

JOLLIBEE FOODS CORPORATION

(a company incorporated under the laws of the Republic of the Philippines)

Shelf Registration in the Philippines of
20,000,000 Preferred Shares

To be offered within a period of three (3) years
at an Offer Price of
₱1,000.00 per Preferred Share

To be listed and traded on the
Main Board of The Philippine Stock Exchange, Inc.

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION.

The date of this Prospectus is September 23, 2021

JOLLIBEE FOODS CORPORATION
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10 F. Ortigas Jr. Avenue, Ortigas Center
Pasig City, Philippines
Telephone Number: 02-8634-1111
https://jollibeegroup.com/

This Prospectus (the "**Prospectus**" and, as the context may require, the term includes the relevant Offer Supplement) relates to the shelf registration and offer and sale in the Philippines (the "**Offer**") of up to 20,000,000 cumulative, non-voting, non-participating, non-convertible, redeemable, peso-denominated perpetual preferred shares, with a par value of ₱1.00 per share (the "**Offer Shares**" or the "**Preferred Shares**") of Jollibee Foods Corporation ("**Jollibee**", "**JFC**", the "**Company**", the "**Parent Company**" or the "**Issuer**"), a corporation duly organized and existing under the laws of the Philippines, subject to the registration requirements of the Securities and Exchange Commission of the Philippines (the "**SEC**"). The Offer Shares will be sold at a subscription price of ₱1,000.00 per share (the "**Offer Price**"), or for a total offer size of up to ₱20,000,000,000.00.

The Offer Shares shall be offered and sold in tranches within a period of three (3) years from the effective date of the registration statement under which such Offer Shares are being offered and sold (the "**Shelf Period**"), at an offer price of ₱1,000.00 per share. The Offer Shares will comprise of unissued preferred shares to be offered and issued by the Company, subject to the approval by the stockholders and by the Securities and Exchange Commission ("**SEC**") of the amendment to the Company's Articles of Incorporation to create a class of preferred shares by dividing the existing authorized capital stock of the Company and reclassifying 20,000,000 common shares to 20,000,000 preferred shares with a par value of One Peso (₱1.00) per share. The specific terms of the Offer Shares for each tranche will be determined by the Company considering the prevailing market conditions and shall be provided in a supplement to be circulated at the time of the offer of the relevant tranche (the "**Offer Supplement**"). The Offer Shares will be issued in one or more series for each tranche of the Offer.

For each tranche of the Offer Shares, the Company shall distribute an Offer Supplement along with this Prospectus. The relevant Offer Supplement will contain the final terms for an offer of the Offer Shares and must be read in conjunction with this Prospectus. Full information on the Issuer and such offer of the Offer Shares is only available through this Prospectus and the relevant Offer Supplement. All information contained in this Prospectus is deemed incorporated by reference in an Offer Supplement.

The use of proceeds for each tranche of the Offer will be set out in the relevant Offer Supplement.

The Offer Shares are being offered for subscription solely in the Philippines.

On May 11, 2021 the Board of Directors of the Company (the "**Board of Directors**") approved the amendment of the Articles of Incorporation of the Company to reclassify and divide the authorized capital stock into: (i) 1,430,000,000 common shares with a par value of ₱1.00 per share; and (ii) 20,000,000 cumulative, non-voting, non-participating, non-convertible, redeemable preferred shares with a par value of ₱1.00 per share (the "**Preferred Shares Amendment**"). On June 25, 2021, the stockholders of Company approved the Preferred Shares Amendment during the Annual Stockholders' Meeting. On August 11, 2021, the SEC approved the Preferred Shares Amendment.

On May 11, 2021, the Board of Directors authorized the sale and offer of up to 20,000,000 Preferred Shares, at an offer price of ₱1,000.00 per share under a shelf registration, to be issued during the Shelf Period, under such terms and conditions as the management of the Company may deem advantageous to it (the "**Enabling Resolutions**"). The approval by the Board of Directors of the Enabling Resolutions to issue Preferred Shares is subject to the SEC approval of the Preferred Shares Amendment.

Dividends may be declared at the discretion of the Board of Directors and will depend upon the future results of operations and general financial condition and capital requirements of Jollibee; its ability to receive dividends and other distributions and payments from its subsidiaries; foreign exchange rates, legal, regulatory and contractual restrictions, loan obligations (both at the parent and subsidiary levels) and other factors the Board of Directors may deem relevant. While there is no assurance that Jollibee will declare dividends on the Offer Shares in the future, Jollibee has consistently paid semi-annual cash dividends to its common shareholders, details of which are found on page 125.

The date of declaration of cash dividends on the Offer Shares will be subject to the discretion of the Board of Directors, to the extent permitted by law. The declaration and payment of dividends (except stock dividends) do not require any further approval from the shareholders of the Company.

As and if cash dividends are declared by the Board of Directors, and in accordance with the Enabling Resolutions, cash dividends on the Offer Shares shall be set out in the Offer Supplement, in all cases calculated for each share by reference to the Offer Price thereof in respect of each Dividend Period (each, the "**Dividend Rate**" for the relevant series). Subject to limitations on the payment of cash dividends as described in the section on the "*Terms of the Offer*", dividends on the Offer Shares will be payable quarterly in arrears for every Dividend Period on such dates provided in the Offer Supplement (each a "**Dividend Payment Date**"), which date shall be any day within the period commencing on (and including) the last date of a Dividend Period and 15 calendar days from the end of the relevant Dividend Period. A "*Dividend Period*" shall be the period commencing on the relevant Issue Date, as defined in the section on "*Terms of the Offer*", and having a duration of three (3) months, and thereafter, each of the successive periods of three (3) months commencing on the last day of the immediately preceding Dividend Period up to, but excluding the first day of, the immediately succeeding Dividend Period; provided that the first Dividend Period of the Offer Shares shall be the period commencing on the relevant Issue Date and ending on the last day of the then current dividend period for the outstanding Preferred Shares. If a Dividend Payment Date occurs after the end of a Dividend Period, there shall be no adjustment as to the amount of dividends to be paid.

The dividends on the Offer Shares will be calculated on a 30/360-day basis.

If the Dividend Payment Date is not a Banking Day, dividends will be paid on the next succeeding Banking Day, without adjustment on the amount of dividends to be paid.

Subject to applicable laws, the Board of Directors will not declare and pay cash dividends on any Dividend Payment Date if: (a) the payment of the cash dividend would cause Jollibee to breach any of its financial covenants or its covenants under the Senior Perpetual Securities (for further discussion refer to section on "*Distributions*" on page 125); or (b) the profits available to Jollibee to distribute as cash dividends are not sufficient to enable Jollibee to pay in full both the cash dividends on the Preferred Shares and the dividends on all other classes of the shares of Jollibee that are scheduled to be paid on or before the same date as the cash dividends on the Preferred Shares and that have an equal right to dividends as the Preferred Shares.

On June 28, 2021, the Company filed an application with the SEC to register the Offer Shares under the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799). The SEC is expected to issue an order rendering the Registration Statement filed by the Company effective and a corresponding permit to offer securities for sale covering the initial tranche of the Offer Shares, and any subsequent offering under the relevant rules requires the submission by the Company of the relevant updates and amendments to the Registration Statement and the issuance of the corresponding permit to sell by the SEC. As a listed company, Jollibee regularly disseminates such updates and information in its disclosures to the SEC and The Philippine Stock Exchange, Inc. ("**PSE**").

The Company will, likewise, apply for the listing of the Offer Shares on the Main Board of the PSE. However, there is no assurance that such a listing will actually be achieved either before or after the relevant issue date of the Offer Shares being offered at a particular time or whether such a listing will materially affect the liquidity of the Offer Shares on the secondary market.

The listing of the Offer Shares is subject to the approval of the Board of Directors of the PSE. On or about June 28, 2021, an application to list the Offer Shares has been filed with the PSE, but has not yet been approved by the Board of Directors of the PSE. If approved by the PSE, such approval for listing is permissive only and does not constitute a recommendation or endorsement of the Offer Shares by the PSE. The PSE assumes no responsibility for the correctness of any statements made or opinions expressed in this Prospectus. The PSE makes no representation as to its completeness and expressly disclaims any liability whatsoever for any loss arising from reliance on the entire or any part of the Prospectus and Offer Supplement.

Upon listing of the Offer Shares on the PSE, Jollibee may purchase the Offer Shares which are then currently tradeable at any time in the open market or by public tender or by private contract at any price through the PSE, without any obligation to purchase or redeem the other outstanding preferred shares of the Company. The Offer Shares so purchased may be redeemed (pursuant to their terms and conditions as set out in this Prospectus and the relevant Offer Supplement) and cancelled or kept as treasury shares, as applicable. The Preferred Shares are re-issuable.

The Offer Shares will be offered to the public through underwriters that may be engaged by the Company for each tranche of the Offer Shares (the "**Underwriters**"). The Underwriters for each tranche will be disclosed in the relevant Offer Supplement.

The Company reserves the right to withdraw any offer and sale of the Offer Shares at any time, and the Underwriters for any particular offer of the Offer Shares reserve the right to reject any application to purchase the Offer Shares in whole or in part and to allot to any prospective purchaser less than the full amount of the Offer Shares sought by such purchaser. If an offer of the Offer Shares is withdrawn or discontinued, the Company shall subsequently notify the SEC and the PSE. The Underwriters, any participating underwriter, co-manager and selling agent for any particular offer of the Offer Shares may acquire for their own account a portion of the Offer Shares.

The distribution of this Prospectus, the relevant Offer Supplement, and the offer and sale of the Offer Shares may, in certain jurisdictions, be restricted by law. The Company and the Underwriters require persons into whose possession this Prospectus or any Offer Supplement comes, to inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. This Prospectus nor the relevant Offer Supplement does not constitute an offer of any securities, or any offer to sell, or a solicitation of any offer to buy any securities of the Company in any jurisdiction, to or from any person whom it is unlawful to make such offer in such jurisdiction.

The price of securities, such as the Preferred Shares, can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. An investment in the Preferred Shares described in this Prospectus involves a certain degree of risk. A prospective purchaser of the Preferred Shares should carefully consider several risk factors relating to the Company's business and operations, risks relating to the Philippines and risks relating to the Offer Shares, as set out in "*Risk Factors*" found on page 32 of this Prospectus, in addition to the other information contained in this Prospectus, in deciding whether to invest in the Offer Shares. The risk disclosure discussion does not purport to disclose all the risks and other significant aspects of investing in the Offer Shares. A person contemplating an investment in the Offer Shares should seek professional advice if he or she is uncertain of, or has not understood any aspect of the securities to invest in or the nature of risks involved in trading of securities. Investing in the Offer Shares involves a higher degree of risk compared to debt instruments.

This Prospectus is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by either the Issuer, the Underwriters or their respective affiliates or legal advisers that any recipient of this Prospectus should purchase the Offer Shares. Each person contemplating an investment in the Offer Shares should make his own investigation and analysis of the creditworthiness of Jollibee and his own determination of the suitability of any such investment.

Unless otherwise stated, the information contained in this Prospectus has been supplied by the Company. The Company (which has taken all reasonable care to ensure that such is the case) confirms that the information contained in this Prospectus is correct, and that there is no material misstatement or omission of fact which would make any statement in this Prospectus misleading in any material respect.

The Company and the Underwriters have exercised the required due diligence in ascertaining that all material representations contained in this Prospectus, and any amendment or supplement thereto, are true and correct and that no material information was omitted, which was necessary in order to make the statements contained in said documents not misleading in any material respect.

No dealer, salesman or any other person has been authorized to give any information or to make any representation not contained in this Prospectus. If given or made, any such information or representation must not be relied upon as having been authorized by the Company or any of the Underwriters.

Unless otherwise indicated, all information in the Prospectus is as of the date hereof. Neither the delivery of this Prospectus nor any sale made pursuant to this Prospectus shall, under any circumstances, create any implication that the information contained herein is correct as of any date subsequent to the date hereof or that there has been no change in the affairs of the Company and its subsidiaries since such date. Market data and certain industry forecasts used throughout this Prospectus were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein

has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified. The Company does not make any representation, undertaking or other assurance as to the accuracy or completeness of such information or that any projections will be achieved, or in relation to any other matter, information, opinion or statements in relation to the Offer. Any reliance placed on any projections or forecasts is a matter of commercial judgment. Certain agreements are referred to in this Prospectus in summary form. Any such summary does not purport to be a complete or accurate description of the agreement and prospective investors are expected to independently review such agreements in full.

The Company owns land as identified in the section on "*Description of Property*" on page 109. In connection with the ownership of private land, the Philippine Constitution states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60.0% of whose capital is owned by such citizens. For further discussion, please refer to section on "*Regulation*" on page 194.

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ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALLINFORMATION CONTAINED HEREIN IS TRUE AND CORRECT.

JOLLIBEE FOODS CORPORATION

By:

ERNESTO TANMANTIONG
President and Chief Executive Officer

REPUBLIC OF THE
PHILIPPINES) MAKATI CITY,
METRO MANILA) SS.

SUBSCRIBED AND SWORN to before me this SEP 23 2021 in PASIG CITY, affiant exhibiting to me his Passport No. P8719063A expiring on Sept. 11, 2028, as competent evidence of identity.

Doc No. 308
Book No. 75
Page No. 2
Series of 2021.

ANA ISABEL E. CASTELO
Notary Public-Pasig City
Notarial Commission No. 157 Expiring on December 2021
14F Jollibee Plaza 10 F. Ortigas Jr. Avenue,
Ortigas Center Pasig City
PTR No. 6451026 1-16-20 Pasig City
IBP No. 109197 1-1-20 Pasig City
MCLE Compliance No. VI-0012381 3-5-19
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FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- known and unknown risks;
- uncertainties and other factors that may cause the Group's actual results, performance or achievements to be materially different from expected future results; and
- performance or achievements expressed or implied by forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. Important factors that could cause some or all of the assumptions not to occur or cause actual results, performance or achievements to differ materially from those in the forward-looking statements include, among other things:

- risks relating to the Group's businesses and operations;
- the Group's ability to successfully implement the Group's current and future business strategies;
- the Group's ability to manage the Group's expansion and growth;
- the Group's ability to obtain licenses, permits and other authorizations required;
- the Group's ability to leverage on the Group's strengths;
- risks relating to the Philippines;
- the condition and changes in the Philippine, Asian or global economies and future political instability in the Philippines;
- changes in Government regulations, including laws on taxation, franchising and licensing in the Philippines
- competition in the quick service restaurants ("**QSRs**") and fast casual segments and food service and restaurant industry in the Philippines;
- risks relating to the Offer and the Offer Shares;
- the other factors discussed in more detail under "*Risk Factors*"; and
- factors that are not known to the Company at this time.

Additional factors that could cause the Group's actual results, performance or achievements to differ materially from forward-looking statements include, but are not limited to, those disclosed under "*Risk Factors*" and elsewhere in this Prospectus. These forward-looking statements speak only as of the date of this Prospectus. The Company and Underwriters expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in the Group's expectations with regard thereto or any change in events, conditions, assumptions or circumstances on which any statement is based.

This Prospectus includes statements regarding the Group's expectations and projections for future operating performance and business prospects. The words "believe," "plan," "expect," "anticipate," "estimate," "project," "intend," "seek," "target," "aim," "may," "might," "will," "would," "could," and similar words identify forward-looking statements. Statements that describe Jollibee's objectives, plans or goals are forward-looking statements. In addition, all statements other than statements of historical facts included in this Prospectus are forward-looking statements. In light of the risks and uncertainties associated with forward-looking statements, investors should be aware that the forward-looking events and circumstances discussed in this Prospectus might not occur. Actual

results could differ materially from those contemplated in the relevant forward-looking statement and the JFC Group gives no assurance that such forward-looking statements will prove to be correct or that such intentions will not change. This Prospectus discloses, under the section "*Risk Factors*" and elsewhere, important factors that could cause actual results to differ materially from the Group's expectations. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on behalf of the Company are expressly qualified in their entirety by the above cautionary statements.

DEFINITION OF TERMS

In this Prospectus, unless the context otherwise requires, the following terms shall have the meanings set forth below.

Applicable Law	:	Any statute, law, regulation, ordinance, rule, judgment, order, decree, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority
Application to Purchase	:	The application form accomplished and submitted by an Applicant for the purchase of a specified amount of Offer Shares, together with all the other requirements set forth in such application form
Banking Day	:	A day other than a public non-working holiday, Saturday or Sunday on which the facilities of the Philippine banking system are open and available for clearing, and banks are open for business in Metro Manila
Bayanihan 2	:	Bayanihan to Recover As One Act
BIR	:	Philippine Bureau of Internal Revenue
Board or Board of Directors	:	Board of Directors of Jollibee Foods Corporation
BOI	:	Board of Investments
BSP	:	Bangko Sentral ng Pilipinas
Business Transformation Program	:	The rationalization of worldwide operations launched by the Group in May 2020 primarily in response to the business downturn caused by the pandemic
CAGR	:	Compound annual growth rate
CBA	:	Collective bargaining agreement
CBTL	:	The Coffee Bean & Tea Leaf®
CREATE Law	:	Republic Act No. 11534 or the Corporate Recovery and Tax Incentives for Enterprise Act
DepEd	:	Philippine Department of Education
Dividend Payment Date	:	The date set by the Board of Directors at the time of declaration of dividends on which dividends on the Offer Shares will be payable
Dividend Period	:	The period commencing on the relevant Issue Date, as defined in the section on "*Terms of the Offer*", and having a duration of three (3) months, and thereafter, each of the successive periods of three (3) months commencing on the last day of the immediately preceding Dividend Period up to, but excluding the first day of, the immediately succeeding Dividend Period
Dividend Rate	:	The rate of cash dividends on the Offer Shares
DPA	:	Republic Act No. 10173, or the Data Privacy Act of 2012

DSPL	:	Dim Sum Pte. Ltd.
EBITDA	:	Earnings before interest, taxes, depreciation and amortizations
Enabling Resolutions	:	Resolutions as may be adopted by the Board of Directors providing for the specific terms, conditions, features, rights, privileges, restrictions of each series of the preferred shares
ECQ	:	Enhanced Community Quarantine
EDGE	:	PSE Electronic Disclosure Generation Technology
EMEAA	:	Europe, the Middle East, Asia, and Australia
FEP	:	Farmer Entrepreneurship Programme
FSC	:	Food, service and cleanliness
GDP	:	Gross Domestic Product
GDPR	:	General Data Protection Regulation
Golden Plate	:	Golden Plate Pte. Ltd.
Government	:	The Government of the Republic of the Philippines
Hong Yun Hong	:	Hong Yun Hong (Shanghai) Food and Beverages Management Co. Ltd.
JBS	:	JFC Business Systems
JFC Group or Group	:	Jollibee and its subsidiaries and affiliates
JGF	:	Jollibee Group Foundation
Jollibee	:	Jollibee Foods Corporation
JWS	:	Jollibee Worldwide Services
LGU	:	Local government unit
Merger Rules	:	Rules on Merger Procedure pursuant to the PCA
Monetary Board	:	Monetary Board of the BSP
Net sales	:	Sale of inventories less sales discounts
NMIS	:	National Meat Inspection Service of the Philippines
Offer	:	The offer and sale to the public of up to 20,000,000 cumulative, non-voting, non-participating, non-convertible, redeemable, peso-denominated perpetual preferred shares, with a par value of ₱1.00 per share
Offer Price	:	The subscription price of ₱1,000.00 per share at which the Offer Shares will be sold
Offer Supplement	:	The document which sets out the terms and conditions for each tranche of the Offer Shares

PCA	:	Republic Act No. 10667, otherwise known as the Philippine Competition Act
PCA IRR	:	Implementing rules and regulations of the PCA, as amended
PCC	:	Philippine Competition Commission
PDTC	:	The Philippine Depository & Trust Corp.
Permit to Sell	:	The permit to sell securities issued by the SEC in connection with the Offer
Pesos, ₱ or ₱	:	The lawful currency of the Philippines.
PFRS	:	Philippine Financial Reporting Standards
Philippines	:	Republic of the Philippines
POS	:	Point-of-sale
PRC	:	People's Republic of China
Prospectus	:	The prospectus dated June 28, 2021 and any amendments, supplements and addenda thereto for the offer and sale to the public of the Preferred Shares within the Shelf Period. As the context may require, the term includes the Offer Supplement.
PSA	:	Philippine Standards on Accounting
PSE	:	The Philippine Stock Exchange, Inc.
QMS	:	Quality management system
QSR	:	Quick service restaurant
QSRO	:	Quick Service Restaurant Operations
Revised Corporation Code	:	Republic Act No. 11032, otherwise known as the Revised Corporation Code of the Philippines
RMB	:	Chinese Yuan Renminbi
ROIC	:	Return on invested capital
SEC	:	Philippine Securities and Exchange Commission
Senior Perpetual Securities	:	The senior perpetual securities amounting to USD600.0 million issued by the JFC Group, through JWPL, on January 23, 2020.
Shelf Period	:	A period of three (3) years from the date of effectivity of the Registration Statement for the Preferred Shares, during which the Offer Shares may be offered and sold to the public
SRC	:	The Securities Regulation Code of the Philippines.
SWS	:	System wide sales
Tax Code	:	The Philippine National Internal Revenue Code of 1997, as amended

THWPL	:	Tim Ho Wan Pte. Ltd.
TRAIN	:	Tax Reform for Acceleration and Inclusion.
Tranche	:	A tranche of the Offer Shares offered and sold under the shelf registration.
Underwriters	:	Underwriters that may be engaged by the Company for each tranche of the Offer
Underwriting Agreement	:	The Issue Management and Underwriting Agreement that the Company will enter into with Underwriters for each tranche of the Offer, and its annexes and attachments, as may be modified, supplemented or amended from time to time.
USD	:	U.S. Dollars, the legal currency of the United States of America
VAT	:	Value-added tax

SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and audited financial statements, including notes thereto, found in the appendices of this Prospectus.

