



SHAKEY'S PIZZA ASIA VENTURES, INC. 2024 MANAGEMENT REPORT

Shakey's Pizza Asia Ventures Inc. (SPAVI) or PIZZA, is the market leader in chained pizza full service restaurant, chained full service restaurant, and chained kiosks with 69.2%, 23.6%, and 14.4% market shares, respectively, based on 2024 and 2023 data from Euromonitor. SPAVI operated a total of 2,619 stores and kiosks - a mix of company-owned and franchise outlets in the Philippines and abroad during the same period.

PIZZA has 50 years of brand legacy in the Philippines. Originally an American brand established in 1954, Shakey's expanded into the Philippines in 1975, and has since become a household name to generations of Filipinos. PIZZA is a strong brand because of its unique products paired with excellent guest service. It is best known for its original thin crust pizza and iconic Chicken N' Mojos.

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

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

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

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

Finally, PIZZA operates a simple business model that is cash generative and requires low upfront costs due to the simplicity of its products. This model enables high financial liquidity and an average payback period of 3 to 5 years. PIZZA also has a well-established franchised model with an industry-leading return on investment averaging 4 years.

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

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



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

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

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

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

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

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

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

PIZZA hires approximately 2,200 full-time employees, a portion of which are covered by a 5-year collective bargaining agreement renewed on October 15, 2021. Although PIZZA's operations have never



been affected by any labor dispute in the past, it cannot assure that it will not experience labor unrest and activism in the future, which may affect its business, financial condition and result of operations.

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

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

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

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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.

Majority of company-owned and franchised stores are currently located in the Philippines. As a result, our operations are significantly impacted, and will continue to be significantly impacted, 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 on-going 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.

- (vi) Seasonal Aspects that has Material Effect on the FS

PIZZA's net sales exhibits seasonal fluctuations, with our strongest sales levels historically occurring in the fourth quarter of the year boosted by celebrations during the holiday season. 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

FINANCIAL POSITION

31 December 2024 vs. 31 December 2023

	31 Dec 2024	31 Dec 2023	Change
Cash and cash equivalents	1,319,799,492	901,147,527	46%
Trade and other receivables	1,560,255,051	1,224,789,572	27%
Inventories	1,759,910,852	1,712,217,989	3%
Prepaid expenses and other current assets	630,309,536	635,187,293	-1%
Property and equipment	2,317,956,225	1,833,780,583	26%
Intangible assets	10,354,987,940	10,366,799,313	0%
Right-of-use asset	1,803,635,740	1,540,630,889	17%
Deferred input value-added tax	1,336,297	3,886,410	-66%
Deferred tax assets	206,391,374	100,394,721	106%
Rental and other non-current assets	420,939,042	309,113,712	36%



TOTAL ASSETS	20,375,521,549	18,627,948,009	9%
Accounts payable and other current liabilities	2,212,546,716	1,753,136,296	26%
Short-term loan	1,000,000,000	700,000,000	43%
Current portion of loan payable	47,819,494	47,876,004	0%
Current portion of unearned franchise fees	101,014,484	30,059,596	236%
Lease liability - current	293,913,746	275,584,146	7%
Income tax payable	141,506,728	142,150,319	0%
Noncurrent portion of loan payable	5,144,751,497	5,194,694,987	-1%
Dealers' deposit and other non-current liabilities	82,188,507	106,626,720	-23%
Unearned franchise fees	121,045,193	117,882,366	3%
Lease liability - non-current	1,827,842,338	1,555,254,353	18%
Accrued pension costs	152,214,080	117,600,878	29%
Deferred tax liabilities - net	396,952,983	627,872,928	-37%
Total Liabilities	11,521,795,766	10,668,738,593	8%
Capital stock	1,683,760,178	1,683,760,178	0%
Additional paid-in capital	2,451,116,470	2,451,116,470	0%
Retained earnings	4,645,088,555	3,788,433,048	23%
Other components of equity	73,760,580	35,899,720	105%
Total Equity	8,853,725,783	7,959,209,416	11%
TOTAL LIABILITIES AND EQUITY	20,375,521,549	18,627,948,009	9%

