOS, III
	FERNAN VICTOR P. LUKBAN
	RICARDO GABRIEL T. PO
	Absent: None

APPENDIX 11

List of SEC Form 23-B (Director Disclosure on Self-dealings)

List of 23-B:

Reporting Person	Shares Bought / Sold	Date
Vicente L. Gregorio	20,000	January 27, 2020
Century Pacific Food, Inc.	8,000,000	January 31, 2020
Alois Brielbeck	59,600	March 18, 2020
Vicente L. Gregorio	800,500	March 18, 2020
Manuel T. Del Barrio	107,900	March 25, 2020
Jose Arnold T. Alvero	37,400	March 25, 2020
Jorge Maria Q. Concepcion	105,800	March 25, 2020
Vicente L. Gregorio	4,000	April 21, 2020
Vicente L. Gregorio	46,000	April 23, 2020
Vicente L. Gregorio	50,000	May 26, 2020
Century Pacific Group, Inc.	2,050,000	August 24, 2020
Century Pacific Group, Inc.	74,200	August 25, 2020
Century Pacific Group, Inc.	79,500	August 26, 2020
Century Pacific Group, Inc.	276,300	September 4, 2020
Century Pacific Group, Inc.	776,200	September 9, 2020
Century Pacific Group, Inc.	392,700	September 25, 2020
Vicente L. Gregorio	100,000	September 25, 2020
Century Pacific Group, Inc.	10,000,000	October 9, 2020
Vicente L. Gregorio	100,000	November 18, 2020
Vicente L. Gregorio	50,000	January 4, 2021
Manuel T. Del Barrio	52,442	January 8, 2021
Jorge Maria Q. Concepcion	52,445	January 8, 2021
Jose Arnold T. Alvero	30,155	January 8, 2021
Jose Arnold T. Alvero	8,000	January 14, 2021
Century Pacific Group, Inc.	6,842,800	February 02, 2021
Vicente L. Gregorio	47,600	February 23, 2021
Century Pacific Group, Inc.	7,200,000	April 16, 2021