Prospective investors should read this entire Prospectus fully and carefully, including the section on "Risk Factors". In case of any inconsistency between this summary and the more detailed information in this Prospectus, then the more detailed portions, as the case may be, shall at all times prevail.

OVERVIEW

Jollibee Foods Corporation, doing business under the name and style of Jollibee (formerly Jollibee Foods Corporation) was incorporated in the Philippines and registered with the SEC on January 11, 1978. Jollibee and its subsidiaries (collectively referred to as the "**JFC Group**") and affiliates are involved primarily in the development, operation and franchising of quick service restaurants ("**QSRs**") under the trade names "Jollibee", "Chowking", "Greenwich", "Red Ribbon", "Yong He King", "Hong Zhuang Yuan", "Mang Inasal", "Burger King", "Highlands Coffee", "PHO24", "Dunkin' Donuts", "Smashburger", "Tim Ho Wan", "Tortazo", "The Coffee Bean & Tea Leaf®" and "Panda Express". The other activities of the JFC Group include manufacturing and property leasing in support of the QSR systems and other business activities.

The Company believes it is the largest growing food service and restaurant company in the Philippines with 3,411 Group-owned and franchised stores in the country as of May 31, 2021. It had 2,404 Group-owned and franchised stores outside the Philippines as of the same date. In addition, the Group believes it is among the largest food service companies in Asia in terms of sales and store network as of May 31, 2021. The Group's principal business comprises the development, operation and franchising of stores under the Jollibee, Chowking, Greenwich, Red Ribbon, Mang Inasal, Burger King, Yonghe King, Hong Zhuang Yuan, Dunkin' Donuts, Highlands Coffee, PHO24, Smashburger, The Coffee Bean & Tea Leaf®, Panda Express, Tortazo, and Tim Ho Wan brands. The Group is also engaged in the manufacturing of food products, logistics services and property leasing in support of its operations.

Out of the 3,411 Group-owned and operated stores in the Philippines as of May 31, 2021, 2,321 stores were franchised. As of the same date, the Group had a presence outside the Philippines in 35 countries and territories, with 1,432 Group-owned and operated stores and 972 franchised stores, including the United States, Canada, People's Republic of China (including Hong Kong and Macau), United Kingdom, Italy, Vietnam, Brunei, Singapore, Saudi Arabia, United Arab Emirates, Qatar, Oman, Kuwait, Bahrain, Indonesia, Costa Rica, Egypt, India, Panama, and Malaysia.

For the quarter ended March 31, 2021, SWS was ₱47,782.3 million, gross profit was ₱5,911.7 million and EBITDA was ₱5,185.3 million compared to consolidated sales of ₱55,151.3 million, gross profit was ₱4,200.1 million and EBITDA was ₱2,808.6 million for the same period in 2020.

The following table sets forth the revenues of the Group's geographical segments for the periods indicated:

	Philippines	**International**	**Eliminations**	**Consolidated**
		(in millions)		
March 31, 2021	₱21,144.8	₱13,782.8	(₱272.9)	₱34,654.7
March 31, 2020	₱26,741.8	₱12,931.3	(₱248.4)	₱39,424.7

RECENT DEVELOPMENTS

The COVID-19 Pandemic

As of December 31, 2019, the Group's stores totaled 5,971, of which, 2,666 were Group-owned, while 3,305 were franchised. However, as a result of the COVID-19 pandemic, the Group has experienced store and commissary closures and instances of reduced store-level operations, including reduced operating hours and dining-room closures. As of May 31, 2021, the percentages of the Group's stores that were temporarily closed due to the COVID-19 pandemic was 2.1% in the Philippines, 0.5% in the PRC, 3.0% in North America (only including Smashburger, Jollibee, Red Ribbon and Chowking stores) and 4.0% in EMEAA, with 10% CBTL and 14.0% SuperFoods stores. Furthermore, in markets where governments have imposed restrictions on travel outside of the

home or restrictions on dining in, or where customers have been practicing social-distancing, store traffic has also been significantly impacted, with all or a significant portion of stores providing only delivery and takeaway services.

As at December 31, 2020, the Group had 5,824 Company-owned and franchised stores globally, of which 4% were temporarily closed due to the COVID-19 pandemic. This increased to 5% at the end of the first quarter of 2021, with 6% of Jollibee's stores in the Philippines under temporary closure, as Metro Manila and nearby provinces, such as Cavite, Laguna, Rizal and Bulacan, returned to the strictest form of lockdown, the Enhanced Community Quarantine ("**ECQ**") on March 22 to April 4, 2021 due to the resurgence of COVID-19 cases in the said areas. Abroad, some countries in Asia, the Middle East and Europe that had eased restrictions in 2020, re-imposed lockdowns in the quarter ended March 31, 2021 due to increased COVID-19 cases. The table below shows the percentage of stores that were temporarily closed:

	December 31, 2020	**January 31, 2021**	**February 28, 2021**	**March 31, 2021**
Philippines	2%	2%	2%	6%
China	-	-	-	-
North America (excl. CBTL)	6%	5%	5%	4%
EMEAA (excl. SuperFoods)	-	1%	2%	-
CBTL	10%	12%	9%	8%
SuperFoods	5%	6%	5%	5%
TOTAL	**4%**	**4%**	**4%**	**5%**

Since the start of the COVID-19 pandemic, most of the Group's stores across brands and regions that have remained open serve customers through take out, drive-thru and delivery business channels. These business channels have been growing significantly and have helped in reducing lost sales from the closure of the Group's dining areas. In the five months ending May 2021, the Group's delivery business in the Philippines, the PRC, North America (only with respect to Smashburger), EMEAA, CBTL, and SuperFoods grew by 153.1%, 57.9%, 66.4%, 43.9%, 58.8% and 64.5%, respectively, compared to the same five-month period ending May 2020.

The Group also implemented its Business Transformation Program in 2020, as a result, 4 commissaries and a total of 486 stores (307 were Group-owned, while 179 were franchised), of which 262 were covered by the Business Transformation Program, were permanently closed.

As of June 30, 2021, the Group has started to see recovery among its stores. The Group's store network totaled 5,816, of which, 2,502 were Group-owned, while 3,314 were franchised. As the Group's stores are resuming operations all over the world, the speed of recovery in same store sales varied across different countries and territories. In general, same store sales recovered faster in developed countries than in developing countries. For example, same store sales in the Philippines continued to be in the negative territory at -26.1% in the first quarter of 2021 compared to the same quarter of the previous year. Compared to the first quarter of 2019, the Philippine business' same store sales for the first quarter of 2021 declined by 31.4%.

The Group's international business as of the first quarter of 2021, however, showed stronger performance, with same store sales growing by 7.5% higher compared to the first quarter of 2020. The international business showed faster recovery in line with the economic recovery of the respective countries, particularly countries with faster vaccine roll-out and more significant inoculation of their population as well as more significant assistance and economic stimulus packages provided by their governments.

The Business Transformation Program, which the Group launched in May 2020, involved the rationalization of worldwide operations primarily in response to the business downturn caused by the pandemic. During the year, four commissaries and a total of 486 stores, of which 262 were covered by the Business Transformation Program, were permanently closed. Jollibee also significantly reduced headcount as well as operating and general and administrative expenses in its stores, supply chain facilities and support group offices. The Group incurred a total of ₱6.7 billion or 96.0% of the ₱7.0 billion provision made in June 2020 for this program. Of the ₱6.7 billion, ₱2.0 billion represented write-off of book value of certain assets. The Company generated savings from the program and about ₱2.6 billion is expected to be realized in full in 2021 with additional savings to be realized in the years ahead.

As part of prudent financial management by the Group to address the impact of the COVID-19 pandemic, the Group continues to manage its leverage and capital structure. The Group is expected to comply with bank loan covenants and will be within its target leverage ratios by the end of 2021 through improvements in cash generation

and retirement of loans while maintaining sufficient cash levels for flexibility in a still uncertain and challenging environment. The issuance of preferred shares and the planned buy-back of a portion of the outstanding USD 600 million senior perpetual securities of Jollibee Worldwide Pte. Ltd ("**Senior Perpetual Securities**"), are part of a liability management strategy to reduce significant maturity obligations in the future as well as reduce foreign exchange risk on JFC's financing obligations. See *"Risk Factors – Risks relating to the Group − The Group may not be able to obtain financing or capital on terms acceptable to it or at all which could adversely impact the execution of the Group's expansion and growth plans and the Group may not be able to fulfil its debt obligations."*

The Group continues to maintain a strong cash position. Its cash and cash equivalents, including investments in financial assets amounted to ₱57.0 billion and ₱54.3 billion, as of December 31, 2020 and March 31, 2021, respectively, which was primarily generated from improved operating cash flows and proceeds from the issuances of Senior Perpetual Securities issued in January 2020 and Senior Debt Securities issued in June 2020, net of the payment for short term debt for the acquisition of CBTL. The Group's current ratio, which is a measure of a company's ability to pay short-term obligations, (total current assets/total current liabilities) increased from 1.36x as of December 31, 2020 to 1.39x as of March 31, 2021. Meanwhile, the Group's total liabilities to equity ratio (total liabilities/total equity) decreased from 2.10x as of December 31, 2020 to 2.03x as of March 31, 2021. The Group's conservative financial strategies and solid financial profile have enabled it to continue with strong liquidity and capital structure, which are necessary to weather the crisis brought by the ongoing COVID-19 pandemic. Based on analysis of its quarterly financial statements as of March 31, 2021, as well as its business plans and forecasts, the Group believes it has sufficient liquidity to weather over twenty-seven (27) quarters of muted business performance, without considering the potential profit and cash flow improvement brought by the Business Transformation Program. Since the outbreak of the COVID-19 pandemic, the Group has not yet taken advantage of any government-mandated loan payment deferrals and has met all payment obligations to its business partners on time.

For more information about the impact of COVID-19 on the Group, also see "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*."

Issuance of Securities

The JFC Group, through Jollibee Worldwide Pte. Ltd. ("**JWPL**"), issued the following securities as of December 31, 2020:

- The Senior Perpetual Securities amounting to USD600.0 million (₱30,588.0 million) was issued by the JFC Group, through JWPL, on January 23, 2020 and was listed in the Singapore Exchange Securities Trading Limited on January 24, 2020. The Securities offered an initial distribution rate of 3.9%, noncallable in five (5) years and payable semi-annually. This offer was not registered with the Philippine SEC because the offer involved an entity outside of the Philippines and the shares were offered outside of the Philippines. The proceeds from issuance of the Senior Perpetual Securities were partially used to refinance the short-term debt from the acquisition of The Coffee Bean & Tea Leaf® ("**CBTL**"). The Securities are guaranteed by the Company.

- The JFC Group, through JWPL, issued a dual tranche Reg S USD300.0 million (₱14,994.0 million) 5.5-year and USD300.0 million (₱14,994.0 million) 10-year US dollar denominated guaranteed Notes with a coupon rate of 4.125% and 4.750%, respectively, and payable semi-annually. These were listed in the Singapore Exchange Securities Trading Limited on June 25, 2020. This offer was not registered with the Philippine SEC because the offer involved an entity outside of the Philippines and the securities were offered outside of the Philippines.

See: "Recent Sales of Unregistered Securities" on page 126.

- The proceeds from the issuance were used for general corporate purposes, intended as a precautionary measure from the unforeseen eventualities that may be caused by the COVID-19 pandemic, as well as fund initiatives of the JFC Group.

Joint Venture with Yoshinoya International Philippines, Inc.

On February 15, 2021, the Company entered into an agreement to establish a 50/50 joint venture with Yoshinoya International Philippines, Inc. to operate and expand the "Yoshinoya" brand in the Philippines. On June 18, 2021, the incorporation of Yoshinoya Jollibee Foods, Inc. was approved by the SEC.

Amendments to the Articles of Incorporation

On May 11, 2021, the Board of Directors approved the amendment of the Articles of Incorporation of the Company to reclassify a portion of its common shares into preferred shares and divide the authorized capital stock into: (i) 1,430,000,000 common shares with a par value of ₱1.00 per share; and (ii) 20,000,000 cumulative, non-voting, non-participating, non-convertible, redeemable preferred shares with a par value of ₱1.00 per share.

On June 1, 2021, the Board of Directors approved the amendment to the Articles of Incorporation of the Company to ensure that the Primary Purpose clause expressly sets forth the authority of Jollibee Foods Corporation and its subsidiaries to invest in, acquire, own, use, or dispose of, real and personal properties, of every kind and description, to strengthen the Company's core business.

On June 25, 2021, the stockholders of the Company approved the proposed amendments to the Articles of Incorporation during the Annual Stockholders' Meeting. On June 28, 2021, the Company submitted the amendments to the SEC. The proposed amendments shall take effect upon approval of the SEC.

Licensing Agreement with Milkshop International Co., Ltd.

On June 24, 2021, the Company and its subsidiaries, Fresh N' Famous Foods, Inc. and Mang Inasal Philippines, Inc. entered into a license agreement with Milkshop International Co., Ltd. which owns Milksha, a popular Taiwanese bubble tea brand. The agreement grants the exclusive rights to sell and market products under the Milksha brand in the Company's stores. The Company intends to roll out Milksha products in Chowking stores and possibly expand it to its other Philippine restaurant brands.

COMPETITIVE STRENGTHS

The JFC Group believes the following are its competitive strengths:

- Market leading portfolio of iconic, well-recognised and diversified brands, demonstrating long-term growth;
- Well-established leading market position in the Philippines' fast-growing and attractive food service and restaurant industry;
- Attractive business model and strong financial discipline translating into resilient revenue growth and strong operating cash flows;
- Best-in-class operational expertise across the value chain;
- Track record of profitable growth and successful integration of acquisitions; and
- Strong corporate culture and experienced, award-winning management team

For a more detailed discussion, see "*The Company – Competitive Strengths*".

STRATEGIES

The following are the key strategies of the JFC Group:

- Continue the Group's recipe for success anchored on great-tasting food and superior value for money;
- Maintain market leadership in the fast-growing and attractive Philippine market;

- Implement a strategic and profitable expansion in international markets and segment diversification;
- Enhance operational efficiency and synergies across the Group;
- Further strengthen its financial position and exercise prudent financial management supportive of growth; and
- Build a world-class organisation

For a more detailed discussion, see "*The Company – Strategies*".

RISKS OF INVESTING

Prospective investors should also consider the following risks of investing in the Offer:

- Risks relating to the JFC Group and the food service and restaurant industry;
- Risks relating to the Philippines; and
- Risks relating to the Offer Shares.

For a more detailed discussion, see "*Risk Factors*".

USE OF PROCEEDS

The intended use of proceeds for each offer of the Offer Shares shall be set out in the relevant Offer Supplement under "*Use of Proceeds*".

OFFER SUPPLEMENT

For each tranche of the Offer, the Company shall distribute a supplement (the "**Offer Supplement**") which shall be disclosed to the public through the filing with the SEC and the PSE, and made available for download from the website of the Company.

The Offer Supplement shall contain, among others, the following information:

- Description of the relevant tranche of the Offer, timetable, offer size of the specific offering, the applicable dividend rate and the mode of settlement of the offering;
- Capital structure of the Company after the offering;
- Any changes to the risk factors and tax consequences of the offering;
- Description of the specific distribution and underwriting arrangements; and
- Amount and use of proceeds.

PLAN OF DISTRIBUTION

The Company plans to issue the Offer Shares to institutional and retail investors through a public offering to be conducted through the Underwriters (for a more detailed discussion, see the relevant Offer Supplement).

TIMETABLE

The indicative timetable of the Shelf Registration is expected to be as follows:

Particulars	**Dates**
Filing of the Initial Registration Statement with the SEC	June 28, 2021
Receipt of SEC Pre-Effective Approval	September 16, 2021
Issuance of Order of Registration	September 24, 2021
Shelf Registration Period	September 24, 2021 to September 24, 2024

After the Registration Statement of the Company for the Offer Shares becomes effective, the Company will secure a permit to sell from the SEC for each tranche of the Offer.

TERMS OF THE OFFER

The following does not purport to be a complete listing of all the rights, obligations and privileges attaching to or arising from the Offer Shares. The specific terms and conditions of each tranche of the Offer Shares shall be set forth in the Offer Supplement. Some rights, obligations or privileges may be further limited or restricted by other documents and subject to final documentation. Prospective shareholders are enjoined to perform their own independent investigation and analysis of Jollibee and the Offer Shares. Each prospective shareholder must rely on its own appraisal of Jollibee and the Offer Shares and its own independent verification of the information contained herein and any other investigation it may deem appropriate for the purpose of determining whether to invest in the Offer Shares and must not rely solely on any statement or the significance, adequacy or accuracy of any information contained herein. The information and data contained herein are not a substitute for the prospective shareholder's independent evaluation and analysis.

Issuer	**:**	Jollibee Foods Corporation ("**Jollibee**" or the "**Company**")
The Offer	**:**	Jollibee may offer from time to time, within a period of three (3) years, up to 20,000,000 Preferred Shares in one (1) or more tranches in such amounts and with such terms as may be determined by Jollibee in light of prevailing market and other conditions at the time of sale. For each tranche of the Offer, the Company shall distribute an Offer Supplement which shall be disclosed to the public through the filing with the SEC and the PSE and made available for download from the website of the Company specifically, in https://jollibeegroup.com/. The Offer Shares will be issued in one or more series for each tranche of the Offer. The Offer Supplement will contain the following information: (a) timetable, offer size of the specific offering, the applicable dividend rate and the mode of settlement of the Offer; (b) capital structure of the Company after the Offer; (c) any changes to the risk factors and tax consequences of the offering; (d) description of the specific distribution and underwriting arrangements; and (e) amount and use of proceeds.
Instrument	**:**	Cumulative, non-voting, non-participating, non-convertible, redeemable, Peso-denominated, perpetual preferred shares (the "**Preferred Shares**").
Par Value	**:**	The Preferred Shares have a par value of ₱1.00 per share.
Offer Size	**:**	20,000,000 Preferred Shares, to be issued in one or more series.
Offer Price	**:**	The Offer Shares shall be offered at a price of ₱1,000.00 per share.
Registration and Listing	**:**	The Offer Shares will be registered with the Securities and Exchange Commission ("**SEC**") under a shelf registration and listed on The Philippine Stock Exchange, Inc. ("**PSE**"), subject to compliance with SEC regulations and PSE listing rules.
Issue Date	**:**	The issue date as set out in the relevant Offer Supplement.
Listing Date	**:**	The listing date as set out in the relevant Offer Supplement.
Use of Proceeds	**:**	The use of proceeds for each tranche of the Offer will be set out in the relevant Offer Supplement.

Dividend Rate	**:**	The dividend rate for each tranche of the Offer shall be set out in the relevant Offer Supplement.
Dividend Payment Date	**:**	Dividends on the Offer Shares will be payable quarterly in arrears for every Dividend Period on such dates provided in the Offer Supplement (each a "**Dividend Payment Date**"), which date shall be any day within the period commencing on (and including) the last date of a Dividend Period and 15 calendar days from the end of the relevant Dividend Period. A "*Dividend Period*" shall be the period commencing on the relevant Issue Date, and having a duration of three (3) months, and thereafter, each of the successive periods of three (3) months commencing on the last day of the immediately preceding Dividend Period up to, but excluding the first day of, the immediately succeeding Dividend Period; provided that the first Dividend Period of the Offer Shares shall be the period commencing on the relevant Issue Date and ending on the last day of the then current dividend period for the outstanding Preferred Shares. If a Dividend Payment Date occurs after the end of a Dividend Period, there shall be no adjustment as to the amount of dividends to be paid.
Dividend Rate Step-Up	**:**	Unless the Offer Shares are redeemed by Jollibee on the applicable Optional Redemption Dates (as defined below under "**Optional Redemption and Purchase**"), the Dividend Rate shall be adjusted in accordance with the terms as set out in the Offer Supplement.
Conditions on Payment of Cash Dividends	**:**	The declaration of cash dividends will be subject to the discretion of the Board of Directors to the extent permitted by law. The Board of Directors will not declare and pay cash dividends on any Dividend Payment Date where: (a) payment of the cash dividend would cause Jollibee to breach any of its financial covenants or its covenants under the Senior Perpetual Securities (for further discussion refer to section on "*Distributions*" on page 125); or (b) the profits available to Jollibee to distribute as cash dividends are not sufficient to enable Jollibee to pay in full both the cash dividends on the Offer Shares and the dividends on all other classes of the shares of Jollibee that are scheduled to be paid on or before the same date as the cash dividends on the Offer Shares and that have an equal right to dividends as the Offer Shares. Any such cash dividends deferred or not declared in accordance with the above provisions shall constitute "Arrears of Dividends" which shall accrue cash dividends at the prevailing Dividend Rate. The profits available for distribution are, in general and with some adjustments, equal to the unrestricted retained earnings of Jollibee. Cash dividends on the Offer Shares will be cumulative. If for any reason the Board of Directors of Jollibee does not declare a cash dividend on the Offer Shares for a Dividend Period, Jollibee will not pay a cash dividend on the Dividend Payment Date for that Dividend Period. However, on any future Dividend Payment Date on which cash dividends are declared, holders of the Offer Shares will receive the accrued and unpaid cash dividends due them on such Dividend Payment Date as well as all Arrears of Dividends to the holders of the Offer Shares prior to such Dividend Payment Date.