Shakey's Pizza Asia Ventures, Inc.'s total resources as of 31 December 2024 was at ₱20.38 billion, 9% higher than the 31 December 2023 level of ₱18.63 billion, due to the following:

46% Increase in Cash and cash equivalents

As of end 2024, cash and cash equivalents totaled ₱1.32 billion. Cash includes cash on hand and in banks while cash equivalents are short-term, highly liquid investments that are easily convertible to cash. Cash flow from operations generated ₱2.38 billion, offset by ₱1.12 billion net outflows on investing activities and ₱0.83 billion net outflows from financing activities.

27% Increase in Trade and other receivables

Trade and other receivables stood at ₱1.56 billion as of end 2024 compared to ₱1.22 million in end 2023. The increase is driven by the growth of the Company's business.

26% Increase in Property and equipment

Property and equipment stood at ₱2.32 billion as of end 2024 compared to ₱1.83 million in end 2023. The increase is driven by the Company's network expansion in 2024.

106% Increase in Deferred tax assets

The increase is driven by higher deductible expenses as a result of the increase in net operating loss carryover reported as part of deferred tax assets.

17% Increase in Right-of-use assets



The increase is driven by the Company's network expansion in 2024.

36% Increase in Rental deposits

The increase is driven by the Company's network expansion in 2024.

26% Increase in Accounts payable and other current liabilities

The increase is driven by higher trade payables as a result of the growth of the Company's business.

43% Increase in Short-term loans payable

The loans availed in 2024 refers to support for working capital requirements.

Increase in Lease liability

Total lease liability stood at ₱2.12 billion as of end 2024, with ₱294 million recognized as the current portion and ₱1.83 billion as the non-current. The total amount is higher compared to the total lease liability of ₱1.83 billion in 2023. The increase is driven by the Company's network expansion in 2024.

37% Decrease in Deferred tax liabilities

The increase is driven by higher deductible expenses as a result of the increase in net operating loss carryover reported as part of deferred tax liabilities.

23% Increase in Retained earnings

The increase in retained earnings is driven by the recognition of the Company's consolidated net income for 2024 of ₱1.19 billion, net of ₱336 million dividends declared for the year.

FINANCIAL POSITION

31 December 2023 vs. 31 December 2022

	31 Dec 2023	31 Dec 2022	Change
Cash and cash equivalents	901,147,527	989,578,790	-9%
Trade and other receivables	1,224,789,572	1,133,066,392	8%
Inventories	1,712,217,989	1,001,114,060	71%
Prepaid expenses and other current assets	635,187,293	730,884,353	-13%
Property and equipment	1,833,780,583	1,764,723,405	4%
Intangible assets	10,366,799,313	10,339,886,416	0%
Right-of-use asset	1,540,630,889	1,443,780,579	7%
Deferred input value-added tax	3,886,410	9,653,323	-60%
Deferred tax assets	100,394,721	25,566,418	293%
Rental deposits	309,113,712	270,164,541	14%
TOTAL ASSETS	18,627,948,009	17,708,418,277	5%
Accounts payable and other current liabilities	1,753,136,296	2,132,213,295	-18%
Short-term loan	700,000,000	500,000,000	40%
Current portion of loan payable	47,876,004	47,932,514	0%
Current portion of unearned franchise fees	30,059,596	13,445,337	124%
Lease liability - current	275,584,146	58,902,122	368%