		Holders of the Offer Shares shall not be entitled to participate in any other or further dividends, cash, property or stock beyond the dividends specifically payable on the Offer Shares. Jollibee will covenant that, in the event: (a) any cash dividends due with respect to any Preferred Shares then outstanding for any period are not declared and paid in full when due; (b) where there remains outstanding Arrears of Dividends; or (c) any other amounts payable under the terms and conditions of the Offer Shares described in the Prospectus are not paid in full when due for any reason, then it will not declare or pay any dividends or other distributions in respect of, or repurchase or redeem, securities ranking *pari passu* with, or junior to, the Offer Shares (or contribute any moneys to a sinking fund for the redemption of any securities ranking *pari passu* with, or junior to, the Offer Shares) until any and all Arrears of Dividends and accrued but unpaid cash dividends have been paid to the holders of the Offer Shares.
Optional Redemption and Purchase	**:**	As and if approved by the Board of Directors, Jollibee may redeem the Offer Shares on such dates as set out in the Offer Supplement, or on the last day of any Dividend Period thereafter (each an "**Optional Redemption Date**") in whole but not in part, at a redemption price equal to the relevant Offer Price of the Offer Shares plus any accrued and unpaid cash dividends due them on such Dividend Payment Date as well as all Arrears of Dividends outstanding (the "**Redemption Price**"): If at any time, Jollibee redeems more than one (1) series, which, under the terms and conditions by which they were offered, may already be subject to optional redemption, Jollibee has the option to redeem, without preference or priority, in whole but not in part, any or all of the series. Jollibee may also redeem any series of the Offer Shares, in whole but not in part, at any time prior to any Optional Redemption Date if an Accounting Event or Tax Event (each as defined below) has occurred and is continuing, in each case at the Redemption Price.
No Sinking Fund	**:**	Jollibee has not established, and currently has no plans to establish, a sinking fund for the redemption of the Offer Shares.
Accounting Event	**:**	An accounting event ("**Accounting Event**") shall occur if in the opinion of Jollibee, with due consultation with its external auditor authorized to perform auditing services in the Republic of the Philippines, there is more than an insubstantial risk that the funds raised through the issuance of the Offer Shares may no longer be recorded as "equity" pursuant to the PFRS, or such other accounting standards which succeed PFRS, as adopted by the Republic of the Philippines, and applied by Jollibee for drawing up its consolidated financial statements for the relevant financial year and such event cannot be avoided by Jollibee taking reasonable measures available to it.
Tax Event	**:**	A tax event ("**Tax Event**") shall occur if dividend payments become subject to higher withholding tax or any new tax (including a higher rate of an existing tax) as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided by use of reasonable measures available to Jollibee.

Purchase of the Offer Shares	:	Upon listing on the PSE, Jollibee may purchase the Offer Shares, then tradeable at that time at any time in the open market or by public tender or by private contract at any price through the PSE without any obligation to purchase or redeem the other Offer Shares.
Taxation	:	Documentary stamp tax for the issuance of the Offer Shares and the documentation, if any, shall be for the account of Jollibee. The holder of the Offer Shares shall be liable for the following taxes: (a) any withholding tax applicable on dividends earned or on any amounts payable to the holders of the Preferred Shares, including any additional tax on such dividends imposed by changes in law, rule, or regulation; (b) any income tax, including capital gains tax, (whether or not subject to withholding); percentage tax (such as stock transaction tax), documentary stamp tax or other applicable taxes on the redemption (or receipt of the redemption price) of the Preferred Shares or on the liquidating distributions as may be received by a holder of the Preferred Shares; (c) any expanded value added tax which may be payable by any holder of the Preferred Shares on any amount to be received from the Issuer under the terms and conditions of the Preferred Shares; (d) any withholding tax, including any additional tax imposed by change in law, rules, or regulation, on any dividend payable to any holder of the Preferred Shares or any entity which is a U.S. Person under the Foreign Account Tax Compliance Act of the United Stated (FATCA) or is otherwise a non-resident foreign corporation; and (e) any applicable taxes on any subsequent sale or transfer or redemption of the Preferred Shares by any holder of the Preferred Shares which shall be for the account of the said holder (or the buyer in case such buyer shall have agreed to be responsible for the payment of such taxes). The applicable taxes to any subsequent sale of the Offer Shares by any holder of the Offer Shares shall be for the account of the said holder.
Form, Title and Registration of the Preferred Shares	:	The Offer Shares will be issued in scripless form through the electronic book-entry system of Stock Transfer Service, Inc. as Registrar, and lodged with the Philippine Depository and Trust Corp. ("**PDTC**") as depository agent on Listing Date through PSE trading participants nominated by the applicants. For this purpose, applicants shall indicate in the proper space provided for in the Application to Purchase (as defined below) the name of a PSE trading participant under whose name their Offer Shares will be registered. After Listing Date, shareholders may request the Registrar, through their nominated PSE trading participant, to (a) open a scripless registry account and have their holdings of the Offer Shares registered under their name ("name-on-registry account"), or (b) issue stock certificates evidencing their investment in the Offer Shares. Any expense that will be incurred in relation to such registration or issuance shall be for the account of the requesting shareholder. Legal title to the Offer Shares will be shown in an electronic register of shareholders (the "**Registry of Shareholders**") which shall be maintained by the Registrar. The Registrar shall send a transaction confirmation advice confirming every receipt or transfer of the Offer Shares that is effected in the Registry of Shareholders (at the cost of the requesting shareholder). The registrar shall send (at the cost of Jollibee) quarterly a statement of account to all shareholders named in the Registry of Shareholders, except certificated

		shareholders and depository participants, confirming the number of shares held by each shareholder on record in the Registry of Shareholders. Such statement of account shall serve as evidence of ownership of the relevant shareholder as of the given date thereof. Any request by shareholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting shareholder. For scripless shares, the maintenance and custody fee payable to the PDTC shall be for the account of the shareholder.
Selling and Transfer Restrictions	**:**	After listing, the subsequent transfers of interests in the Offer Shares shall be subject to normal selling restrictions for listed securities as may prevail in the Philippines from time to time.
Governing Law	**:**	The Offer Shares will be issued pursuant to the laws of the Republic of the Philippines.
FEATURES OF THE PREFERRED SHARES		
Status	**:**	The obligations of the Company under the Preferred Shares will constitute the direct and unsecured subordinated obligations of the Company, ranking at least *pari passu* in all respects and ratably without preference or priority among themselves. In the event of the winding-up of the Company, the Preferred Shares rank junior in right of payment to all indebtedness of the Company and junior in right of payment to securities of, or claims against, the Company which rank or are expressed to rank senior to the Preferred Shares. There is a substantial risk that an investor in the Preferred Shares will not receive any return of the principal amount or any unpaid amounts due under the terms of the Offer unless Jollibee can satisfy in full all of its other obligations ranking senior to the Preferred Shares. The Company is at liberty from time to time without the consent of the holders of the Preferred Shares to create and issue additional preferred shares or securities either (a) ranking at least *pari passu* in all respects with the Preferred Shares, or (b) upon such terms as to ranking, distributions, conversion, redemption and otherwise as the Company may determine at the time of the issue.
Dividend Cumulative	**:**	Dividends on the Preferred Shares will be cumulative. If for any reason the Board of Directors of the Company does not declare a dividend on the Preferred Shares for a Dividend Period, the Company will not pay a dividend on the Dividend Payment Date for that Dividend Period. However, on any future Dividend Payment Date on which dividends are declared, holders of the Preferred Shares must receive the dividends due them on such Dividend Payment Date as well as any dividends in which the declaration and/or payment have been deferred, in respect of prior Dividend Periods (the "**Arrears of Dividends**").
No Voting Rights	**:**	Holders of the Preferred Shares shall not be entitled to vote at the Company's stockholders' meetings, except as otherwise provided by law.
Non-Participating	**:**	Holders of the Preferred Shares shall not be entitled to participate in any other or future dividends beyond the dividends specifically payable on the Preferred Shares.
Non-Convertible	**:**	Holders of the Preferred Shares shall have no right to convert the Preferred Shares to any other preferred shares or common shares of the Company.

Redeemable	**:**	As and if declared by the Board of Directors, Issuer may redeem the Offer Shares on the Redemption Price determined therefor. The Offer Shares, when redeemed, shall not be considered retired and may be re-issued by Issuer at a price to be determined by the Board of Directors. The terms of any redemption will be set out in the relevant Offer Supplement.
No Pre-emptive Rights	**:**	Holders of the Preferred Shares shall have no pre-emptive rights to subscribe to any shares (including, without limitation, treasury shares) that will be issued or sold by the Company.
Liquidation Rights	**:**	In the event of a return of capital in respect of the liquidation, dissolution or winding up of the affairs of Jollibee but not on a redemption or purchase by Jollibee of any of its share capital, the holders of the Preferred Shares at the time outstanding will be entitled to receive, in Pesos, out of the assets of Jollibee available for distribution to shareholders, together with the holders of any other of the shares of Jollibee ranking, as regards repayment of capital, *pari passu* with the Preferred Shares and before any distribution of assets is made to holders of any class of the shares of Jollibee ranking junior to the Preferred Shares as regards repayment of capital, liquidating distributions in an amount equal to the Redemption Price as of (and including) the date of commencement of the winding up of Jollibee or the date of any such other return of capital, as the case may be. If, upon any return of capital in the winding up of Jollibee, the amount payable with respect to the Preferred Shares and any other shares of Jollibee ranking as to any such distribution *pari passu* with the Preferred Shares are not paid in full, the holders of the Preferred Shares and of such other shares will share proportionately in any such distribution of the assets of Jollibee in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of the Preferred Shares will have no right or claim to any of the remaining assets of Jollibee and will not be entitled to any further participation or return of capital in a winding up.
Other Terms of the Offer	**:**	The other terms of the Offer Shares, including the Offer Period, minimum subscription to the Offer Shares, eligible investors, procedure for application, payment for the Offer Shares, acceptance/rejection of applications, and refunds of application payments shall be set out in the relevant Offer Supplement for each tranche.
Timetable	**:**	The timetable of each tranche of the Offer shall be as set out in the relevant Offer Supplement.
Underwriters	**:**	The underwriters for each tranche of the Offer as set out in the relevant Offer Supplement.
Depository Agent	**:**	Philippine Depository and Trust Corp.
Receiving Agent, Registrar, and Paying Agent	**:**	The Receiving Agent, Registrar, and Paying Agent shall be set out in the relevant Offer Supplement for each tranche of the Offer.
Counsel to Jollibee	**:**	Picazo Buyco Tan Fider & Santos
Counsel to the Underwriters	**:**	SyCip Salazar Hernandez & Gatmaitan
Selling Agents	**:**	The selling agents for each tranche of the Offer as set out in the relevant Offer Supplement.

DESCRIPTION OF THE OFFER SHARES

Set forth below is information relating to the Offer Shares. This description is only a summary and is qualified by reference to Philippine law and the Amended Articles of Incorporation and Amended By-laws of Jollibee, as may be amended from time to time.

Share Capital Information

A Philippine corporation may issue common or preferred shares, or such other classes of shares with such rights, privileges or restrictions as may be provided for in the articles of incorporation and the by-laws of the corporation.

Under Philippine law, the shares of a corporation may either be with or without a par value. All of the common shares currently issued have a par value of ₱1.00 per share. In the case of par value shares, where a corporation issues shares at a price above par, whether for cash or otherwise, the amount by which the subscription price exceeds the par value is credited to an account designated as additional paid-in capital or paid-in surplus.

Subject to approval by the Philippine SEC, a corporation may reclassify, increase or decrease its authorized capital shares, provided that the change is approved by a majority of the board of directors of such corporation and shareholders representing at least two-thirds of the issued and outstanding capital shares of the corporation voting at a shareholders' meeting duly called for the purpose.

On May 11, 2021, the Board of Directors of the Company (the "Board of Directors") approved the amendment of the Amended Articles of Incorporation of the Company to reclassify and divide the authorized capital stock into: (i) 1,430,000,000 common shares with a par value of ₱1.00 per share; and (ii) 20,000,000 cumulative, non-voting, non-participating, non-convertible, redeemable perpetual preferred shares with a par value of ₱1.00 per share. On June 25, 2021, the stockholders of Company approved the Preferred Shares Amendment during the Annual Stockholders' Meeting. On August 11, 2021, the SEC approved the Preferred Shares Amendment.

Following the approval by the SEC of the Preferred Shares Amendment, the authorized capital stock of the Company is ₱1,450,000,000.00 divided into: (i) 1,430,000,000 common shares with a par value of ₱1.00 per share; and (ii) 20,000,000 cumulative, non-voting, non-participating, non-convertible, redeemable, peso-denominated perpetual preferred shares with a par value of ₱1.00 per share.

Below is a table illustrating the issued and outstanding shares of the Company as of August 11, 2021::

Share Class	Issued	Outstanding	Treasury
Common	1,126,014,257	1,109,566,917	16,447,340
Preferred	-	-	-
TOTAL	**1,126,014,257**	**1,109,566,917**	**16,447,340**

The Issuance of the Offer Shares

On May 11, 2021, the Board of Directors authorized the offer and issuance of up to 20,000,000 Preferred Shares, at an offer price of ₱1,000.00 per share under a shelf registration to be issued during the Shelf Period, under such terms and conditions as the management of the Company may deem advantageous to it. The approval by the Board of Directors of the Enabling Resolutions to issue Preferred Shares is subject to the SEC approval of the Preferred Shares Amendment.

The Offer Shares will comprise of unissued preferred shares to be offered and issued by the Company, subject to the SEC approval of the Preferred Share Amendment.

Within the Shelf Period, Jollibee may offer and issue Preferred Shares from time to time, in one or more series for each tranche of the Offer.

The Company has filed an application for the listing of the Offer Shares on the PSE. Once the Offer Shares are listed on the PSE, Jollibee may purchase the Offer Shares, then tradeable at that time, at any time in the open market or by public tender or by private contract at any price through the trading facilities of the PSE.

Shelf Registration and Features of the Offer Shares

Subject to the SEC approval of the Preferred Share Amendment, the Offer Shares are cumulative, non-voting, non-participating, non-convertible, redeemable, peso-denominated perpetual preferred shares. Each series will have different features on dividend rate, redemption and adjustment of dividend rate. The number of Offer Shares to be allocated to each series shall be determined by the Board of Directors of the Company. Jollibee shall issue the Offer Shares to subscribers only upon full payment by the subscribers of the subscription price for the said shares, which shall be ₱1,000.00 per share.

The Offer Shares shall be registered under a shelf registration and issued in tranches during the Shelf Period. The specific terms of each tranche of the Offer Shares shall be determined by the Company, taking into account prevailing market conditions at the time of sale and shall be set out in the relevant Offer Supplement. After the Registration Statement of the Company for the Offer Shares becomes effective, the Company will secure a permit to sell from the SEC for each tranche of the Offer. The Offer Shares will be issued in one or more series for each tranche of the Offer.

The Offer Shares have a par value of ₱1.00 per share and with the following general features (for the specific terms of the Offer Shares please refer to the Offer Supplement of the relevant issue tranche):

(a) **Dividends (Cumulative; Non-Participating)**

The Board of Directors shall have the sole discretion to declare dividends on the Offer Shares, provided that Jollibee has unrestricted retained earnings, and provided that the rate of dividend or formula for determining the same rate shall be indicated in the relevant enabling resolutions.

The dividends on the Offer Shares will be calculated on a 30/360-day basis.

Dividends on the Offer Shares will be payable quarterly in arrears for every Dividend Period on such dates provided in the Offer Supplement (each a "**Dividend Payment Date**"), which date shall be any day within the period commencing on (and including) the last date of a Dividend Period and 15 calendar days from the end of the relevant Dividend Period.

A "*Dividend Period*" shall be the period commencing on the relevant Issue Date, and having a duration of three (3) months, and thereafter, each of the successive periods of three (3) months commencing on the last day of the immediately preceding Dividend Period up to, but excluding the first day of, the immediately succeeding Dividend Period; provided that the first Dividend Period of the Offer Shares shall be the period commencing on the relevant Issue Date and ending on the last day of the then current dividend period for the outstanding Preferred Shares. If a Dividend Payment Date occurs after the end of a Dividend Period, there shall be no adjustment as to the amount of dividends to be paid.

Dividends on the Preferred Shares will be cumulative. If for any reason the Board of Directors of the Company does not declare a dividend on the Preferred Shares for a Dividend Period, the Company will not pay a dividend on the Dividend Payment Date for that Dividend Period. However, on any future Dividend Payment Date on which dividends are declared, holders of the Preferred Shares must receive the dividends due them on such Dividend Payment Date as well as any dividends in which the declaration and/or payment have been deferred, in respect of prior Dividend Periods (the "**Arrears of Dividends**").

The holders of the Offer Shares shall not be entitled to any participation or share in the retained earnings remaining after dividend payment shall have been made on the Offer Shares as aforementioned, nor shall they be entitled to any other kind of dividend payment whether cash, property, or stock, other than corresponding to the dividend rate determined by the Board of Directors.

The specific dividend rate on the Offer Shares shall be provided in the relevant Offer Supplement.

(b) **Non-Conversion** - Holders of the Preferred Shares shall have no right to convert the Preferred Shares to any other preferred shares or common shares of the Company.

(c) **Redemption** – As and if approved by the Board of Directors, Jollibee has the option, but not the obligation, to redeem the Offer Shares (or any tranche or series thereof) on such dates as set out in the Offer Supplement, or on the last day of any Dividend Period thereafter (each an "**Optional Redemption Date**") in whole but not in part, at a redemption price equal to the relevant Offer Price of the Offer Shares plus any accrued and unpaid cash dividends due them on such Dividend Payment Date as well as all Arrears of Dividends outstanding (the "**Redemption Price**").

The Offer Shares, when redeemed, shall not be considered retired and may be re-issued by Jollibee at a price to be determined by the Board of Directors.

As and if declared by the Board of Directors, Jollibee may redeem the Offer Shares on the Redemption Price determined therefor. The terms of any redemption will be set out in the relevant Offer Supplement.

The Company may not redeem the Offer Shares if the Company is declared insolvent or if such redemption will result in insolvency or inability to meet its debts as they mature.

If at any time, Jollibee has more than one (1) series of Preferred Shares, which, under the terms and conditions by which they were offered, may already be subject to optional redemption, Jollibee has the option to redeem, without preference or priority, in whole but not in part, any series or all the series.

Jollibee may also redeem the Offer Shares, in whole but not in part, at any time prior to any Optional Redemption Date if an Accounting Event or Tax Event (each as defined below) has occurred and is continuing, in each case at the Redemption Price.

An accounting event ("**Accounting Event**") shall occur if in the opinion of Jollibee, with due consultation with its external auditor authorized to perform auditing services in the Republic of the Philippines, there is more than an insubstantial risk that the funds raised through the issuance of the Offer Shares may no longer be recorded as "equity" pursuant to the PFRS, or such other accounting standards which succeed PFRS, as adopted by the Republic of the Philippines, applied by Jollibee for drawing up its consolidated financial statements for the relevant financial year and such event cannot be avoided by Jollibee taking reasonable measures available to it.

A tax event ("**Tax Event**") shall occur if dividend payments become subject to higher withholding tax or any new tax (including a higher rate of an existing tax) as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided by use of reasonable measures available to Jollibee.

Jollibee has not established, and currently has no plans to establish, a sinking fund for the redemption of the Offer Shares.

(d) **Liquidation** – In the event of a return of capital in respect of the liquidation, dissolution or winding up of the affairs of Jollibee but not on a redemption or purchase by Jollibee of any of its share capital, the holders of the Preferred Shares at the time outstanding will be entitled to receive, in Pesos, out of the assets of Jollibee available for distribution to shareholders, together with the holders of any other of the shares of Jollibee ranking, as regards repayment of capital, *pari passu* with the Preferred Shares and before any distribution of assets is made to holders of any class of the shares of Jollibee ranking junior to the Preferred Shares as regards repayment of capital, liquidating distributions in an amount equal to the Redemption Price as of (and including) the date of commencement of the winding up of Jollibee or the date of any such other return of capital, as the case may be. If, upon any return of capital in the winding up of Jollibee, the amount payable with respect to the Preferred Shares and any other shares of Jollibee ranking as to any such distribution *pari passu* with the Preferred Shares are not paid in full, the holders of the Preferred Shares and of such other shares will share proportionately in any such distribution of the assets of Jollibee in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of the Preferred Shares will have no right or claim to any of the

remaining assets of Jollibee and will not be entitled to any further participation or return of capital in a winding up.

(e) **Voting Rights** – Holders of the Preferred Shares shall not be entitled to vote except in cases expressly provided by law. Thus, the holders of the Offer Shares are not eligible, for example, to vote for or elect the Board of Directors of Jollibee. Holders of the Preferred Shares, however, may vote on matters which the Revised Corporation Code considers significant corporate acts that may be implemented only with the approval of shareholders, including those holding shares denominated as non-voting in the articles of incorporation. The following acts require the approval of the shareholders representing at least two-thirds (2/3) of the issued and outstanding capital stock of Jollibee in a meeting duly called for the purpose:

- Amendment of the Amended Articles of Incorporation;
- Adoption and amendment of By-laws;
- Sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the corporate property of Jollibee;
- Incurring, creating or increasing bonded indebtedness;
- Increase or decrease of authorized capital stock;
- Merger or consolidation of Jollibee with another corporation or other corporations;
- Investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which Jollibee was organized; and
- Dissolution of Jollibee.

However, for the amendment of the Amended By-laws of Jollibee, the approval of the shareholders representing at least a majority of the issued and outstanding capital stock of Jollibee in a meeting duly called for the purpose is required.

(f) **Pre-emptive Rights** – Holders of the Preferred Shares shall have no pre-emptive right to any issue or disposition of any share of any class of Jollibee.

(g) **Status** – The obligations of the Company under the Preferred Shares will constitute the direct and unsecured subordinated obligations of the Company ranking at least pari passu in all respects and ratably without preference or priority among themselves.

In the event of the winding-up of the Company, the Preferred Shares rank junior in right of payment to all indebtedness of the Company and junior in right of payment to securities of, or claims against, the Company which rank or are expressed to rank senior to the Preferred Shares. There is a substantial risk that an investor in the Preferred Shares will not receive any return of the principal amount or any unpaid amounts due under the terms of the Offer unless Jollibee can satisfy in full all of its other obligations ranking senior to the Preferred Shares.

The Company is at liberty from time to time without the consent of the holders of the Preferred Shares to create and issue additional preferred shares or securities either (a) ranking at least pari passu in all respects with the Preferred Shares, or (b) upon such terms as to ranking, distributions, conversion, redemption and otherwise as the Company may determine at the time of the issue.

Other Rights and Incidents Relating to the Preferred Shares

The other rights and incidents relating to the Offer Shares, which may also apply to other classes of shares of Jollibee, are as follows:

Derivative Suit

Philippine law recognizes the right of a shareholder to institute, under certain circumstances, proceedings on behalf of the corporation in a derivative action in circumstances where the corporation itself is unable or unwilling to institute the necessary proceedings to redress wrongs committed against the corporation or to vindicate corporate rights, as for example, where the directors themselves are the malefactors.

Appraisal Rights

Under Philippine law, shareholders dissenting from the following corporate actions may demand payment of the fair value of their shares in certain circumstances:

- in case any amendment to the corporation's articles of incorporation has the effect of changing and restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class;

- in case of any sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property or assets;

- in case of merger or consolidation;

- in case the corporation decides to invest its funds in another corporation or business or for any purpose other than the primary purpose; and

- in case of extension or shortening of the term of corporate existence.

In these circumstances, the dissenting shareholder may require the corporation to purchase his, her or its shares at a fair value which, in case of disagreement between the dissenting shareholder and the corporation, is determined by three disinterested persons, one of whom shall be named by the stockholder, one by the corporation, and the third by the two thus chosen. The appraisal rights may be exercised by the dissenting stockholder by making a written demand within thirty (30) days after the date on which the vote was taken on the corporate action. The failure to make the demand within the period shall be deemed a waiver of the appraisal rights.

The payment to the dissenting stockholder of the fair value of his shares will only be available if the corporation has unrestricted retained earnings to cover such purchase. From the time the shareholder makes a demand for payment until the corporation purchases such shares, all rights accruing on the shares, including voting and dividend rights, shall be suspended, except the right of the shareholder to receive the fair value of the share.

Right of Inspection

It is a recognized right of a shareholder to inspect the corporate books, records of all business transactions of the corporation and the minutes of any meeting of the Board and shareholders, at reasonable hours on business days and may demand a copy of excerpts from such records or minutes at the shareholder's expense. On the other hand, the corporation may refuse such inspection if the shareholder demanding to examine or copy the records of the corporation has improperly used any information secured through any prior examination, or was not acting in good faith or for a legitimate purpose in making his demand.

Right to Financial Statements

Another recognized right of a shareholder is the right to be furnished with the most recent financial statement of the corporation, which shall include a balance sheet as of the end of the last taxable year and a profit and loss statement for said taxable year, showing in reasonable detail its assets and liabilities and the results of its operations. At the meeting of shareholders, the board of directors is required to present to the shareholders a financial report of the operations of the corporation for the preceding year, which shall include financial statements duly signed and certified by an independent certified public accountant.

Changes in Control

There is no provision in the Amended Articles of Incorporation and Amended By-laws of Jollibee which would delay, deter or prevent a change in control of Jollibee. There are no existing arrangements to which Jollibee is a party or which are otherwise known to Jollibee that may result in a change in control of Jollibee.

SHAREHOLDERS' MEETINGS

Annual or Regular Shareholders' Meetings

All Philippine corporations are required to hold an annual meeting of shareholders for corporate purposes, one of which is the election of directors. Jollibee's By-laws provide for annual meetings on the last Friday of June of each year, and if a legal holiday, then on the following Business Day.

Special Shareholders' Meeting

Special meetings of shareholders, for any purpose or purposes, may at any time be called by either the President of the Company, upon the request by a majority of the Board of Directors to the President of the Company, or upon the written request of stockholders registered as the owners of at least 1/3 of the outstanding capital stock of the Company entitled to vote. Pursuant to Section 49 of the Revised Corporation Code, stockholders may propose the holding of a special meeting and items to be included in the agenda.

Shareholders who, alone or together with other shareholders, hold at least 5.0% of the outstanding capital stock of a publicly-listed company have the right to include items on the agenda prior to the regular/special stockholders' meeting.

Moreover, shareholders of a publicly-listed company holding at least 10.0% or more of the outstanding capital stock may call for a special stockholders' meeting, subject to the guidelines set under Section 49 of the Revised Philippine Corporation Code, SEC Memorandum Circular No. 7 (series of 2021) ("**SEC Circular No. 7**"), and other relevant regulations. The shareholders calling for the special stockholders' meeting must have held the shares for a period of at least one year prior to the receipt by the Corporate Secretary of a written call for a special stockholders' meeting.

Notice of Shareholders' Meeting

Whenever shareholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and time of the meeting, and the purpose or purposes for which the meeting is called. Notices of meetings of the stockholders shall be sent by the Corporate Secretary by personal delivery, by mail, telegraph, facsimile, or cable to each stockholder at least 15 Business Days prior to the date of the meeting to each stockholder of record at his last known address. In addition, in accordance with Section 49 of the Revised Corporation Code and SEC Memorandum Circular No. 6, series of 2020, for meetings to be held via remote communication, written notice must be sent at least 21 days prior to the scheduled regular meeting. Jollibee must also comply with SEC Circular No. 3, Series of 2020 which requires a corporation to send written notice of regular meetings of shareholders at least 21 calendar days prior to the date of the meeting. The notice shall state the place, date and hour of the meeting, and the purpose or purposes for which the meeting is called. In case of special meetings, only matters stated in the notice can be the subject of motions or deliberations at such meeting. Notice of any meeting may be waived, expressly or impliedly, by any shareholder, in person or by proxy, before or after the meeting.

When the meeting of the shareholders is adjourned to another time or place, notice of the adjourned meeting need not be provided so long as the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is decided. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.

For a special stockholders' meeting called pursuant to SEC Circular No. 7, the Board shall issue the notice to convene the stockholders' meeting at least seven days prior to the proposed date of the special meeting after a determination that the objectives and conditions in the written call are consistent with the requirements of SEC Circular No. 7.

Quorum

Unless otherwise provided by law, shareholders who own or hold a majority of the outstanding capital stock must be present or represented in all regular or special meeting of shareholders in order to constitute a quorum, except in cases where the Revised Corporation Code provides a greater percentage vis-a-vis the total outstanding capital shares. If no quorum is constituted, the meeting shall be adjourned until shareholders who own or hold the requisite number of shares shall be present or represented.

Upon approval of and upon notice by the Board of Directors, meetings may be attended by the stockholders either in person or through video or teleconference or such other means as may be subsequently permitted by applicable law or regulation.

Fixing Record Dates

The Board of Directors has the authority to fix in advance the record date for shareholders entitled: (a) to notice of, to vote at, or to have their shares voted at, any shareholders' meeting; (b) to receive payment of dividends or other distributions or allotment of any rights; or (c) for any lawful action or for making any other proper determination of shareholders' rights. In lieu of fixing the record date, the Board of Directors may, by resolution, direct the stock transfer books of the Company be closed for a period not exceeding 60 days nor less than 30 days preceding the date of any meeting of shareholders.

Pursuant to SEC rules, cash dividends declared by corporations whose shares are listed on the PSE shall have a record date which shall not be less than ten and not more than 30 days from the date of declaration of cash dividends.

In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date shall be fixed by the SEC and shall be indicated in the SEC order which shall not be less than 10 days nor more than 30 days after all clearances and approvals by the Philippine SEC shall have been secured. Regardless of the kind of dividends, the record date set shall not be less than ten trading days from receipt by the PSE of the notice of declaration of the dividend.

RISK FACTORS

General Risk Warning

An investment in the Offer Shares involves a number of risks. The price of securities can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. Past performance is not a guide to future performance and there may be a large difference between the buying price and the selling price of the Offer Shares. The occurrence of any of the following events, or other events not currently anticipated, could have a material adverse effect on the business, financial condition, results of operations and cause the market price of the Offer Shares to decline. All or part of an investment in the Offer Shares could be lost. Investors deal in a range of investments each of which may carry a different level of risk.

Prudence Required

The risk disclosure does not purport to disclose all the risks and other significant aspects of investing in these securities. Investors should undertake independent research and study on the trading of these securities before commencing any trading activity. Investors may request publicly-available information on the Offer Shares and Jollibee from the SEC and PSE.

Professional Advice

An investor should seek professional advice if he or she is uncertain of, or has not understood, any aspect of the securities to invest in or the nature of risks involved in trading of securities, especially high-risk securities.

Risk Factors

This Prospectus contains forward-looking statements that involve risks and uncertainties. Jollibee adopts what it considers conservative financial and operational controls and policies to manage its business risks. The actual results may differ significantly from the results discussed in the forward-looking statements. See section "Forward-Looking Statements" of this Prospectus. Factors that might cause such differences, thereby making the offering speculative or risky, may be summarized into those that pertain to the business and operations of Jollibee, in particular, and those that pertain to the over-all political, economic, and business environment, in general. These risk factors and the manner by which these risks shall be managed are presented below. The risk factors discussed in this section are of equal importance and are only separated into categories for easy reference.

Investors should carefully consider all the information contained in this Prospectus including the risk factors described below, before deciding to invest in the Offer Shares. The business, financial condition and results of operations of the Company could be materially and adversely affected by any of these risk factors.

RISKS RELATING TO THE GROUP

The recent COVID-19 global pandemic has had and is expected to continue to have an adverse effect on the Group's business and results of operations.

COVID-19, an infectious disease that was first reported to have been transmitted to humans in late 2019, has spread globally over the course of 2020, and in March 2020 it was declared as a pandemic by the World Health Organization. As of June 25, 2021, there had been about 180 million confirmed cases in the world, as reported to the World Health Organization. All the countries and territories where the Group operates business have reported confirmed cases and have taken measures in varying degrees to contain the spread, including social distancing measures, community quarantine, suspension of operations of non-essential businesses and travel restrictions.

As a result of the COVID-19 pandemic, the Group has experienced store and commissary closures and instances of reduced store-level operations, including reduced operating hours and dining-room closures. As of May 31, 2021, the percentages of the Group's stores that were temporarily closed due to the COVID-19 pandemic was 2.0% in the Philippines, 0.5% in the PRC, 3.0% in North America (only including Smashburger, Jollibee, Red Ribbon and Chowking stores) and 4.0% in Europe, Middle East and Asia, excluding the Philippines and the PRC (EMEAA), 10% for CBTL and 14% for SuperFoods. As of May 31, 2021, the percentages of the Group's stores that were open were 98% in the Philippines, 99.5% in the PRC, 97% in North America and 96% in EMEAA, 90% for CBTL and 86% for SuperFoods. Furthermore, in markets where governments have imposed restrictions on

travel outside of the home or restrictions on dining in, or where customers have been practicing social-distancing, store traffic has also been significantly impacted, with all or a significant portion of stores providing only delivery and takeaway services. In particular, in the Philippines, as of the date of this Prospectus, Metro Manila is under General Community Quarantine ("**GCQ**"), while other areas continue to be placed under other levels of community quarantine and there is no assurance that areas that are currently under GCQ or Modified GCQ ("**MGCQ**") would not be placed under more stringent community quarantine in the future. See "*The Company – Recent Developments – The COVID-19 Pandemic*" for more information about control measures and the effect on the Group's business. As of May 31, 2021, businesses have generally reopened in the PRC and Vietnam, and other countries and territories where the Group operates, including many regions of the United States, are also easing their control measures and reopening their societies. Despite such easing and reopening, the Group expects the recovery of its sales to be slow. Furthermore, the Group is also uncertain about the future development in these countries and territories, especially about the probabilities of the subsequent waves of infection and re-imposition of community quarantine, stay-at-home orders, and other control measures.

Apart from the direct adverse impact on the Group's business described above, the COVID-19 pandemic has also (i) adversely affected consumer confidence in general macroeconomic conditions and caused decreases in consumer purchasing power and consumer discretionary spending; (ii) disrupted the operations of the Group's business partners, including joint ventures and associates, third-party suppliers and distributors, franchisees, as well as franchisors who licence the Group to operate stores under their brands; (iii) disrupted the global supply chains of materials, facilities and other products through the effects of travel restrictions, quarantines, closure of factories and facilities, and political, social and economic instability; (iv) increased volatility or caused disruption of global financial markets and affected businesses' capabilities of accessing capital markets and other funding resources on favourable or acceptable terms; and (v) resulted in social and political instability. The COVID-19 pandemic has also affected and continues to affect the employment of migrant Filipinos, who are a consumer base for the Group. As the situation evolves, these indirect impacts may become more significant and could also have a severe adverse impact on the Group's results of operation and cash flow.

The Group's results of operation have been adversely affected. As of December 31, 2020, the Group's global system wide sales ("**SWS**") declined by 27.8%. In the three months ended March 31, 2021, Group's global SWS declined by 13.4%. For the year ended December 31, 2020 and for the quarter ended March 31, 2021, net cash (used in) provided by operating activities was (₱505.3 million) and ₱2,699.4 million, respectively.

Despite the uncertainties, the Group stayed clearly focused on its mission "to serve great tasting food, bringing the joy of eating to everyone." The Group strengthened its off-premise channels in order to continue to serve its customers. It enhanced delivery for both in-house and third-party aggregators, boosted take out sales through call and pickup and introduced curb side pickup for stores that do not have drive-through. The Group also improved the turnaround time of drive-through operations to serve more customers. It launched new products that are suited for off-premise sales and consumption. The Group's off-premise channels became the driver of the business and contributed a greater percentage of total sales.

To further reduce the negative impact of the COVID-19 pandemic, the Group is implementing measures such as developing online and food delivery access points and platforms, identifying alternative supplies, spreading inventories in various warehouses and depots, making work-from-home arrangements where feasible, delaying capital expenditure and cutting costs. However, the Group cannot assure that these measures will be effective and the negative impact of the COVID-19 pandemic will be successfully reduced.

The Group is not able to accurately predict the impact that COVID-19 will have on its business going forward due to uncertainties with respect to the severity and duration of the COVID-19 pandemic and additional actions that may be taken by governmental authorities, changes in consumer behaviour, recovery of economies and consumer spending, and the competitive environment. In addition to store closure, reduced operations and dining-room closures, the Group may experience more difficulties such as interruption of food and other supplies as well as labour shortage as a result of COVID-19, further disrupting the Group's operations.

The Group's success is also reliant on its franchisees. As of December 31, 2020, 2,111 out of the Group's 3,217 stores in the Philippines and 1,204 out of the Group's 2,607 stores out of the Philippines were franchised. The COVID-19 pandemic could cause financial distress for the franchisees that have been or will be impacted. As a result of this, the franchisees may not be able to meet their financial obligations as they come due, including the payment of royalties or other amounts due to the Group. This could lead to write-offs of amounts the Group have currently due from the franchisees beyond amounts which have been reserved, as well as decreased future collections from franchisees. Additionally, the Group's franchisees may not be able to make payments to

landlords, distributors and key suppliers, as well as payments to service any debt they may have outstanding. Franchisee financial distress may also have an impact on the franchised stores' capability of operating in accordance with standards and providing high-quality products and services, and the distress may even lead to permanent store closures and reduced new franchisee development which would further harm the Group's results of operation and liquidity going forward. In addition, substandard operation, low-quality products and services and even permanent closure of franchised stores could harm the Group's reputation and future development. To assist in reducing the negative impact of the COVID-19 pandemic on its franchisees, the Group is implementing measures such as extension of payment periods and refund of a certain portion of a franchisee's contribution to marketing expenses. However, the Group cannot assure that these measures will be effective.

The extent to which the COVID-19 pandemic will continue to impact the Company will depend on future developments, including the timeliness and effectiveness of actions taken or not taken to contain and mitigate the effects of COVID-19 both in the Philippines and internationally by governments, central banks, healthcare providers, health system participants, other businesses and individuals, which are highly uncertain and cannot be predicted. To the extent the COVID-19 pandemic adversely affects the business and financial results of the Company, it may also have the effect of heightening many of the other risks described in the Prospectus.

The Group operates in a highly competitive industry, and its business and financial results may be adversely affected by the actions of its competitors and its failure to respond to competitive pressures.

The food service and restaurant industry in the Philippines and other countries where the Group has operations is highly competitive. The Group competes with other well-established international restaurant chains and franchises, as well as other regional and local restaurants on the basis of product choice, quality, affordability, service, location, as well as the nature and condition of the stores in the Group's network.

This industry has few barriers to entry for opening one or numerous points of sale and therefore new competitors may emerge at any time. The Group may lose market share to well-established companies such as McDonald's, YUM! Brands, Inc. (which owns the KFC, Pizza Hut and Taco Bell brands) and Restaurant Brands International Inc. (which owns the Tim Hortons®, Burger King® and Popeyes® brands). Particularly in the Philippines, other international and national restaurant chains such as McDonald's, KFC, Shakey's, Pizza Hut, Wendy's and Max's Group may also take market share as they expand in the Philippines, and new emerging restaurant chains may scale up or enter the market. The Group also competes with restaurants that focus on fried chicken, sandwiches, burgers, pizza, grilled chicken, baked goods (including pastries), coffee and tea, or offer alternative menus. Lastly, the Group also competes with certain segments of the food industry, such as convenience stores and prepared food counters in grocery stores.

The Group's ability to compete depends on its ability to maintain a high standard in the taste and quality of its food, efficient service and price-value relationship. This will also depend on the Group's ability to expand its store network, develop and roll-out new products and product line extensions, effectively respond to consumer preferences, manage the complexity of its store operations and franchisee network as well as the impact of its competitors' actions, and maintain its customer's perception of the quality and value of its products.

In addition to competing for customers, the Group also competes for franchisees, management personnel and employees. The Group's competitors may be able to offer greater resources and benefits to their franchisees (for example, in terms of lower franchise royalties, advertising programmes, greater training and more extensive franchise support), as well as better salaries, compensation and benefits to their management personnel and employees, all of which may enable them to attract and retain franchisees, management personnel and employees more effectively than the Group. The market for suitable store locations is also highly competitive. Food service and restaurant companies, restaurant chains and other retail companies compete for prime real estate sites. As a result of their size advantage, higher levels of consumer awareness for their brands and/or their greater financial resources, some of the Group's competitors may have the ability to negotiate more favourable commercial lease terms than the Group can and some landlords and developers may offer priority or grant exclusivity to some of the Group's competitors for desirable locations. As a result, the Group may not be able to obtain leases for new stores or renew leases for existing stores on acceptable terms, if at all, which could adversely affect the Group's business, results of operations and financial condition. Furthermore, to the extent that one of the Group's existing or future competitors offers items that are better priced or more appealing to consumer tastes, increases the number of restaurants it operates in one of the Group's key markets, rebrands its restaurant portfolio to better enhance the restaurant experience or has more effective advertising and marketing programmes than the Group, the Group's revenue and those of the Group's franchisees could be adversely affected. If the Group is unable to maintain its competitive position, the Group could experience downward

pressure on prices, lower demand for the Group's products, reduced margins, the inability to take advantage of new business opportunities and the loss of market share, which could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group believes this risk can be managed through the Group's strengths and strategies to ensure competitiveness in the market, (see *"The Company – Strategies"*). However, there is no assurance that the Group can provide an effective mitigation to such risk.

If the Group does not successfully evolve and execute its business strategies, including its plan of business transformation amid the COVID-19 global pandemic, it may not be able to increase operating income.

To drive operating income growth, the Group's business strategies must be effective in maintaining and strengthening customer appeal, delivering sustainable customer count growth, increasing SWS and expanding the Group's operations. Whether these strategies are successful depends mainly on the Group's ability to:

- anticipate and address changing consumer preferences;
- acquire, retain, regain and/or convert customers through the Group's pricing, promotional and marketing activities as well as its ability to maximise the price-value equation of its products;
- continue to innovate and differentiate the Group's experience by preparing and serving the Group's food in a way that balances quality, value and convenience to its customers with profitability;
- anticipate and take advantage of technological advancements, such as digital technologies for management, marketing, ordering, payment and optimisation of products and services, and adapt the Group's business to the digital age;
- capitalise on the Group's various brands in the international and local market presence to enhance its ability to retain, regain and convert key customer groups;
- identify and develop store sites consistent with the Group's growth plans;
- operate stores with high service levels and optimal capacity while managing the increasing complexity of the Group's store operations and create efficiencies through innovative use of technology;
- identify and assess investment and acquisition opportunities as well as potential strategic joint venture partners, and to successfully finance, close and integrate such investments and acquisitions growth opportunities, investments and partnerships; and
- alter its business structure and improve operational efficiencies in a timely manner.

As part of its business strategy, the Group has conducted and expects to carry out acquisitions of varying sizes in the future. For example, in April 2018, the Group increased its equity interest in Smashburger from 40% to 85%, and in December 2018, the Group further increased such equity interest to 100%. Furthermore, in September 2019, the Group acquired an 80% equity interest in CBTL and in March 2020, the Group further increased its investment in the private equity fund Titan Dining LP (which is the ultimate holding entity of the Tim Ho Wan Brand). These acquisitions involve numerous risks, including, without limitation, the following: (i) the assumptions used in the underlying business plans may not prove to be accurate, in particular with respect to synergies and expected commercial demand; (ii) the Group may not integrate acquired businesses, technologies, products, personnel, and operations promptly and effectively; (iii) the Group may fail to retain key employees, customers and suppliers of the companies acquired; (iv) the Group may be required or wish to terminate pre-existing contractual relationships, which could be costly and/or on unfavourable terms; and (v) the Group may increase its indebtedness to finance these acquisitions. As a result, it is possible that the expected benefits of completed or future acquisitions may not materialise within the time periods or to the extent anticipated, or have a material adverse effect on the Group's financial condition.