Income tax payable	142,150,319	52,155,804	173%
Noncurrent portion of loan payable	5,194,694,987	5,242,625,440	-1%
Dealers' deposit and other non-current liabilities	106,626,720	146,635,403	-27%
Unearned franchise fees	117,882,366	61,226,844	93%
Lease liability - non-current	1,555,254,353	1,641,116,052	-5%
Accrued pension costs	117,600,878	86,599,794	36%
Deferred tax liabilities - net	627,872,928	679,788,566	-8%
Total Liabilities	10,668,738,593	10,662,641,171	0%
Capital stock	1,683,760,178	1,683,760,178	0%
Additional paid-in capital	2,451,116,470	2,451,116,470	0%
Retained earnings	3,788,433,048	2,877,362,495	32%
Other components of equity	35,899,720	33,537,963	7%
Total Equity	7,959,209,416	7,045,777,106	13%
TOTAL LIABILITIES AND EQUITY	18,627,948,009	17,708,418,277	5%

Shakey's Pizza Asia Ventures, Inc.'s total resources as of 31 December 2023 was at ₱18.63 billion, 5% higher than the 31 December 2022 level of ₱17.71 billion, due to the following:

9% Decrease in Cash and cash equivalents

As of end 2023, cash and cash equivalents totaled ₱901 million. Cash includes cash on hand and in banks while cash equivalents are short-term, highly liquid investments that are easily convertible to cash. Cash flow from operations generated ₱1.18 billion, offset by ₱0.55 billion net outflows on investing activities and ₱0.72 billion net outflows from financing activities.

8% Increase in Trade and other receivables

Trade and other receivables stood at ₱1.22 billion as of end 2023 compared to ₱1.13 million in end 2022. The increase is driven by the growth of the Company's business.

71% Increase in Inventories

Inventories amounted to ₱1.71 billion as of end 2023 compared to ₱1.00 billion as of end 2022. The increase is driven by the growth of the Company's business, as well as efforts to build ample covers to ensure supply security.

290% Increase in Prepaid expenses and other current assets

Prepaid expenses and other current assets stood at ₱635 million as of end 2023 compared to ₱731 million in end 2022. The decrease is driven by lower advances to suppliers in 2023.

7% Increase in Right-of-use assets

The increase is driven by the Company's network expansion in 2023.

14% Increase in Rental deposits

The increase is driven by the Company's network expansion in 2023.

18% Decrease in Accounts payable and other current liabilities

The decrease is primarily driven by lower trade payables, which normalized in 2023 following heightened levels in the previous year.



40% Increase in Short-term loans payable

The loans availed in 2023 refers to support for working capital requirements.

Increase in Lease liability

Total lease liability stood at ₱1.83 billion as of end 2023, with ₱276 million recognized as the current portion and ₱1.55 billion as the non-current. The total amount is higher compared to the total lease liability of ₱1.70 billion in 2022. The increase is driven by the Company's network expansion in 2023.

173% Increase in Income tax payable

The increase is mainly driven by higher current income taxes as a result of the growth of the Company's business in 2023.

32% Increase in Retained earnings

The increase in retained earnings is driven by the recognition of the Company's consolidated net income for 2023 of ₱1.08 billion, net of ₱168 million dividends declared for the year.

FINANCIAL POSITION

31 December 2022 vs. 31 December 2021

	31 Dec 2022	31 Dec 2021	Change
Cash and cash equivalents	989,578,790	485,414,521	104%
Trade and other receivables	1,133,066,392	723,983,367	57%
Financial assets at FVTPL	-	300,000,000	-
Inventories	1,001,114,060	432,876,226	131%
Prepaid expenses and other current assets	730,884,353	187,556,789	290%
Property and equipment	1,764,723,405	1,373,563,312	28%
Intangible assets	10,339,886,416	7,034,324,209	47%
Right-of-use asset	1,443,780,579	1,231,516,139	17%
Deferred input value-added tax	9,653,323	28,234,552	-66%
Deferred tax assets	25,566,418	247,956,292	-90%
Rental and other non-current assets	270,164,541	589,287,521	-54%
TOTAL ASSETS	17,708,418,277	12,634,712,928	40%
Accounts payable and other current liabilities	2,132,213,295	968,634,979	120%
Short-term loan	500,000,000	-	-
Current portion of loan payable	47,932,514	47,986,963	0%
Current portion of unearned franchise fees	13,445,337	18,965,155	-29%
Lease liability - current	58,902,122	92,010,032	-36%
Income tax payable	52,155,804	1,557,290	3249%
Noncurrent portion of loan payable	5,242,625,440	3,692,570,991	42%
Dealers' deposit and other non-current liabilities	146,635,403	83,979,903	75%
Unearned franchise fees	61,226,844	63,232,658	-3%
Lease liability - non-current	1,641,116,052	1,388,726,488	18%