Furthermore, the Group has a significant network of Group-owned stores and, as part of its business strategy, will continue to open new Group-owned stores in the future which may not realise short or long term gains, or may have a material adverse effect on the Group's financial condition.

In particular, such risks are heightened by the ongoing COVID-19 global pandemic. For example, Smashburger and CBTL were acquired by the Group in 2018 and 2019, respectively. The two businesses together contributed 17.5% of the Group's SWS for the three months ended March 31, 2021. Some of Smashburger and CBTL stores have experienced temporary store closure or instances of reduced store-level operations; moreover, the COVID-19 pandemic may increase the stores' costs of operation due to social distancing measures and disruption of supply chains. As a result, the Smashburger and CBTL businesses may fail to generate the benefits the Group initially expected. Considering the financial pressure and business uncertainty brought by the COVID-19 pandemic, the Group's capital expenditure, acquisition of businesses and new store opening may be delayed or otherwise affected.

Amid the COVID-19 pandemic, the Group has completed the implementation of its business transformation program (the "**Business Transformation Program"**) in 2020. The Business Transformation Program was made to make significant changes to its global business structure. The changes involved the rationalisation of its non-performing stores, store network, supply chain facilities and management and support group structure. It will also include building drivers of revenue growth for the future, including food delivery-to-home and offices, take out and drive-thru, and opening of new stores in selective locations. The Business Transformation Program included rationalisation of the number of stores within certain geographic area; rationalisation of resources deployed in the stores; implementation of safety and social distancing protocol in the dining area; investment in digital commerce and technology; increase in the capacity for delivery-to-home and office, take out and drive thru; installation of mobile applications to facilitate food ordering and payment; establishment of more "cloud kitchen" or unmarked delivery outlets with no dine-in facility located in discreet, low rent sites; rationalisation of production and distribution facilities; and transformation of support and management groups in the field and in the offices. The Business Transformation Program had been implemented around the world, most importantly in the Group's largest markets: the Philippines, the PRC and North America. It was designed to adapt the Group to the possible "new normal" as the Group expected that consumers will not quickly revert to pre-COVID-19 behaviours even after all the restrictions are lifted, and to ensure that the Group's business remains resilient and is able to grow even in times of economic difficulties.

As part of the Business Transformation Program, in 2020, 4 commissaries and a total of 486 stores (307 were Group-owned, while 179 were franchised), of which 262 were covered by the Business Transformation Program, were permanently closed. The Group also significantly reduced headcount as well as operating and general and administrative expenses in its stores, supply chain facilities and support group offices. The Group incurred a total of ₱6.7 billion or 96.0% of the ₱7.0 billion provision made in June 2020 for this program. Of the ₱6.7 billion, ₱2.0 billion represented write-off of book value of certain assets.

The Group generated significant cost savings from the Business Transformation Program. These enabled them to become profitable again in the fourth quarter of 2020 despite a double-digit decline in consolidated revenues versus the previous year. In 2021 and the years ahead, the Group expects to realize the full impact of the Business Transformation with annual savings of ₱2.6 billion. As of March 31, 2021, the Group generated profit, which was also driven primarily by savings from the Business Transformation Plan.

If the Group is delayed or unsuccessful in executing its business strategies, including the Business Transformation Program, or if the Group's business strategies do not yield the desired results, the Group's business, financial condition and results of operations may be materially and adversely affected.

The Group's franchise business model presents a number of risks.

As the Group's business model has evolved and will continue to evolve to a more franchised structure, its success relies to large degree on the financial success and cooperation of its franchisees. As of May 31, 2021, the Group's global store network comprised 5,815 Group-owned and franchised stores, of which 3,293 are franchised stores. The Group has existing franchise agreements with franchisees for the latter to operate stores under the Jollibee, Chowking, Greenwich, Red Ribbon, Yonghe King, Hong Zhuang Yuan, Mang Inasal, Highlands Coffee, PHO24, Smashburger and CBTL brands. The franchise agreements provide the franchisee the right to own and operate a store on a site approved by the Group and to utilise the Group's system in connection with the operation of the store. Where a site is under a lease or tenancy agreement, the Group requires the relevant franchisee, to the extent permitted by local law, to include provisions which shall allow the sublease or assignment of the lease of the outlet to the franchisor. In some jurisdictions, the franchise agreement allows the franchisor to take over the site occupied by the franchisee once the latter ceases to be a franchisee. Franchisees pay set-up fees, monthly royalty fees equivalent to a certain percentage of the franchisees' net sales and service fees for various services, including advertising and repairs and maintenance services, rendered by the Group's personnel. The Group's

franchisees manage their businesses independently, and therefore are responsible for the day-to-day operation of their stores. Business risks affecting the Group's operations also affect its franchisees. If the Group's franchisees do not experience sales growth, royalty fees and other payments due to the Group and, in turn, the Group's revenue and margins could be negatively affected. Also, if sales trends worsen for franchisees, their financial results may deteriorate, which could result in, among other things, store closures, or delayed or reduced payments to the Group.

The Group's success also relies on the willingness and ability of its independent franchisees to implement major initiatives, which may include financial investment, and to remain aligned with the Group on operating, promotional and capital-intensive reinvestment plans. The ability of franchisees to contribute to the achievement of the Group's plans is dependent in large part on the availability to them of funding at reasonable interest rates and may be negatively impacted by the financial markets in general, by the creditworthiness of the Group's franchisees or the Group or by banks' lending practices. If the Group's franchisees are unwilling or unable to invest in major initiatives or are unable to obtain financing at commercially reasonable rates, or at all, the Group's future growth and results of operations could be adversely affected.

Amid the ongoing COVID-19 pandemic and in expectation of the potential post-pandemic "new normal", the Group's success also depends on how its franchisees cope with the challenges brought by the COVID-19 pandemic. Some of the Group's franchisees, both inside and outside the Philippines, have developed and expanded their delivery and take-away businesses, and the Group is also expanding its "cloud kitchen" business which cater to delivery. In addition, the franchisees are also an essential part of the Group in implementing the Business Transformation Program. See "*Risk Factors − Risks relating to the Group −If the Group does not successfully evolve and execute its business strategies, including its plan of business transformation amid the COVID-19 global pandemic, it may not be able to increase operating income*." However, there is no guarantee that the franchisees will successfully adapt to the difficult situations during the COVID-19 pandemic and the post-pandemic "new normal".

The Group's operating performance could also be negatively affected if its franchisees experience food safety or other operational problems or project an image inconsistent with the Group's brand and values, particularly if its contractual and other rights and remedies are limited, costly to exercise or subjected to litigation and potential delays. If the Group's franchisees do not successfully operate stores and deliver products and services in a manner consistent with the Group's required standards and processes, the Group's and its brands' image and reputation could be harmed, which in turn could have a material adverse effect on the Group's SWS and business and operating results.

The ability of the Group to expand through franchising is also dependent on the Group's ability to find and select new franchisees into its international network. The Group's future prospects depend on (i) its ability to attract new franchisees for each of its brands that meet the Group's criteria and (ii) the willingness and ability of franchisees to open stores in existing and new markets. There can be no assurance that the Group will be able to identify franchisees that meet the Group's criteria, or if the Group successfully identifies such franchisees, that such franchisees will successfully implement their expansion plans.

The decision to own stores or to operate under franchise agreements is driven by many factors whose interrelationship is complex. The benefits of the Group's more heavily franchised structure depend on various factors including whether the Group has effectively selected franchisees that meet its rigorous standards, whether the Group is able to successfully integrate them into its structure and whether their performance and the resulting mix of stores support the Group's brand and financial objectives.

To mitigate this risk, the Group implements a strong selection process in deciding and approving franchisees. The Group imposes various criteria on site selection to ensure that Jollibee brand stores are opened in viable locations. The terms and conditions of each franchise agreement are carefully reviewed to ensure that the franchisee will comply with standards imposed by the Group. The Group likewise conducts regular audits and checks and performs regular performance evaluations to ensure compliance by the franchisee. During the pandemic, Jollibee as franchisor provided assistance to its franchisees on various aspects of the franchise, including rental concessions and discounts on some fees, to ensure that the franchisees remain financially afloat despite the challenging business conditions.

The Group may not be able to obtain financing or capital on terms acceptable to it or at all which could adversely impact the execution of the Group's expansion and growth plans and the Group may not be able to fulfil its debt obligations.

The Group may need to obtain external debt and equity financing, through public or private financing, and the proceeds from the offering may not be sufficient to finance the opening of new Group-owned stores in accordance with expansion plans. The Group's ability to finance capital expenditure plans is subject to factors beyond its control. In addition, the Group's existing debt facilities generally restrict the Group's ability to incur further indebtedness or encumber assets as security. There can be no assurance that the Group would be able to secure consent to incur any further indebtedness under existing or future debt facilities.

Due in part to the COVID-19 pandemic, the Group has experienced a significant decrease in its cash earnings in 2020. As of March 31, 2021, the Group has improved its cash earnings as lockdown restrictions are eased and the impact of the pandemic is mitigated. However, there is no assurance that the situation of the COVID-19 pandemic will continue to improve and if governments will re-impose severe lockdown measures. This, in turn, will impact leverage ratios in its financing agreements. See "*Risk Factors −The recent COVID-19 global pandemic has had and is expected to continue to have an adverse effect on the Group's business and results of operations*." As of March 31, 2021, the Group had ₱18,257.4 million of long-term debt. As part of the prudent financial management by the Group to address the impact of the COVID-19 pandemic, the Group coordinated closely with relevant lenders with respect to its bank debt facilities to, where necessary, waive compliance with, or extend the existing waiver for, certain financial covenants under such financing agreements. Previously, the Group obtained temporary waivers and relaxation of certain financial covenants from some of its partner lender banks when it raised short-term capital through debt for the acquisition of CBTL. Short-term loans for the same period were at ₱15,958.9 million. The Group is working closely with its lenders to ensure that it does not breach any covenant and has secured temporary waivers from its lenders on certain financial covenants, effective until December 31, 2021. However, there can be no assurance that the Group would be able to obtain, or otherwise extend, such waivers or covenant relief. If the Group's business and results of operations deteriorate and there is a need to raise capital by incurring additional debt, the Group may be required to negotiate further covenant relief with existing lenders. If such relief is not forthcoming, the Group may use a portion of its cash reserves to prepay such indebtedness.

If the Group is unable to make payments in connection with its debt and other fixed payment obligations as they become due, the Group may need to renegotiate the terms and conditions of such obligations or to obtain additional equity or debt financing. There can be no assurance that renegotiation efforts would be successful or timely or that the Group would be able to refinance obligations on acceptable terms or at all. If financial institutions decline to lend additional funds or to refinance or extend the Group's existing liabilities when they mature on acceptable terms, whether as a result of perceived credit risk or otherwise, and the Group fails to raise financing through other means, the Group's business, financial condition and results of operations may be materially and adversely affected. To the extent that the Issuer undertakes operating activities in the future, engaging in such operating activities may cause the Issuer to incur additional debt or other liabilities, and may involve operating expenses and operating losses, which could affect the Issuer's financial position. If the Issuer experiences negative cash flow from operations over a prolonged period of time, or if the Issuer suffers unexpected cash outflows, the Issuer's liquidity and ability to pay dividends on the Offer Shares may be adversely affected.

The Group may not achieve its target development goals, aggressive development could cannibalise existing sales and new stores may not be profitable.

The Group's growth strategy depends on its ability to increase the number of stores in its global store network. The successful development of new stores depends in large part on the ability of the Group and the Group's franchisees to open new stores and to operate these stores profitably. There is no assurance that the Group will be able to achieve its expansion goals or that new stores will be operated profitably. Further, there is no assurance that any new store will produce operating results similar to those of the Group's existing stores. Other risks that could impact the Group's ability to increase the number of stores in its global store network include prevailing economic conditions and trade or economic sanctions and the Group's or the Group's franchisees' ability to obtain suitable store locations, negotiate acceptable lease or purchase terms for the locations, obtain required permits and approvals in a timely manner, hire and train qualified management teams and store crews, and meet construction schedules.

Expansion into target markets could also be affected by the willingness of the Group's franchisees to invest capital or ability to obtain financing to construct and open new stores. If it becomes more difficult or more

expensive for the Group's franchisees to obtain financing to develop new stores, or if the perceived return on invested capital is not sufficiently attractive, the expected growth of the Group's store network could slow and the Group's future revenues and operating cash flows could be adversely impacted.

In addition, the development of new stores could impact the sales of the Group's existing stores nearby. There can be no assurance that sales cannibalisation will not occur or become more significant in the future as the Group increases its presence in existing markets.

Furthermore, the COVID-19 pandemic may severely affect business prospects as well as the Group's and the franchisees' financial capabilities. As the COVID-19 pandemic is still evolving and the impact is very uncertain, the extent of its impact on the Group's ability to achieve its expansion goals remains difficult to predict.

To mitigate this risk, the Group continually reviews business expansion opportunities in existing and new markets. The Group utilises various criteria in the selection of store locations, which include, among others, consumer preferences, demographic trends, customer foot traffic volume and patterns, accessibility and visibility, the type, number and location of competing food retailers and economic conditions. The Group also has a dynamic management of capital expenditures related to new store openings and ensures new store developments take into consideration the return on invested capital performance of newly opened stores.

The Group may not be able to successfully expand its food delivery service and achieve growth in profits.

The importance of food delivery service for the restaurant and food service industry has become more significant during the COVID-19 pandemic. According to McKinsey & Company[1], heightened demand of delivery from restaurants and cafés has been observed and a portion of the shift to off-premise dining will probably endure beyond the COVID-19 pandemic and, possibly, permanently.

Prior to the COVID-19 pandemic, the Group had developed its own delivery capacities and also collaborated with third-party delivery aggregators, such as Deliveroo, Foodpanda, GrabFood, DoorDash, Uber Eats, Grubhub, Postmates, Ele.me, and Meituan. The Group has expanded its food delivery business amid the COVID-19 pandemic and has achieved sales growth in certain regions. The Group will further expand its food delivery capacities as a part of the Business Transformation Program, also see: "*The Company – Strategies − Enhance operational efficiency and synergies across the Group*."

The Group cannot assure its success in expanding food delivery capacities, nor can it assure a profit growth due to such expansion. Expansion of food delivery capacities may involve upfront capital expenditure in digital ordering system, promotional costs including discounts, and additional costs associated with hiring of delivery staff and collaboration with third party delivery aggregators and payment platforms. Some delivery initiatives proposed by the Group are not mandatory upon its franchisees and there is no guarantee that a sufficient number of franchisees will join delivery initiatives of the Group in order to achieve optimal benefits to expand its food delivery capacity. Furthermore, food quality may be affected by the delivery process, and the Group cannot assure that third-party delivery aggregators will always comply with the Group's food handling standard to ensure quality, despite the Group's efforts to ensure their compliance. Third-party delivery aggregators may also charge a fee and at the same time may not allow the Group to increase prices to offset the fee, thus resulting in lower profits for the Group. Furthermore, there is no assurance that third-party delivery aggregators shall be available at all times to cater to the Group's customers and shall be able to sustain its ability to operate their respective platforms. The Group may also face fierce competition as a large number of restaurants and other food service providers will develop or similarly expand their food delivery businesses. If the Group fails to achieve expansion of food delivery capacities or an associated profit growth, its results of operation may be materially adversely affected.

Prior to the pandemic, the Group's brands, especially in the Philippines, have had established delivery infrastructure, such as common-number hotlines and call centers for call-in deliveries, online ordering systems, delivery motorcycles and riders. The pandemic necessitated the acceleration of its digital transformation to further build its capabilities to expand its off-premise capacities in response to the evolving landscape. Part of that transformation is the Group's continued investment in its own online delivery capability such as upgrades and relaunch of its website ordering portals and mobile ordering apps so that it is not heavily reliant on third-party delivery aggregators. The Group is also stepping up marketing efforts to raise awareness and usage of online

[1] https://www.mckinsey.com/industries/retail/our-insights/how-restaurants-can-thrive-in-the-next-normal

ordering systems to be able to capture demand because of continued limited operations for dine-in, also see: "*The Company – Strategies − Enhance operational efficiency and synergies across the Group*."

The Group may not be able to adequately influence the operations of its associate companies and joint venture companies.

The Group derives some of its income from associate companies and joint venture companies, which have incurred a net loss in recent years. The Group does not have majority voting control of its associate companies and certain of its joint venture companies and, therefore, may not be able to direct the operations of these entities. As a result, cooperation among its partners or consensus with other shareholders in these entities is crucial to these businesses' sound operation and financial success. Disagreements with these partners or other shareholders over business strategy and direction may lead to a material impact on the Group's results of operations.

The Group has experienced rapid growth in recent years. The failure to successfully manage this or any future growth may adversely affect the Group's results of operations.

The Group's business has grown significantly in recent years, largely due to the sustained strong performance of its existing stores and the opening of new stores in existing and new markets within the Philippines and other countries and territories.

The Group's growth is, to a certain extent, dependent on new store openings. There are many obstacles to opening new stores, including determining the availability of desirable locations, securing reliable suppliers, training new personnel and negotiating acceptable lease terms, and, in times of adverse economic conditions, franchisees may be more reluctant to provide the investment required to open new stores and may have difficulty obtaining sufficient financing. Furthermore, there can be no assurance that the Group will not experience material difficulties or failures in obtaining the necessary permits, licences or approvals for opening new stores, which could delay the opening of such stores in the future, or that the Group will be able to obtain, maintain and renew the relevant permits and licences necessary for the operation of its stores in general. See " *Risk Factors - Changes in, or non-compliance with, governmental regulations may have a material adverse effect on the Group's business operations, growth prospects or financial condition*". In addition, the Group's growth in same store sales is dependent on continued economic growth in the countries in which the Group operates as well as the Group's ability to continue to predict and satisfy changing consumer preferences. It is therefore possible that the Group may not be able to successfully maintain the Group's recent growth rate.

The Group plans its capital expenditures on an annual basis, taking into account historical information, regional economic trends, store opening and reimaging plans, site availability and the investment requirements in order to maximise the Group's returns on invested capital. The success of the Group's investment plan may, however, be harmed by factors outside the Group's control, such as changes in macroeconomic conditions, changes in demand and construction difficulties that could have a material adverse effect on the Group's investment returns, future results and financial condition.

Failure to preserve the value and relevance of the Group's brands could have an adverse impact on the Group's financial results.

To be successful in the future, the Group believes it must preserve, enhance and leverage the value of its brands. Brand value is based in part on consumer perceptions. Those perceptions are affected by a variety of subjective factors, including the nutritional content and preparation of the Group's food, the ingredients the Group uses, the manner in which it sources commodities and its general business practices. Consumer acceptance of the Group's offerings is subject to change for a variety of reasons, and some changes can occur rapidly. For example, nutritional, health and other scientific studies and conclusions, which constantly evolve and may have contradictory implications, drive popular opinion, litigation and regulation (including initiatives intended to drive consumer behaviour) in ways that affect the food service and restaurant industry or perceptions of the Group's brand generally or relative to available alternatives. Consumer perceptions may also be affected by adverse commentary from third parties, including through social media or conventional media outlets, regarding the food service and restaurant industry, its brand, its operations, its suppliers or its franchisees. If the Group is unsuccessful in addressing adverse commentary, whether or not accurate, the Group's brand and its financial results may suffer.

Additionally, the on-going relevance of the Group's brands may depend on the success of its sustainability initiatives, which require coordination and alignment amongst the Group and its franchisees. If the Group is not effective in addressing social and environmental responsibility matters or achieving relevant sustainability goals, consumer trust in the Group's brands may suffer. In particular, business incidents or practices whether actual or perceived, that erode consumer trust or confidence, particularly if such incidents or practices receive considerable publicity or result in litigation, can significantly reduce brand value and have a negative impact on the Group's financial results.

To mitigate this risk, the Group had various marketing initiatives aimed at building and preserving the brands' value from the consumers' perspective with an ability to adapt to changes in consumer needs. The Company constantly improves its capabilities and works closely with advertising and consumer research agencies to ensure that the Group's advertising campaigns include strategic product innovations relevant in building brand equity and drive conversion. The Group also engages global and best-in-class media agencies to ensure that campaign initiatives achieve the desired consumer touch points, balancing effectiveness and efficiency.

The Group's brands may be harmed or diluted through franchisee and third-party activity.

Although the Group monitors and regulates franchisee activities through its franchise agreements, franchisees or other third parties may refer to or make statements about the Group's brands that do not make proper use of its trademarks or required designations, that improperly alter trademarks or branding, or that are critical of the Group's brands or place the Group's brands in a context that may tarnish their reputation. This may result in dilution of, or harm to, the Group's intellectual property or the value of the Group's brands.

Franchisee non-compliance with the terms and conditions of the Group's franchise agreements may reduce the overall goodwill of the Group's brands, whether through the failure to meet health and safety standards, engage in quality control or maintain product consistency, or through the participation in improper or objectionable business practices. Moreover, unauthorised third parties, which may include the Group's current and former franchisees, may use the Group's intellectual property to trade on the goodwill of the Group's brands, resulting in consumer confusion or brand dilution. There can be no assurance that the Group's policies to protect its intellectual property will be adequate, and defending or enforcing the Group's service marks and other intellectual property could result in the expenditure of significant resources. In addition, resources may be directed to more pressing matters, resulting in insufficient resources for such defence and enforcement. Any reduction of the Group's brands' goodwill, consumer confusion, or brand dilution is likely to impact sales, and could materially and adversely impact the Group's business and results of operations.

To mitigate this risk, the Group's franchise agreements are carefully reviewed to ensure that its terms and conditions are aligned with Group standards. Each brand is allocated its own franchise management team to ensure compliance with franchise agreement terms and conditions. The Group regularly conducts performance standards review. For further discussion please see "*The Company – Competitive Strengths - Franchise Management*".

The Group's inability or failure to recognise, respond to, and effectively manage, the accelerated impact of social media could adversely impact its business.

In recent years, there has been a marked increase in the use of social media platforms, including blogs, chat platforms, social media websites, and other forms of Internet-based communications which allow individuals access to a broad audience of consumers and other interested persons. The rising popularity of social media and other consumer-oriented technologies has increased the speed and accessibility of information dissemination. Many social media platforms immediately publish the content their subscribers and participants post, often without filters or checks on accuracy of the content posted. Information posted on such platforms at any time may be adverse to the Group's interests and/or may be inaccurate. The dissemination of information online could harm the Group's business, reputation, financial condition, and results of operations, regardless of the information's accuracy, notwithstanding the Group's efforts to address the issue. The damage may be immediate without affording the Group an opportunity for redress or correction.

In addition, social media is frequently used by the Group's stores and franchisees to communicate with their respective customers and the public in general. Their failure to use social media effectively or appropriately, particularly as compared to their respective competitors, could lead to a decline in brand value, customer visits and revenue of the Group. Other risks associated with the use of social media include improper disclosure of proprietary information, negative comments about the Group's brands, exposure of personally identifiable information, fraud, hoaxes or malicious dissemination of false information. The inappropriate use of social media

by the Group's customers or employees could increase its costs, lead to litigation or result in negative publicity that could damage its reputation and adversely affect its results of operations.

To mitigate this risk the Group keeps track of the feedback from consumers on its brands from various social media platforms. Social media agencies are also utilized to help manage the communication of different brands in various social media platforms. The Group's Corporate Communications and Marketing organization, together with the Business Unit Management Team develops strategies to address negative feedback on social media platform. The Group has designated teams dedicated to each of the Group's brands' social media accounts to attend to consumers' concerns promptly. The Group believes that for as long as the brands deliver consistent quality, comply with operations standards and regulatory requirements, and continue to be guided by the Company's values of customer focus, integrity, spirit of family and fun, and speed with excellence, consumers will see the authenticity and sincerity of the Company in handling especially difficult situations.

The Group also established its Digital Media Policy as the reference to guide employees and franchisee managers in using social media platforms for business use. The Group also has in place a Crisis Management System which includes the use of a global social listening platform to track and monitor mentions and concerns online related to the Group's brands. A Customer Feedback Management System has also been instituted to effectively handle in-store and online inquiries and complaints.

The Group's main global competitors have a substantially larger network than the Group, and therefore the Group may be at a disadvantage in competing with such competitors.

The Group believes it is the largest food service and restaurant company in the Philippines with 5,815 Group-owned and franchised stores as of May 31, 2021. While the Group believes it is among the largest food service and restaurant companies in Asia in terms of sales and store network as of May 31, 2021, its sales and store network is not yet as large as its global competitors. The Group's global competitors include YUM! Brands, Inc., (which owns the KFC, Pizza Hut and Taco Bell brands), McDonald's, and Restaurant Brands International Inc. (which owns the Tim Hortons®, Burger King® and Popeyes® brands). These global competitors are generally well-established branded chains and have substantially greater financial resources, higher revenue and greater economies of scale than the Group. Their significantly greater size may enable them to negotiate lower prices than the Group can from suppliers (for example, in respect of raw materials), better absorb increases in its cost base (for example, due to inflation of raw material prices and increases in labour, rental and other operating costs), have access to desirable locations for their restaurants and invest more resources in technology. These competitive advantages may enable these brands to react to changes in pricing more quickly and more effectively than the Group. Certain of the Group's competitors may also spend significantly more on advertising, marketing and other promotional activities than the Group, which may give them a competitive advantage through higher levels of brand awareness among consumers. In addition, certain of the Group's competitors may be able to deploy greater resources in order to accelerate restaurant openings and refurbishment efforts, to rapidly expand their offer of new products or to implement aggressive product discounting, all of which could give them a competitive advantage over the Group and could as a result have a material adverse effect on the Group's business, results of operations and financial condition. Under challenging economic conditions, the competitive advantages resulting from greater financial resources and economies of scale may intensify, thereby permitting certain of the Group's competitors to gain market share. If the Group is unable to maintain its competitive position, it could experience downward pressure on prices, lower demand for its products, reduced margins and revenue from the Group's stores and royalty payments from the Group's franchisees, the inability to take advantage of new business opportunities and the loss of market share, all of which could have a material adverse effect on the Group's business, results of operations and financial condition.

To address this risk, the Group intends to continue to grow its business in the Philippines by leveraging on its multi-brand portfolio, expanding its store network strategically and scaling up its franchised brands to capture key untapped segments and thus increase its revenues from its Philippine businesses. The Group also aims to persistently increase the contribution of its international business and achieve a 50:50 sales mix between its Philippines and international businesses in the next five to seven years. See "*The Company – Strategies − Implement a strategic and profitable expansion in international markets and segment diversification*".

The Group's international operations subject it to risks that could negatively affect its business.

A significant portion of the Group's stores are operated in countries and territories outside of the Philippines where there is a relatively high concentration of Filipinos, including in emerging markets, and the Group intends

to continue expansion of its international operations. As of May 31, 2021, the Group's store network comprised 5,815 stores, which are in operation in 35 countries and territories, of which 2,522 were owned and operated by the Group and 3,293 were franchised. As a result, the Group's business and the businesses of the Group's franchisees are increasingly exposed to risks inherent in international operations. These risks, which can vary substantially by country, include political instability, corruption and social and ethnic unrest, a subsequent decrease in the Filipino population as well as changes in economic conditions (including consumer spending, unemployment levels and wage and commodity inflation), the regulatory environment including competition laws, income and non-income based tax rates and laws, sanctions, foreign exchange control regimes including restrictions on currency conversion, consumer preferences, trends in the food service and restaurant industry, and the laws and policies that govern foreign investment in countries where the Group's stores are operated and other legal entities are established.

To mitigate this risk, the Group continually evaluates potential investments in strategic and scalable segments to promote segment diversification in its global businesses. The Group aims to increase its presence and drive faster growth in key identified focus markets through existing brands that are already in those markets or through opportunistic value accretive acquisitions or partnerships, including franchising other brands. See ""*The Company – Strategies − Implement a strategic and profitable expansion in international markets and segment diversification*".

The Group may not be able to extend its leases, find new premises to lease for its new store openings or cancel unprofitable leases.

The Group operates stores which are located mostly on premises or in buildings leased by the Group from third parties under land or building lease agreements. In addition, certain of the Group's franchisees operate stores which are located on premises leased by such franchisees from third parties under lease agreements. The Group may be unable to negotiate a new lease or lease extension, either on commercially acceptable terms or at all, which could cause the Group to close stores in desirable locations. As a result, the Group's sales and brand building initiatives could be materially and adversely affected.

In some of its international operations, the Group is prohibited from cancelling its leases prior to the designated end of the lease term under contract; therefore, if an existing or future store is not profitable, and the Group decides to close such store, the Group may nonetheless be committed to perform its obligations under the relevant lease agreement.

To manage this risk, the Group maintains a dedicated real estate team to anticipate and ensure business continuity whose scope includes the timely store lease renewal, rental negotiation, site mapping and due diligence on leased and potential properties. Further, its lease agreements have provisions securing certain rights of the Group such as but not limited to pre-termination clauses, option to renew, right of first refusal to lease or purchase.

Termination of franchise agreements with certain franchise owners could adversely impact the Group's revenue and results of operations.

The Group has entered into franchise agreements with franchisors to operate stores under the Burger King, Dunkin' Donuts, Panda Express brands and Tim Ho Wan brands. The Group also expects to enter into franchise agreements to operate more stores under the PHO24 brand in the Philippines. The termination of or the failure to renew such franchise agreements could result in the discontinuation or an interruption in the operations in a particular market or markets. The Group may not be able to resume operations in such market or markets and any such delay, discontinuation or interruption would result in a delay in, or loss of, revenues and could materially and adversely affect the Group's business, financial condition or results of operations. Moreover, the Group is required to comply and ensure compliance with the franchisor's policies, standards, specifications and procedures to ensure consistency and quality in food products and service under the franchise agreements for a particular brand and any failure to comply with such standards could adversely impact the Group's ability to retain such franchise, which could adversely affect the Group's revenue and results of operations.

To mitigate this risk, the Group invests heavily on driving operational standards which include standards on food quality, service, cleanliness, safety, customer satisfaction and quality management. See "*The Company – Strategies – Enhance operational efficiency and synergies across the Group".*

Information technology system failures or interruptions or breaches of the Group's network security may interrupt the Group's operations, subject it to increased operating costs and other risks.

The Group relies heavily on information technology ("**IT**") systems in the conduct of its business, some of which are managed, hosted, provided and/or used by third parties, including, for example, point-of-sale ("**POS**") processing in stores, management of supply chain, enterprise resource planning and various other processes and procedures. The Group has also become more reliant on IT systems, including office administration, communication and digital banking IT tools provided by third parties, for general administration and for financial management due to the work-from-home arrangements amid the ongoing COVID-19 pandemic. These systems are subject to damage, interruption or failure due to theft, fire, power outages, telecommunications failure, computer viruses, security breaches, malicious cyber-attacks or other catastrophic events. Certain technology systems may also be unreliable or inefficient, and technology vendors may limit or terminate product support and maintenance, which could impact the reliability of critical systems operations. Some technology systems may be costly to integrate and there is no guarantee that these technology systems will properly integrate with the Group's system which could also affect future plans. If the Group's information technology systems are damaged or fail to function properly, the Group may incur substantial costs to repair or replace them, may experience loss of critical data and interruptions or delays in the Group's ability to execute business plans, administer daily operation, manage inventories or process transactions, and may be more vulnerable to potential financial fraud. These adverse events could result in lost sales, customer or employee dissatisfaction, direct financial loss, or negative publicity that could adversely impact the Group's reputation, results of operations and financial condition.

The Group relies on technology not only to efficiently operate stores, administer daily operation and process transactions, but also to drive the customer experience, sales growth and margin improvement. Execution of the Group's growth strategy will be dependent on the Group's initiatives to implement technology solutions and gather and leverage data to enhance store operations, attract and retain customers, and improve the customer experience. The Group's strategic technology initiatives may not be timely implemented or may not achieve the desired results. Even if the Group effectively implements and manages its technology initiatives, such technology initiatives may not result in sales growth or margin improvement. Additionally, implementing the evolving technology demands of consumers may place a significant financial, technological, and infrastructural burden on the Group's and the Group's franchisees.

In view of these recognized risks, the Group has invested and will continue to invest in digital transformation initiatives, specifically in global and regional dedicated teams based in countries such as the Philippines and the United States that focus on digital transformation. The Group plans to partner with third-party digital service providers relating to store technology and delivery arrangements which have become increasingly more important channels for sales and the consumer experience. To minimise system downtime and to safeguard information in the event of a technical or operational failure, the Group maintains an off-site IT back-up recovery centre, which is updated in real time. The Group also conducts IT disaster recovery drills to enhance the effectiveness of its backup systems. Furthermore, before any digital initiative is adopted by the Group, these are carefully tested and rolled-out on a limited basis.

There are risks associated with the Group's increasing dependence on digital commerce platforms to maintain and grow sales. Such platforms may experience disruptions, which could harm the Group's ability to compete and conduct its business.

Customers are increasingly using e-commerce websites and apps, both inside and outside the Philippines, like jollibeedelivery.com, coffeebean.com, smashburger.com, as well as apps owned by third-party delivery aggregators, such as Deliveroo, Foodpanda, GrabFood, DoorDash, Uber Eats, Grubhub, Postmates, Ele.me, and Meituan and third-party mobile payment apps and processors, to order and pay for the Group's products. As a result, the Group is increasingly reliant on digital ordering and payment as a sales channel. These digital ordering and payment platforms could be damaged or interrupted by power loss, technological failures, user errors, other forms of sabotage or acts of God. In addition, should the relationship between the Group or any of its franchisees and any major third-party delivery aggregator or mobile payment tool provider become interrupted, the Group's results of operations could be negatively affected.

In view of these risks, the Group has adopted policies on data protection and security. Since the Group's compliance on data protection laws also depend on third party processors, the Group strives and continues to negotiate stricter service level agreements and higher key performance indices and measures, and system performance warranties with its vendors, which are incorporated in their respective contracts. The Group also

monitors data privacy regulations and trends in the different markets it operates in to ensure compliance and implementation of best data protection practices by the Group.

The Group's failure to protect the integrity and security of personal information of its customers and employees could result in substantial costs, expose the Group to litigation and damage the Group's reputation.

The Group receives and maintains certain personal, financial and other information about its customers, employees and franchisees. The use and handling of this information is regulated by evolving and increasingly demanding laws and regulations in various jurisdictions, as well as by certain third-party contracts. If the Group's security and information systems are compromised as a result of data corruption or loss, cyber-attack or a network security incident or if the Group's employees, franchisees or vendors fail to comply with these laws and regulations and this information is obtained by unauthorised persons or used inappropriately, it could result in liabilities and penalties and could damage the Group's reputation, cause the Group to incur substantial costs and result in a loss of customer confidence, which could adversely affect the Group's results of operations and financial condition. Additionally, the Group could be subject to litigation and government enforcement actions as a result of any such failure.

Further, data privacy is subject to frequently changing rules and regulations, which may impose additional burden upon the Group. For example, the European Union adopted a new regulation that became effective in May 2018, the General Data Protection Regulation ("**GDPR**"), which requires companies to meet new requirements regarding the handling of personal data. In addition, in June 2018, the State of California enacted the California Consumer Privacy Act ("**CCPA**"), which became effective on January 1, 2020, requiring companies that process information on California residents to, among other things, make new disclosures to consumers about data collection, use and sharing practices. In the Philippines, the Group is required to comply with Republic Act No. 10173, or the Data Privacy Act of 2012 ("**DPA**"), and its implementing rules and regulations, which became effective in September 2016, as well as the issuances of the National Privacy Commission, and other applicable laws and regulations relating to privacy and data protection, particularly with respect to the processing and handling of personal information. The Group's failure to adhere to or successfully implement appropriate processes to adhere to the requirements of GDPR, CCPA, DPA and other evolving laws and regulations in this area could result in financial penalties, legal liability and could damage the reputation of the Group's brands.

The Group has policies on information and security, which includes protection of personal information. It also has in place standard warranties and obligations with its third party data processors to ensure compliance with applicable data privacy laws. The Group also closely monitors updates on recent data privacy regulations and legal issuances, and trends on data protection to ensure implementation of industry best practices by the Group.

Labor shortages or difficulty finding qualified employees could slow the Group's growth, harm the Group's business and reduce the Group's profitability.

Store operations are highly service-oriented and the Group's success depends in part upon the Group's and the Group's franchisees' ability to attract, retain and motivate a sufficient number of qualified employees, including franchisee management, store managers and other crew members. The market for qualified employees in the retail food industry is very competitive. Any future inability to recruit and retain qualified individuals may delay the planned openings of new stores by the Group and could materially and adversely impact the operation of its existing stores. Any such delays, material increases in employee turnover rate in franchisee management or existing stores or widespread employee dissatisfaction could have a material adverse effect on the Group's business and results of operations.

The Group believes that its in-house training programmes such as the JFC University, a comprehensive programme for store managers, will enable its graduates to support the Group's expanding store network. The Group will continue to focus on talent development and retention to realise the full potential of its employees and to promote engagement. See "*The Company – Strategies – Build a world-class organisation*" and *"The Company – Strategies - Build a world-class organisation"*. There is no assurance however that there would not be potential exposure to reputational and other harm resulting from any claim against it by an employee could, even if later found in favour of the Group, have a negative impact on consumer perceptions of the Group and its business. In addition, strikes, work slowdowns, campaigns by labour organisations or other job actions may become more common. In the event of a strike, work slowdown or other labour unrest, the ability to adequately staff the Group's stores and commissaries and the Group's franchisees' stores could be impaired, which could result in reduced revenue, and may distract the Group's management from focusing on the Group's business and strategic priorities.

Changes in labor and other operating costs and regulations could adversely affect the Group's performance.

An increase in the costs of employee wages, benefits and insurance (including workers' compensation, general liability, property and health) as well as other operating costs such as rent and energy costs could adversely affect the Group's operating results. Such increases could result from government imposition of higher minimum wages or from general economic or competitive conditions. Any increase in such operating expenses could have a material adverse effect on the Group's profit margins. In addition, competition for qualified employees could also compel the Group to pay higher wages to attract or retain key crew members, which could result in higher labour costs and decreased profitability. Conversely, the Group's failure to pay higher wages to attract or retain qualified employees may result in the Group's employees (tenured or otherwise) to seek and/or accept employment from competitors and potentially disclose to these competitors confidential and/or proprietary information of the Group.

The Group may also be affected by labour-related matters that are beyond its control relating to its various third-party service providers. For example, if employees of such third-party service providers assert that they are employees of the Group or go on strike, the reputation of the Group may be harmed and its operations may be disrupted. There can be no assurance that similar actions of employees of the Group's third-party service providers will not have an adverse effect on the Group's business.

To mitigate this risk, the Group imposes a strict selection process for all its third-party service providers and contracts only with reputable human resource management agencies, which have the necessary certifications and regulatory licenses. The Group carefully reviews its contracts with third-party service provides to ensure compliance with applicable laws. See "*The Company – Strategies – Build a world-class organisation*" and *"- Build a world-class organisation"*.

Changes in, or non-compliance with, governmental regulations may have a material adverse effect on the Group's business operations, growth prospects or financial condition.

The Group and the Group's franchisees are subject to numerous laws and regulations around the world. These laws change regularly and are increasingly complex. For example, the laws and regulations to which the Group is subject include:

- Laws and regulations relating to fair labour standards, including minimum wages, overtime and other working conditions, as well as family leave mandates and other employment law matters.
- Laws and regulations relating to health care benefits.
- Laws and regulations relating to nutritional content, prescribed allergen content labelling, nutritional labelling, product safety, product marketing and menu labelling.
- Laws and regulations relating to licencing and advertising.
- Laws and regulations relating to mandatory discounts.
- Laws and regulations relating to the relationship between franchisors and franchisees.
- Laws and regulations relating to health, sanitation, food, workplace safety, child labour, including laws regulating the use of certain "hazardous equipment", and fire safety and prevention.
- Laws and regulations relating to union organising rights and activities.
- Laws and regulations relating to information security, privacy, cashless payments, and consumer protection.
- Laws and regulations relating to currency conversion or exchange.
- Laws and regulations relating to international trade and sanctions.

- Tax laws and regulations.
- Anti-bribery and anti-corruption laws.
- Anti-trust and competition laws.
- Data privacy laws.
- Environmental laws and regulations.

Compliance with new or existing laws and regulations could impact the Group's or the Group's franchisees' operations. The compliance costs associated with these laws and regulations could be substantial. Any failure or alleged failure to comply with these laws or regulations could adversely affect the Group's reputation, international expansion efforts, growth prospects and financial results or result in, among other things, litigation, revocation of required licences, internal investigations, governmental investigations or proceedings, administrative enforcement actions, fines and civil and criminal liability. Publicity relating to any such non-compliance could also harm the Group's reputation and/or the market price of the Company's shares which are listed and traded on the PSE. Any of the aforementioned factors may have a material adverse effect on the Group's business, results of operations and financial condition.

The Company believes, to the best of its knowledge, that it has, at all relevant times, materially complied with all applicable laws, rules and regulations and has established a strong compliance culture to ensure that all requirements, permits, and approvals are obtained in a timely manner.

Changes in tax policies affecting tax exemptions and tax incentives could adversely affect the Group's results of operations.

Certain subsidiaries, affiliates and joint ventures of the Company are registered with the Board of Investments ("**BOI**") and benefit from certain incentives including, among others, income tax holidays for a certain period.

On March 26, 2021, Republic Act No. 11534 or the Corporate Recovery and Tax Incentives for Enterprise Act ("**CREATE Law**") was enacted into law. The CREATE Law aims to help businesses recover and attract more investors by immediately lowering corporate income taxes and modifying the sunset period for the fiscal incentives of corporations such as income tax holidays, special rates and custom duty exemptions. In view of the effectivity of the CREATE Law the Group's regional operating headquarters will be subject to regular corporate income tax of 25.0% beginning January 1, 2022. The imposition of the minimum corporate income tax ("**MCIT**") was reduced from 2% to 1% from July 1, 2020 to June 30, 2023. The MCIT will revert to 2% beginning July 1, 2023. The fiscal incentives that investment promotion agencies may grant to registered business enterprises have also been amended.

In addition, on May 28, 2021, the United States of America released the Treasury Green Book which included tax proposals to increase the US Corporate Tax Rate from 21.0% to 28.0%, revisions on Global intangible low-taxed income (GILTI) computation, and a 15.0% minimum tax on worldwide book income of corporations with more than USD 2 billion in worldwide book income.

Though the recent tax regulations are beneficial to the Company, there is a risk that the Group's financials will be negatively impacted in case the tax proposals are approved and implemented. The Group believes this risk which translates to lower earnings can be managed by maintaining healthy profit margins such as sustaining the benefits gained from the Business Transformation Program and mitigating cost pressures by balancing pricing, sales mix and volume strategies. (see also "*The Company – Strategies*").

Failure to comply with anti-bribery or anti-corruption laws could adversely affect the Group's business operations.