Accrued pension costs	86,599,794	96,260,947	-10%
Deferred tax liabilities - net	679,788,566	-	-
Total Liabilities	10,662,641,171	6,453,925,406	65%
Capital stock	1,683,760,178	1,683,760,178	0%
Additional paid-in capital	2,451,116,470	2,451,116,470	0%
Retained earnings	2,877,362,495	2,053,473,219	40%
Other components of equity	33,537,963	(7,562,345)	-543%
Total Equity	7,045,777,106	6,180,787,522	14%
TOTAL LIABILITIES AND EQUITY	17,708,418,277	12,634,712,928	40%

Shakey's Pizza Asia Ventures, Inc.'s total resources as of 31 December 2022 was at ₱17.71 billion, 40% higher than the 31 December 2021 level of ₱12.64 billion, due to the following:

104% Increase in Cash and Cash Equivalents

As of end 2022, cash and cash equivalents totaled ₱990 million. Cash includes cash on hand and in banks while cash equivalents are short-term, highly liquid investments that are easily convertible to cash. Cash flow from operations generated ₱1.62 billion, offset by ₱2.53 billion net outflows on investing activities and ₱1.42 billion net inflows from financing activities.

57% Increase in Trade and Other Receivables

Trade and other receivables stood at ₱1.13 billion as of end 2022 compared to ₱724 million in end 2021. The increase is driven by the growth of the Company's business both due to the recovery of existing businesses following the economic re-opening and due to the integration of the Potato Corner (PC) business starting 2022.

131% Increase in Inventories

Inventories amounted to ₱1.00 billion as of end 2022 compared to ₱433 million as of end 2021. The increase is driven by the growth of the Company's business both due to the recovery of existing businesses following the economic re-opening and due to the integration of the PC business starting 2022.

290% Increase in Prepaid expenses and other current assets

Prepaid expenses and other current assets stood at ₱731 million as of end 2022 compared to ₱188 million in end 2021. The increase is driven by the growth of the Company's business both due to the recovery of existing businesses following the economic re-opening and due to the integration of the PC business starting 2022.

28% Increase in Property and equipment

The increase reflects the net movements on property, plant and equipment from additions, depreciation and retirement.

47% Increase in Intangible assets

The increase reflects the trademarks and goodwill arising from the business acquisition in 2022.

17% Increase in Right-of-use assets

The increase is driven by the Company's store network expansion in 2022.

90% Decrease in Deferred tax assets



The decrease is driven by the adjustment on previously recognized deferred tax assets as a result of the 2020 net operating loss carryover.

54% Decrease in Rental and other non-current assets

The decrease is driven by funds set aside for investments which were realized in 2022.

120% Increase in Accounts payable and other current liabilities

The increase is driven by the growth of the Company's business both due to the recovery of existing businesses following the economic re-opening and due to the integration of the PC business starting 2022.

Addition of Short-term loans payable, 42% increase in Non-Current loan payable

The loans availed in 2022 refers to support for working capital, asset purchases and capital investment requirements.

Increase in Lease liability

Total lease liability stood at ₱1.70 billion as of end 2022, with ₱59 million recognized as the current portion and ₱1.64 billion as the non-current. The total amount is higher compared to the total lease liability of ₱1.48 billion in 2021. The increase is driven by the Company's store network expansion in 2022.

Recognition of Deferred tax liabilities

The increase is driven by the acquisition of the PC business in 2022.

40% Increase in Retained earnings

The increase in retained earnings is driven by the recognition of the Company's consolidated net income for 2022 of ₱874 million.

RESULTS OF OPERATIONS

31 December 2024 vs. 31 December 2023

	31 Dec 2024	31 Dec 2023	Change
Revenues	14,451,839,459	12,823,923,008	13%
Cost of sales	(10,772,481,080)	(9,673,051,933)	11%
Gross income	3,679,358,379	3,150,871,075	17%
General and administrative expenses	(2,053,903,608)	(1,570,509,929)	31%
Interest expense	(410,963,852)	(361,489,106)	14%
Other income, net	48,425,073	25,538,682	90%
Income before income tax	1,262,915,992	1,244,410,722	1%
Provision for (benefit from) income tax	69,508,449	164,964,152	-58%
Net income (loss)	1,193,407,543	1,079,446,570	11%
Total other comprehensive income	37,860,860	2,361,757	1503%
TOTAL COMPREHENSIVE INCOME	1,231,268,403	1,081,808,327	14%

Results of Operations for the year ended 31 December 2024 compared to the year ended 31 December 2023

13% 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 ₱14.45 billion in 2024, increasing by 13% from the reported net revenues of ₱12.82 billion in 2023. This revenue growth was supported by same-store sales growth (SSSG) of 4% and a 22% network expansion.

11% Increase in Costs of sales

In 2024, consolidated cost of sales increased by 11% to ₱10.77 billion from ₱9.67 billion in 2023. Consolidated cost of sales is mainly composed of raw material and packaging costs, direct labor costs, and store-related costs including rent and utilities.

21% Increase in Gross income

Consolidated gross profit amounted to ₱3.68 billion in 2024, higher by 17% from ₱3.15 billion in the previous year. This yielded a gross profit margin of 25%.

31% Increase in General and administrative expenses

2024 consolidated general and administrative expenses totaled ₱2.05 billion, representing an 14% cost-to-sales ratio. This is higher compared to 12% during the previous period due to brand, systems, and organizational investments made since the latter part of 2023.

11% Increase in Net income

2024 net income registered at ₱1.19 billion, 11% higher than the same period the year before, broadly in line with the company's topline growth. PIZZA's net profit margin slightly contracted by 10 bps to 8.3%.

RESULTS OF OPERATIONS

31 December 2023 vs. 31 December 2022

	31 Dec 2023	31 Dec 2022	Change
Revenues	12,823,923,008	10,142,024,578	26%
Cost of sales	(9,673,051,933)	(7,546,508,401)	28%
Gross income	3,150,871,075	2,595,516,177	21%
General and administrative expenses	(1,570,509,929)	(1,222,810,270)	28%
Interest expense	(361,489,106)	(323,971,110)	12%
Other income, net	25,538,682	49,680,141	-49%
Income before income tax	1,244,410,722	1,098,414,938	13%
Provision for (benefit from) income tax	164,964,152	224,012,857	-26%
Net income (loss)	1,079,446,570	874,402,081	23%
Total other comprehensive income	2,361,757	41,100,308	-94%
TOTAL COMPREHENSIVE INCOME	1,081,808,327	915,502,389	18%

Results of Operations for the year ended 31 December 2023 compared to the year ended 31 December 2022

26% 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 ₱12.82 billion in 2023, increasing by 26% from the reported net revenues of ₱10.14 billion in 2022.



Amidst a challenging macroeconomic environment, this revenue growth was supported by same-store sales growth (SSSG) of 13% and a 20% network expansion.

28% Increase in Costs of sales

In 2023, consolidated cost of sales increased by 28% to ₱9.67 billion from ₱7.55 billion in 2021. Consolidated cost of sales is mainly composed of raw material and packaging costs, direct labor costs, and store-related costs including rent and utilities.