The U.S. Foreign Corrupt Practices Act, the UK Bribery Act and other similar applicable laws prohibiting bribery of government officials and other corrupt practices are the subject of increasing emphasis and enforcement around the world. There can be no assurance that the Group's employees, contractors, agents or other third parties will not take actions in violation of the Group's policies or applicable law, particularly as the Group expands its operations in emerging markets and elsewhere. Any such violations or suspected violations could subject the Group to civil or criminal penalties, including substantial fines and significant investigation costs, and

could also materially damage the Group's reputation, brands, international expansion efforts and growth prospects, business and operating results. Publicity relating to any non-compliance or alleged non-compliance could also harm the Group's reputation. Any of the aforementioned factors may have a material adverse effect on the Group's business, results of operations and financial condition.

The Company believes it has established a robust compliance culture to ensure that all relevant anti-bribery and anti-corruption laws are observed. It has various policies in place, such as, the Code of Business Ethics of the Group and the disciplinary codes of its subsidiaries. The Group has an ethics organization led by the Global Ethics Council which is overseen by its Audit Committee and an Ethics program driven by Global Legal & Ethics. The Group's Human Resources team regularly conducts training programs on ethics.

The Group's business, reputation and prospects may be adversely affected if the Group is not able to detect and prevent fraud or other misconduct committed by the Group's employees or outsiders on a timely basis.

The Group is exposed to the risk that fraud and other misconduct committed by employees or outsiders could occur. Any occurrence of such fraudulent events may damage the reputation of the Group and may adversely affect its business, financial condition, results of operations and prospects. In addition, failure on the part of the Group to prevent such fraudulent actions may result in penalties under relevant laws and regulations. Although the Group has in place certain internal procedures to prevent and detect fraudulent activities, these may be insufficient to prevent such occurrences from transpiring. There can be no assurance that the Group will be able to avoid incidents of fraud in the course of its business.

The Group has adopted a Global Internal Controls system to ensure integrity of financial and accounting information. In addition, the Group has adopted codes of business ethics and discipline which are promoted through monitoring and training programs across the entire organization.

The Group also undertakes due diligence on its suppliers and service providers who are required to abide with applicable laws and regulations (including anti-bribery and anti-corruption laws) and to immediately report any employee who violate Group policy on gift giving and solicitation.

The Group could be party to litigation and other legal proceedings that could adversely affect the Group by increasing the Group's expenses, diverting management attention or subjecting the Group to significant monetary damages and other remedies.

The Group is involved in litigations, claims, disputes and other legal proceedings which are normal to its business. Such litigations, claims, disputes and other legal proceedings may include consumer, employment, real estate related, tort, intellectual property, breach of contract, disputes relating to franchise agreements, securities, derivative and other litigation. Plaintiffs in these types of lawsuits often seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to such lawsuits may not be accurately estimated. For example, certain plaintiffs filed actions against Smashburger in California for alleged false advertising over a promotion that was undertaken before the Company obtained control of Smashburger. As of the date of this Prospectus, such actions remain pending. Regardless of whether any such claims have merit, or whether the Group is ultimately held liable or settle, such litigation may be expensive to defend and may divert resources and management attention away from the Group's operations and negatively impact reported earnings. With respect to insured claims, a judgment for monetary damages in excess of any insurance coverage could adversely affect the Group's financial condition or results of operations. Any adverse publicity resulting from these allegations may also have a material adverse effect on the Group's reputation and/or the market price of the Company's preferred shares which are listed and traded in the PSE, which in turn could materially and adversely affect the Group's results of operations.

In addition, the restaurant industry around the world has been subject to claims that relate to the nutritional content of food, as well as claims that the menus and practices of restaurant chains have led to customer health issues, including weight gain and other adverse effects. These concerns could lead to an increase in the regulation of the content or marketing of the Group's products. The Group may also be subject to such claims in the future and, even if the Group is not, publicity about these matters (particularly directed at the quick service and fast-casual segments of the retail food industry) may harm the Group's reputation and have a material adverse effect on the Group's business, results of operations and financial condition.

The Group avoids litigation by complying with applicable laws, and ensuring that its projects, contracts, and other activities undergo thorough legal review. The Group's processes include close collaboration between Legal and

other operating and support units, with a view to avoiding situations that would give rise to litigation. To this end, there are Global and Regional legal offices providing legal guidance and support to the Group as it conducts its business globally. The Group also undertakes due diligence in the selection of persons with whom the Company does business.

The Group may not be able to adequately protect its intellectual property or adequately ensure that the Group is not infringing the intellectual property of others, which could harm the value of the Group's brand and the Group's business.

The success of the Group's business depends on its continued ability to use its existing trademarks and service marks in order to increase brand awareness and further develop the Group's branded products in both domestic and international markets. The Group relies on a combination of trademarks, copyrights, service marks, trade secrets and other intellectual property rights to protect the Group's brand and branded products. The Group has registered certain trademarks and has other trademark registrations pending in the Philippines and foreign jurisdictions in which the Group currently operates or intends to operate. Although the Group has designed and implemented policies and processes and has provided resources for protecting the Group's intellectual property in accordance with relevant law in the Philippines and foreign countries, such policies, processes and resources may not always be adequate. In addition, although in the past the Group generally has been the plaintiff in intellectual property claims, the steps the Group has taken may not adequately ensure that the Group does not infringe the intellectual property of others, and third parties may claim infringement by the Group in the future. In particular, the Group may be involved in intellectual property claims, which may have a material adverse effect on the Group's business, results of operations and financial condition. Any claim of infringement, whether or not it has merit, could be time- consuming, result in costly litigation and harm the Group's business.

The Group cannot ensure that franchisees and other third parties who hold licences to the Group's intellectual property will not take actions that hurt the value of the Group's intellectual property.

The Group defends its trademarks and service marks vigorously by implementing the following strategies: the filling of defensive trademark applications in goods and services in relevant jurisdictions, preventing the registration of confusingly similar marks, or stopping the unauthorized use of a confusingly similar mark in commerce. With respect to other intellectual property rights such as copyright, confidential information, and trade secrets, the Group has intellectual property policies, contract review guidelines, and template contracts which ensure continued protection and ownership of the Group's intellectual property and respect for third party's intellectual property rights. See "*The Company – Intellectual Property".*

The Group's advertising and marketing campaigns may not be successful.

The Group believes that its various brands are critical to its business. The Group incurs costs and expends other resources in its marketing efforts to raise brand awareness and attract and retain customers using a variety of media. In addition, the support of franchise owners is critical for the success of advertising and marketing campaigns, and the successful execution of these campaigns will depend on the Group's ability to maintain alignment with its franchise owners. These advertising and marketing initiatives may not be successful, resulting in expenses incurred without the benefit of higher revenues. Additionally, some competitors have greater financial resources, which enable them to spend significantly more on marketing and advertising. Should competitors increase spending on marketing and advertising or the Group's marketing funds decrease for any reason, or should the Group's advertising and promotions be less effective than competitors, there could be a material adverse effect on the Group's business, results of operations and financial condition.

To mitigate this risk and to maintain market leadership and achieve sustainable growth, the Group invests in market and consumer research and has an operations teams, which together provide in-depth understanding of the food service and restaurant industry, and extensive consumer insights. The Group intends to focus on driving up the brand's ability to deliver the best value to customers, by consistently being the best in taste, giving a delightful experience, making the JFC brands and products accessible and good value for money, and innovating to meet the evolving consumers' needs. Through the Group's strong market and consumer research and operations teams which provide an in-depth understanding of the food service and restaurant industry, the Group is able to mitigate risks to ensure marketing campaigns achieve their objectives.

The Group outsources certain aspects of its business to third-party service providers which subjects the Group to risks, including disruptions in the Group's business and increased costs.

The Group has outsourced certain functions for its business to third-party service providers. The Group also outsources certain information technology support services and benefit plan administration. In the future, the Group may outsource other functions to achieve cost savings and efficiencies. If the service providers to which the Group outsources these functions do not perform effectively, the Group may not be able to achieve the expected cost savings and may have to incur additional costs in connection with such failure to perform. Depending on the function involved, such failures may also lead to business disruption, transaction errors, processing inefficiencies, the loss of sales and customers, the loss of or damage to intellectual property through security breach, and the loss of sensitive data through security breach or otherwise. Any such damage or interruption could have a material adverse effect on the Group's business, cause the Group to face significant fines, customer notice obligations or costly litigation, harm the Group's reputation with its customers or prevent the Group from paying its collective suppliers or employees or receiving payments on a timely basis.

The Group's global and market purchasing organizations ensure third-party suppliers comply with standards to ensure consistent quality and sustainability of supply to lessen the risk of business disruption and inefficiencies. The Purchasing organization of the Group regularly assesses areas of supplier risk and ensure that there are redundancies for supply as a business continuity program. The Group also ensures that business continuity plans are in place for critical suppliers and has a sufficient number of suppliers to ensure that the Group is able to keep up with changing demand.

The Group also ensures that any outsourcing to third party service providers is in compliance with all applicable laws and regulations in the country of operation. Furthermore, the Group ensures that it works with duly-licensed and qualified third-party service providers who meet the Group's stringent accreditation process. The Group likewise maintains good relationships with its third-party providers and monitors their performance on a regular basis and provides regular orientation on the minimum level of service and standard operating procedures required from service providers and their employees.

A significant portion of the Group's revenue, debt, and capital expenditure as well as costs related to sourcing raw materials are denominated in currencies other than the Peso which may pose some foreign exchange risk.

The functional and presentation currency of the Company is Philippine Peso. The functional currencies of the Group's foreign operations primarily include U.S. dollar, Renminbi, Indonesian rupiah, Vietnam dong, Singapore dollar, Canadian dollar, Euro, Malaysian ringgit, Hong Kong dollar and Macau pataca. The Group's foreign exchange risk results primarily from movements of the Peso against such currencies with respect to its revenue, assets, liabilities, and expenditures as well as costs related to sourcing raw materials which are denominated in such currencies. In addition, part of its long-term debt is denominated in U.S. dollar and Vietnam dong before taking into account any related hedges. There can be no assurance that declines in the value of the Peso will not occur in the future or that the availability of foreign exchange will not be limited. The occurrence of these conditions may have a material adverse effect on the Group's financial condition and results of operations.

To manage these risks, the Group implements various hedging strategies.

The Group may be exposed to risk of inventory wastage, working capital tied up in inventories and investments in new facilities.

The Group may be exposed to a risk of inventory wastage, working capital tied up in inventories and investments in new facilities that may not deliver expected returns because of rapidly changing technology and consumer requirements. Such risks have been heightened due to the ongoing COVID-19 pandemic and may further increase as the COVID-19 pandemic continues to evolve. Inventory wastage may require the Group to make adjustments to write down inventory to the lower of cost or net realisable value, which may have a material adverse effect on the Group's results of operations.

To mitigate this risk, the Group implements comprehensive business continuity programs which may include but are not limited to diversification of suppliers, supply and distribution centers, and implementation of continuous improvement programs in operations.

Members of the Group enter into transactions with related parties.

In the ordinary course of business, the Group has transactions with related parties. Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Individuals owning, directly or indirectly, an interest in the voting power of the Group that give them significant influence over the enterprise, key management personnel, including directors and officers of the Group, and close members of the family of these individuals and companies associated with these individuals also constitute related parties. These transactions have principally consisted of sale and purchase of food items to/from related parties at market prices, purchased items warehoused with related parties which are charged for logistics and warehousing costs, short-term advances made to related parties, advances made by a related party for another (including payments for various expenditures incurred on behalf of another party) and entering into commercial property leases with related party lessees.

Although the Company has instituted internal policies with respect to related party transactions, including having a board committee to oversee such matters, and believes that all past related party transactions have been conducted at arm's length on commercially reasonable terms, these transactions may involve conflicts of interest, which, although not contrary to law, may negatively impact the Group.

For further information on the Group's related party transactions, see "*Certain Relationships and Related Party Transactions*" on page 115 and "*Related Party Transactions"* on page 127 of this Prospectus.

Changes in accounting standards, the recognition of impairment, write-down of goodwill or other charges may adversely affect the Group's future operations and results.

New accounting standards or changes in financial reporting requirements, accounting principles or practices, including with respect to the Group's critical accounting estimates, could adversely affect the Issuer's future results. The Group may also be affected by the nature and timing of decisions about underperforming markets or assets, including decisions that result in impairment, write-down of goodwill or other charges that reduce its earnings. In assessing the recoverability of the Group's long-lived assets, the Group considers changes in economic conditions and makes assumptions regarding estimated future cash flows and other factors. These estimates are highly subjective and can be significantly impacted by many factors such as global and local business and economic conditions, operating costs, inflation, competition, consumer and demographic trends, and the Group's restructuring activities. If the Group's estimates or underlying assumptions change in the future, the Group may be required to record impairment charges. Similarly, determination of goodwill also involves estimates and assumptions concerning the future and goodwill may be written down if any of the estimates and assumptions changes.

The Group is unable to estimate the sustained impact of the COVID-19 pandemic on its business and operations at this time. The pandemic and continued weak economic conditions could cause the Group to experience impairment of goodwill and other assets, further reduced demand for products and services and other negative impacts on financial position, results of operations and cash flows. If the Group experiences any such changes, they could have a significant adverse effect on the Group's reported results for the affected periods.

The Group believes this risk can be managed through the Group's strengths and strategies where it will continue to focus on protecting its brand equity, sustain sales and sales growth and maintain healthy margins (see "*The Company – Strategies*"). However, there is no assurance that the Group can provide an effective mitigation to such risk.

The transactions of the Group may be subject to review under the Philippine Competition Act.

Republic Act No. 10667 or the Philippine Competition Act was enacted to enhance economic efficiency and promote free and fair competition in trade, industry and all commercial economic activities, prevent economic concentration which will manipulate or constrict the discipline of free markets, and penalize all forms of anti-competitive agreements, abuse of dominant position, and anti-competitive mergers and acquisitions, with the objective of protecting consumer welfare and advancing domestic and international trade and economic development. In addition, under the Philippine Competition Act, mergers and acquisitions meeting certain criteria are subject to the review of the Philippine Competition Commission ("**PCC**") which can delay or result in revisions to planned mergers and acquisitions, which could impact the Group's expansion plans. For further

discussion on the Philippine Competition Act, please refer to section on "*Regulations*" on page 194 of this Prospectus.

As the Group continues its strategy of acquisitions and joint ventures, there could be more reason for certain of its transactions to be subject to the PCA. There can be no assurance that none of the Group's existing or future businesses or strategies will be subject to PCA scrutiny, and the result of any such scrutiny, whether in terms of review, penalties or any conditions imposed on Jollibee, may have a material adverse effect on its business and strategies.

The Company believes it has established a robust compliance culture to ensure all applicable regulations, including the Philippine Competition Act, are observed.

The Group's insurance policies may not provide adequate levels of coverage for all claims associated with the Group's business operations.

The Group currently maintains insurance it believes is customary for businesses of its size and type. However, there are types of losses the Group may incur that cannot be insured against or that it believes are not economically reasonable to insure, such as losses due to natural disasters or acts of terrorism. The losses caused by the COVID-19 pandemic are not recoverable under any of the Group's insurance plans, including its business interruption insurance plans. To the extent that the Group suffers loss or damage that is not covered by insurance or that exceeds the limit of its insurance coverage, its business, financial condition, results of operations, prospects and cash flow may be materially and adversely affected. In addition, renegotiation with insurance companies upon the expiration of insurance policies the Group maintains exposes it to the volatility of the insurance markets, including the possibility of rate increases. Any material increase in insurance premiums or decrease in available coverage in the future could adversely affect the Group's business, financial condition, results of operations and prospects.

The Group believes this risk can be managed through its financial management strategies (see "*The Company – Strategies - Further strengthen its financial position and exercise prudent financial management supportive of growth").* However, there is no assurance that the Group can provide an effective mitigation to such risk.

The loss of key management personnel or the Group's inability to attract and retain new qualified personnel could hurt the Group's business and inhibit the Group's ability to operate and grow successfully.

The Group is dependent on the efforts and abilities of its senior management, including the executives managing each of the Group's brands, and the Group's success will also depend on the Group's ability to attract and retain additional qualified employees. Failure to attract personnel sufficiently qualified to execute the Group's business strategy, or to retain existing key personnel, could have a material adverse effect on the Group's business, results of operations and financial condition.

To address this risk, the Group strives to implement competitive compensation sufficient to attract key senior management personnel. The Group likewise regularly conducts appropriate talent reviews and implements development programs to upskill talent within the organization.

Unfavourable general economic conditions and consumer spending could materially and adversely affect the Group's business and financial results.

The Group's results of operations are substantially affected by economic conditions, which can vary significantly by market and can impact consumer disposable income levels and spending habits. Economic conditions can also be impacted by a variety of factors including hostilities, epidemics and actions taken by governments to manage national and international economic matters, whether through austerity, stimulus measures or trade measures, and initiatives intended to control wages, unemployment, credit availability, inflation, taxation and other economic drivers. In particular, the ongoing COVID-19 pandemic may result in a global economic downturn or crisis. Sustained adverse economic conditions or periodic adverse changes in economic conditions in the Group's markets could pressure its operating performance, and the Group's business and financial results may suffer.

The Group believes this risk can be managed through the Group's strengths and strategies (see "*The Company – Strategies*" and *"The Company – Insurance"*). However, there is no assurance that the Group can provide an effective mitigation to such risk.

Events such as severe weather conditions, natural disasters, hostilities and social unrest, among others, may materially and adversely affect the Group's results of operations and prospects.

Severe weather conditions, natural disasters, hostilities and social unrest, terrorist activities, health epidemics or pandemics (or expectations about them) can adversely affect consumer spending and confidence levels and supply availability and costs, as well as the local operations in impacted markets, all of which can affect the Group's results of operations and prospects. The Group's receipt of proceeds under any insurance the Group maintains with respect to some of these risks may be delayed or the proceeds may be insufficient to cover the Group's losses fully.

The Group believes this risk can be managed through the Group's strengths and strategies (see *"The Company – Strategies"*). However, there is no assurance that the Group can provide an effective mitigation to such risk.

RISKS RELATING TO THE FOOD SERVICE AND RESTAURANT INDUSTRY

Food service and restaurant industry has been severely hit by the COVID-19 pandemic and the adverse effects may last beyond the pandemic period.

The food service and restaurant industry has been severely hit by the ongoing COVID-19 pandemic. In many countries and territories, restaurants have been ordered to close, shorten opening hours or stop dine-in services. Meanwhile, government-imposed control measures such as lockdown, stay-at-home order, quarantine, social distancing measures and travel restrictions, as well as consumers' voluntary social distancing conducts and the decrease of consumers' purchasing power due to cascading economic impact of the COVID-19 pandemic, have caused significant losses in restaurants' customer traffic and sales volumes. Furthermore, the COVID-19 pandemic has also resulted in supplier capacity constraints, disruptions in logistics, labour shortage, additional costs due to hygiene and social distancing measures at workplaces, and increased volatility in the financial markets, all of which could negatively affect restaurant chains and other food service industry participants. The Group has suffered most of these adverse impacts, see "*Risk Factors −Risks relating to the Group − The recent COVID-19 global pandemic has had and is expected to continue to have an adverse effect on the Group's business and results of operations*."

The Group is unable to predict when the COVID-19 pandemic will come to an end. The COVID-19 pandemic may last for a prolonged time, and even after its end, consumers may not quickly revert to pre-COVID-19 pandemic behaviour. Many consumers may face personal financial difficulties, including loss or reduction of income, or may still remain alert and voluntarily continue social distancing practices, or may keep other habits formed during the COVID-19 pandemic. Their purchasing power may be significantly curtailed. Moreover, suppliers, logistic companies and other market participants may not be able to quickly resume operation, and thus limiting the operational capabilities of restaurant chains including the Group. In expectation of the "new normal" during and post the COVID-19 pandemic, the Group is taking risk management measures and has implemented its Business Transformation Program to adapt itself to the "new normal", remain resilient and achieve growth in times of economic difficulties, see "*Risk Factors −Risks relating to the Group − If the Group does not successfully evolve and execute its business strategies, including its plan of business transformation amid the COVID-19 global pandemic, it may not be able to increase operating income*," and "*Business – Recent Developments – The COVID-19 Pandemic*."

The Group cannot assure its risk management measures and its Business Transformation Program will be effective. Moreover, the Group is unable to predict future mutations of the COVID-19 virus that may result to second wave or multiple waves of infection(s), and cannot assure it will successfully adapt to the changes the COVID-19 pandemic brings. In case of any such adverse circumstance, the Group's results of operation, cash flow and ability to pay dividends on the Offer Shares could be severely negatively affected.

Supply chain interruptions may significantly increase costs or reduce revenue, especially during the COVID-19 pandemic.

The Group depends on the effectiveness of its supply chain management to assure reliable and sufficient supply of quality products on favourable terms. Although many of the products the Group sells are sourced from a wide variety of suppliers in countries around the world, certain products have limited suppliers, which may increase the Group's reliance on those suppliers. In the Philippines, the Group purchases a significant amount of its chicken, sauces, dressings and beverages from a number of third-party suppliers. Supply chain interruptions, including shortages, transportation issues, failure or breakdown of equipment or IT systems, price increases and any other failure by third-party suppliers to deliver raw materials, and disruptions in commissary operations, including inventory wastage, tied up working capital, labour issues and underperforming commissary investments, may have a material adverse effect on the Group's business as well as the Group's suppliers and franchisees whose performance may have a significant impact on the Group's results of operations. Such shortages and disruptions are especially significant during the ongoing COVID-19 pandemic. Control measures such as lockdown, stay-at-home orders, quarantine, social distancing and travel restrictions, as well as people's voluntary social distancing practices, could severely disrupt supply chain through affecting producers, agricultural and industrial inputs, transportation, other logistics, availability of works and so much more. Nowadays, food systems and other industrial systems in different countries and territories are highly interdependent, and disruption to any part of it would have unforeseen knock-on effects. Although the Group has taken and will continue to take measure to manage supply chain risks as part of the Business Transformation Program, some of the risks may be beyond the control of the Group and its suppliers, franchisees, and business partners. If the Group experiences interruptions in its supply chain, its costs could significantly increase and it could significantly limit the availability of products, equipment and facilities critical to the Group's operations.