21% Increase in Gross income

Consolidated gross profit amounted to ₱3.15 billion in 2023, higher by 21% from ₱2.60 billion in the previous year. This yielded a gross profit margin of 25%.

28% Increase in General and administrative expenses

2023 consolidated general and administrative expenses totaled ₱1.57 billion, representing an 12% cost-to-sales ratio. This is in line compared to 12% during the same period in 2022.

23% Increase in Net income

2023 net income registered at ₱1.08 billion, 23% higher than the same period the year before, primarily driven by the company's topline growth. PIZZA's net profit margin slightly contracted by 20 bps to 8.4%.

RESULTS OF OPERATIONS

31 December 2022 vs. 31 December 2021

	31 Dec 2022	31 Dec 2021	Change
Revenues	10,142,024,578	5,480,427,588	85%
Cost of sales	(7,546,508,401)	(4,206,711,163)	79%
Gross income	2,595,516,177	1,273,716,425	104%
General and administrative expenses	(1,222,810,270)	(837,345,396)	46%
Interest expense	(323,971,110)	(292,179,579)	11%
Other income, net	49,680,141	86,488,120	-43%
Income before income tax	1,098,414,938	230,679,570	376%
Provision for (benefit from) income tax	224,012,857	107,699,412	108%
Net income (loss)	874,402,081	122,980,158	611%
Total other comprehensive income	41,100,308	57,117,787	-28%
TOTAL COMPREHENSIVE INCOME	915,502,389	180,097,945	408%

Results of Operations for the year ended 31 December 2022 compared to the year ended 31 December 2021

85% 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 ₱10.14 billion in 2022, increasing by 85% from the reported net revenues of ₱5.48 billion in 2021. This was mainly driven by dine-in recovery due to the economic reopening and the group's store network expansion, boosted by the addition of PC operations starting March 2022.



79% Increase in Costs of sales

In 2022, consolidated cost of sales increased by 79% to ₱7.55 billion from ₱4.22 billion in 2021. Consolidated cost of sales is mainly composed of raw material and packaging costs, direct labor costs, and store-related costs including rent and utilities.

104% Increase in Gross income

Consolidated gross profit amounted to ₱2.60 billion in 2022, higher by 104% from ₱1.27 billion in the previous year. This yielded a gross profit margin of 26%.

46% Increase in General and administrative expenses

2022 consolidated general and administrative expenses totaled ₱1.22 billion, representing an 12% cost-to-sales ratio. This is lower compared to 15% during the same period in 2021.

11% Increase in Interest expense

Interest expense of ₱324 million was recorded for the twelve months ending December 31, 2022, higher than 11% compared to the 2021 figure of ₱292 million. This was mainly driven by the increase in long-term loans payable in 2022.

43% Decrease in Other income

Other income is composed mainly of other income from franchisees, service income, provisions and gains and losses from store retirement. Other income totaled ₱49 million as of end 2022. This is 43% lower than the ₱86 million reported in 2021 as during the prior period, gains from reversal of long outstanding liabilities and gains from recovery of receivables were recognized.

611% Increase in Net income

Overall, the robust topline, combined with efficient operations, led to a net income of ₱874 million, 611% higher than the same period the year before. PIZZA's net profit margin likewise expanded by 640 bps to 8.6%.

FINANCIAL RATIOS

	31 Dec 2024	31 Dec 2023	31 Dec 2022
Gross Profit Margin <i>Gross Profit / Net Revenue</i>	25.5%	24.6%	25.6%
Before Tax Return on Sales <i>Net Profit Before Tax / Net Revenue</i>	8.7%	9.7%	10.8%
Return on Equity <i>Net Income / Average Equity</i>	14.3%	14.4%	15.2%
Net Gearing Ratio <i>(Interest-bearing liabilities – Cash) / Total Equity</i>	0.55x	0.63x	0.68x
Current Ratio <i>Total Current Assets / Total Current Liabilities</i>	1.39x	1.52x	1.37x