The Group believes it can manage these risks, through its financial and operational strategies to remain resilient, despite the challenges brought by the COVID-19 pandemic, see "*The Company – Strategies" and "The Company" – Supply and Distribution.* However, there is no assurance that the Group can provide an effective mitigation to such risk.

Food safety concerns may have an adverse effect on the Group's business.

The Group relies on third-party food suppliers, distributors, logistics and warehousing partners to supply ingredients used in the preparation of the meals it sells, including sauces, meat and fresh produce. Although such third parties are subject to regulations, including food safety and environmental regulations, such regulations may not prevent such third parties from experiencing problems related to food safety and hygiene. As a result, the Group's reliance on third-party food suppliers, distributors, logistics and warehousing partners increases the risk that food-borne illness incidents could be caused by factors outside of the Group's control and that multiple locations would be affected rather than a single store. Additionally, failure by any of the Group's third-party food suppliers, distributors, logistics and warehousing partners to comply with regulations, allegations of compliance failure, claims of intentional or negligent contamination of ingredients and raw materials or prolonged and intense negative publicity may disrupt their operations and result in a disruption of the Group's food supply. Disruption of the Group's third-party food suppliers, distributors, logistics and warehousing partners' operations could in turn reduce or impair the Group's supply of ingredients or other raw materials, which could have a material adverse effect on the Group's business, financial condition and results of operations. In addition, food safety issues such as food tampering, contamination and adulteration may occur within the Group's store network from time to time. Any report or publicity linking the Group or one of the Group's stores or one of its franchisee's store, or linking the Group's competitors or the retail food industry generally, to instances of food safety issues could adversely affect the Group's brands and reputations as well as the Group's revenue and profits, and possibly lead to product liability claims, litigation and damages.

If a customer of one of the Group's stores becomes ill from as a result of food safety issues, stores in the Group's network may be temporarily closed, which could disrupt the Group's operations and have a material adverse effect on the Group's business, financial condition and results of operations. In addition, instances or allegations of food safety issues, real or perceived, involving the Group's stores, restaurants of competitors, or suppliers or distributors (regardless of whether the Group uses or has used those suppliers or distributors), or otherwise involving the types of food served at the Group's stores, could result in negative publicity that could adversely affect the Group's sales or the sales of the Group's franchisees. The occurrence of food safety issues could also materially and adversely affect the price and availability of affected ingredients, which could result in disruptions in the Group's supply chain and/or lower margins for the Group and the Group's franchisees.

To mitigate this risk, the Group's quality assurance and internal audit teams as well as third-party certifying bodies, conduct meticulous and regular audits at both Group-owned and franchised stores, covering process and quality systems, good manufacturing practices and standard sanitation operating procedures, hazard analysis critical control points as well as food safety and quality management system requirements. The Group likewise strengthens food, service and cleanliness ("**FSC**") through regular training and certification concerns and by considering customer feedback. The Group implements stringent accreditation procedures for third-party suppliers to ensure compliance with the Group's FSC standards. See "*The Company – Food Safety and Quality Assurance*".

Health concerns arising from food-borne illnesses, outbreaks of viruses or other diseases may have an adverse effect on the Group's business.

Food-borne illnesses, such as E. coli, Listeria, Salmonella and Trichinosis, may occur within the Group's system from time to time. Any report or publicity linking the Group or one of the Group's stores or one of its franchisee's store, or linking the Group's competitors or the retail food industry generally, to instances of food-borne illness could adversely affect the Group's brands and reputations as well as the Group's revenue and profits, and possibly lead to product liability claims, litigation and damages.

Moreover, the Group's business could be materially and adversely affected by the outbreak of a widespread health epidemic, including COVID-19 and other coronaviruses, various strains of avian flu or swine flu. The occurrence of such an outbreak of an epidemic, illness or other adverse public health developments could materially disrupt the Group's business and operations. Such events could also significantly impact the food service and restaurant industry and cause a temporary closure of stores, which could severely disrupt the Group's operations and have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's operations could be disrupted if any of the Group's employees or employees of the Group's business partners or franchisees were suspected of having illnesses including the avian flu, swine flu, hepatitis A or norovirus, since this could require the Group or the Group's business partners or franchisees to quarantine some or all of such employees or disinfect the relevant store facilities. Outbreaks of avian flu occur from time to time around the world, and such outbreaks have resulted in confirmed human cases. It is possible that outbreaks could reach pandemic levels. Public concern over avian flu generally may cause fear about the consumption of chicken, eggs and other products derived from poultry, which could cause customers to consume less poultry and related products. As poultry is a menu offering of the Group under certain brands, including Jollibee and Mang Inasal, this would likely result in lower revenue and profits for the Group and the Group's franchisees. Avian flu outbreaks could also materially and adversely affect the price and availability of poultry, which could negatively impact profit margins and revenue for the Group and the Group's franchisees.

Furthermore, other viruses may be transmitted through human contact, and the risk of contracting viruses could cause employees or guests to avoid gathering in public places, which could adversely affect store guest traffic or the ability to adequately staff stores. The Group may also be materially and adversely affected if government authorities impose mandatory closures, seek voluntary closures, impose restrictions on operations of stores, or restrict the import or export of products, or if suppliers issue mass recalls of products. Even if such measures are not implemented and a virus or other disease does not spread significantly, the perceived risk of infection or health risk may affect the Group's business, results of operations and financial condition.

The Group imposes strict health protocols in all Group-owned and franchised stores. See "*The Company – Food Safety and Quality Assurance*" for a detailed discussion on how this risk is addressed.

An increase in food prices may have a material adverse effect on the Group's profit margins.

The Group and the Group's franchisees' businesses depend on reliable sources of large quantities of raw materials such as proteins (including poultry, pork, beef and seafood), cheese, oil, flour and vegetables. Raw materials purchased for use in the Group's stores are subject to price volatility caused by any fluctuation in aggregate supply and demand, or other external conditions, such as weather conditions or natural events or disasters that affect expected harvests of such raw materials, or taxes and tariffs including as a result of trade disputes. As a result, the historical prices of raw materials used in the operation of the Group's stores have fluctuated. There is no assurance that the Group will continue to be able to purchase raw materials at reasonable prices, or that the cost of raw materials will remain stable in the future. In addition, a significant increase in gasoline prices could result in the imposition of fuel surcharges by the Group's distributors. As the Group and the Group's franchisees provide

competitively priced food, the Group may not have the ability to pass through to its customers the full amount of any commodity price increases. If the Group and the Group's franchisees are unable to manage the cost of raw materials or to increase the prices of products proportionately, the Group's business, results of operations and financial condition may be materially and adversely affected.

The Group aims to reduce the impact of both food and non-food commodity cost increases through pro-active cost, pricing and mix management which includes dynamic pricing, cost savings initiatives such as production planning and operations automation, introduction of productivity enhancing technologies and processes, materials re-formulation and substitution, multi-supplier sourcing, facilities consolidation and other cost management measures (see *"The Company – Strategies" and "The Company – Supply and Distribution"*). However, there is no assurance that the Group can provide an effective mitigation to such risk.

Imposition of a tax on junk food in the Philippines could have an adverse impact on the Group's financial results.

As of the date of this Prospectus, the National Tax Research Center ("**NTRC**") has submitted a recommendation to impose an excise tax on junk food. Among food and beverages considered by NTRC as junk food were those sold by "fast food" restaurants such as burger, fries, fried chicken, hotdog, pasta and pizza, among others; deep-fried and salty snacks; sugary desserts and sweets, and carbonated beverages or "soft drinks." The Group's key products fall under the aforementioned categories and may be subject to additional excise tax if the proposed tax measure is passed. As a result, demand for the Group's product may be impacted and could have an adverse effect on the Group's financial results. However, there has been no action on the part of Congress since the NTRC's recommendation in 2020.

The Group's business is affected by changes in consumer preferences and perceptions.

The restaurant industry is affected by consumer preferences and perceptions. Prevailing health or dietary preferences and perceptions may cause consumers to avoid the Group's products in favour of alternative food options, which may have a material adverse effect on the Group's business, results of operations and financial condition. In addition, negative publicity about the Group's products may also have a material adverse effect on the Group's business, results of operations and financial condition. In recent years, numerous companies in the fast food industry have introduced products positioned to capitalise on the growing consumer preference for food products that are, or are perceived to be, healthy, nutritious, and low in calories, sodium and fat content. The Group's success will depend in part on the Group's ability to anticipate and respond to changing consumer preferences, tastes and eating and purchasing habits.

To mitigate this risk, the Group strives to keep abreast with changes in consumer preference and employs various means to draw consumer insights and understand consumer behavior. The Group has established a marketing academy and other avenues for its marketing teams to share relevant market and consumer insights in order to maintain relevance and remain as the top-of-choice fast food store option in the minds of consumers.

Planned US Tax Reform could have an adverse impact on the Group's financial results.

On May 28, 2021, the Biden administration released the Treasury Green Book which provides details on its tax proposals, The proposals provide, among others, an increase in the US Corporate Tax Rate from 21.0% to 28.0%, revisions on Global intangible low-taxed income (GILTI) computation, and a 15.0% minimum tax on worldwide book income of corporations with more than $2 billion in worldwide book income. The proposals are still being deliberated and its final form is not yet determined. Depending on which of the proposals are approved, this may result in a higher tax cost for the Group.

The Group may not be able to maintain effective quality control systems for outlets and supply chain.

The quality and safety of the food the Group serves is critical to its success. Maintaining consistent food quality depends significantly on the effectiveness of the Group's quality control systems, which in turn depends on a number of factors, including the design of quality control systems and employee implementation and compliance with those quality control policies and guidelines. There can be no assurance that quality control systems will be effective. Any significant failure or deterioration of these quality control systems could have a material adverse effect on the Group's reputation, business, financial condition and results of operations. The Group believes it has a strong Food Safety and Quality Assurance system see "*The Company – Food Safety and Quality Assurance*".

RISKS RELATING TO THE PHILIPPINES

A significant portion of the Company's operations and assets are based in the Philippines and, therefore, a slowdown in economic growth in the Philippines could materially and adversely affect the Company's business, financial position and results of operations.

A significant portion of the Company's business operations and assets are based in the Philippines. As a result, the Company's income, results of operations and the quality and growth of its assets depend, to a large extent, on the performance of the Philippine economy.

The Philippines is currently experiencing an economic downturn due to the COVID-19 pandemic and resultant community quarantine. The country's gross domestic product suffered a 9.6% contraction for the whole of 2020 with economists forecasting it to rise sharply in 2021 by 6.5% to 7.5%. The World Bank expects the Philippine economy to grow by 4.7% and 5.9% in 2021 and 2022, respectively. For the year 2020, domestic inflation averaged 2.6%, reaching as high as 3.5% in December. However, the average inflation rate was still within the government's 2% to 4% target range. For the fifth time in 2020, BSP cut the rate on its overnight reverse repurchase facility by 25 basis points to 2.00% from 2.25%, totalling a 200-basis point reduction for the entire 2020. In addition, the Monetary Board cut the rate on the overnight deposit facility and the overnight lending facility to 1.50% and 2.50%, respectively. A global recession also took place for the year 2020 as the economic effects of the COVID-19 pandemic were felt in other countries, which also adversely affected the Philippine economy.

Factors that may adversely affect the Philippine economy include:

- decreases in business, industrial, manufacturing or financial activities in the Philippines, Southeast Asia or globally;
- scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the Philippines, Southeast Asia or globally;
- exchange rate fluctuations and foreign exchange controls;
- rising inflation or increases in interest rates;
- levels of employment, consumer confidence and income;
- changes in the Government's fiscal and regulatory policies and regulations, including tax laws and regulations that impact or may impact inflation and consumer demand;
- Government budget deficits;
- adverse trends in the current accounts and balance of payments of the Philippine economy;
- public health epidemics or outbreaks of diseases, such as COVID-19, re-emergence of Middle East Respiratory Syndrome- Corona virus (MERS-CoV), SARS, avian influenza (commonly known as bird flu), or H1N1, or the emergence of another similar disease (such as Zika) in the Philippines or in other countries in Southeast Asia;
- natural disasters, including but not limited to tsunamis, typhoons, earthquakes, fires, floods and similar events;
- political instability, terrorism or military conflict in the Philippines, in other countries in the region or globally; and
- other regulatory, social, political or economic developments in or affecting the Philippines.

Uncertainty surrounding the global economic outlook could cause economic conditions in the Philippines to deteriorate and there can be no assurance that current or future Government policies will continue to be conducive to sustaining economic growth. There can be no assurance that the Philippines will maintain strong economic

fundamentals in the future. Any future deterioration in economic conditions in the Philippines could materially and adversely affect the Company's financial position and results of operations, including the Company's ability to implement its business strategy. Changes in the conditions of the Philippine economy could materially and adversely affect the Company's business, financial condition or results of operations.

Political instability may have a negative effect on the business, financial position or results of operations of the Company.

The Philippines has from time to time experienced political and military instability, including acts of political violence. In the last two decades, there has been political instability in the Philippines, including extra-judicial killings, alleged electoral fraud, impeachment proceedings against two former presidents, two chief justices of the Supreme Court of the Philippines, and public and military protests arising from alleged misconduct by previous administrations. In addition, a number of officials of the Philippine government are currently under investigation or have been indicted on corruption charges stemming from allegations of misuse of public funds, extortion, bribery, or usurpation of authority. There can be no assurance that acts of political violence will not occur in the future and any such events could negatively impact the Philippine economy.

The Philippine general elections for national, provincial, and local officials is scheduled to take place on May 9, 2022. Incumbent President Rodrigo Duterte is ineligible for re-election. However, his daughter Sara Duterte is a prospective frontrunner in the upcoming elections as 26% of Filipino adults would support her, according to a survey of Pulse Asia Research.

No assurance can be given that the future political or social environment in the Philippines will be stable or that current and future governments will adopt economic policies conducive for sustaining economic growth. An unstable political or social environment, whether due to the imposition of emergency executive rule, martial law or widespread popular demonstrations or rioting, could negatively affect the general economic conditions and operating environment in the Philippines, which could have a material adverse effect on the business, operations, and financial condition of the Company.

Acts of terrorism and violent crimes could destabilise the country and could have a material adverse effect on the Company's business, financial position and results of operations.

The Philippines has also been subject to a number of terrorist attacks and the Armed Forces of the Philippines has been in conflict with groups which have been identified as being responsible for kidnapping and terrorist activities in the Philippines. In addition, bombings have taken place in the Philippines, mainly in cities in the southern part of the country. For example, in May 2017, the city of Marawi in Lanao del Sur, Mindanao, was assaulted by the Maute Group, terrorists which were inspired by pledged allegiance to the Islamic State of Iraq and Syria (ISIS). Due to the clash between the Government forces and the terrorists and the risk of the armed conflict spilling over to other parts of Mindanao, martial law was declared in the entire island of Mindanao, Philippines. In October 2017, the city was declared liberated from the terrorists. Despite this, the Philippine Congress extended the imposition of martial law in Mindanao until the end of 2019, citing persistent threats of terrorism and rebellion and to ensure the total eradication of ISIS-inspired terrorists in the country. The martial law in Mindanao was lifted on January 1, 2020, however certain areas in Mindanao remain under a state of emergency and law enforcement groups are in heightened security as a measure against potential terror threats. An increase in the frequency, severity or geographic reach of these terrorist acts could destabilize the Philippines, and adversely affect the country's economy. These armed conflict and terror attacks could lead to further injuries or deaths by civilians and members of the military, which could destabilize parts of the country and adversely affect the country's economy.

Natural or other catastrophes, including severe weather conditions, may adversely affect the Company's business, materially disrupt the Company's operations and result in losses not covered by its insurance.

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, droughts, volcanic eruptions and earthquakes. There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt the Company's operations. These factors, which are not within the Company's control, could potentially have significant effects on the Company's assets and operations. While the Company carries insurance for certain catastrophic events, of types, in amounts and with deductibles that the Company believes are in line with general industry practices in the Philippines, there are losses for which the Company cannot obtain insurance at a reasonable cost or at all. The Company also does not carry any business interruption insurance. Should an uninsured loss or a loss in excess of insured limits occur, the Company could

lose all or a portion of the capital invested in such business, as well as the anticipated future turnover, while remaining liable for any costs or other financial obligations related to the business. Any material uninsured loss could materially and adversely affect the Company's business, financial condition and results of operations.

Territorial disputes with the PRC and a number of Southeast Asian countries may disrupt the Philippine economy and business environment.

Competing and overlapping territorial claims by the Philippines, the PRC and several Southeast Asian nations (such as Vietnam, Brunei and Malaysia) over certain islands and features in the West Philippine Sea (South China Sea) have for decades been a source of tension and conflict.

The PRC claims historic rights to nearly all of the West Philippine Sea based on its so-called "nine-dash line" and in recent years dramatically expanded its military presence in the sea, which has raised tensions in the region among the claimant countries. In 2013, the Philippines became the first claimant country to file a case before the Permanent Court of Arbitration, the international arbitration tribunal based at the Hague, Netherlands to legally challenge claims of the PRC in the West Philippine Sea and to resolve the dispute under the principles of international law as provided for under the United Nations Convention on the Law of the Sea. In July 2016, the tribunal rendered a decision stating that the Philippines has exclusive sovereign rights over the West Philippine Sea (in the South China Sea) and that the "nine-dash line" claim of the PRC is invalid. The Government, under the current administration, has taken measures to de-escalate tensions concerning the territorial dispute with the PRC.

There is no guarantee that the territorial dispute between the Philippines and other countries, including the PRC, would end or that any existing tension will not escalate further, as the PRC has taken steps to exercise control over the disputed territory. In such event, the Philippine economy may be disrupted and its business and financial standing may be adversely affected.

Any deterioration in the Philippine economy as a result of these or other factors, including a significant depreciation of the Peso or increase in interest rates, may adversely affect the Company's operations. In particular, further disputes between the Philippines and other countries may lead to reciprocal trade restrictions on the other's imports or suspension of visa-free access and/or overseas Filipinos permits. Any impact from these disputes in countries in which the Company has operations could materially and adversely affect the Company's business, financial condition and results of operations.

The credit ratings of the Philippines may restrict the access to capital of Philippine companies, including the Company.

International credit rating agencies issue credit ratings for companies with reference to the country in which they are resident. As a result, the sovereign credit ratings of the Philippines directly affect companies that are residents in the Philippines, such as the Company. Historically the Philippines' sovereign debt has been rated relatively low by international credit rating agencies. As of December 31, 2019, the Philippines' long-term foreign-currency denominated debt was rated Baa2 by Moody's, BBB+ S&P Global Ratings, and BBB by Fitch. However, no assurance can be given that Fitch, Moody's, S&P Global Ratings or any other international credit rating agency, will not downgrade the credit ratings of the Government in the future and, therefore, of Philippine companies, including the Company. Any such downgrade could have a material adverse effect on liquidity in the Philippine financial markets and the ability of the Philippine government and Philippine companies, including the Company, to raise additional financing, and will increase borrowing and other costs. As of July 16, 2020, Moody's has affirmed the Philippines Baa2 rating with stable outlook. As of January 10, 2021, Fitch has affirmed the Philippines' long-term foreign-currency issuer default rating at BBB, noting that the outlook is stable. As of May 28, 2021, S&P maintained its BBB+ long-term credit rating for the Philippines with a stable outlook, and also affirmed its A-2 short-term credit rating for the Philippines.

RISKS RELATING TO THE OFFER SHARES

The Offer Shares may not be a suitable investment for all investors

Each potential investor in the Offer Shares must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Offer Shares, the merits and risks of investing in the Offer Shares and the information contained in this Prospectus;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Offer Shares and the impact the Offer Shares will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Offer Shares, including where the currency for principal or dividend payments is different from the currency of the potential investor;
- understand thoroughly the terms of the Offer Shares and be familiar with the behavior of any relevant financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate, foreign exchange rate and other factors that may affect its investment and its ability to bear the applicable risks.

Redemption at the option of the Issuer

The Offer Shares are perpetual and have no fixed final maturity date. Holders have no right to require the Company to redeem the Offer Shares at any time and they can only be disposed of by sale in the secondary market. Holders who wish to sell their Offer Shares may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for the Offer Shares. Therefore, holders of the Offer Shares should be aware that they may be required to bear the financial risks of an investment in the Offer Shares for an indefinite period of time.

The sale of the Offer Shares or any rights thereto prior to the listing of the Offer Shares cannot be made through the PSE. The Company has filed an application for the listing of the Offer Shares on the PSE.

Prior to the listing of the Offer Shares on the PSE, the sale of subscription rights to the Offer Shares may be treated as a sale of shares and subject to documentary stamp tax, capital gains tax (on any gain derived from the sale thereof) or donor's tax (in case of donation or sale of the subscription rights to the Offer Shares for a price below the fair market value of the subscription rights).

Volatility of market price of the Offer Shares

The market price of the Offer Shares could be affected by various factors, including:

- general market, political and economic conditions;
- changes in earnings estimates and recommendations by financial analysts;
- changes in market valuations of listed stocks, in general, and stocks of other conglomerates;
- changes to government policy, legislation or regulations, and
- general operational and business risks.

In addition, many of the risks described within this section could materially and adversely affect the market price of the Offer Shares.

Additional Taxes

The sale, exchange or disposition of the Offer Shares after the Offer Period, if made outside the facilities of the PSE is subject to capital gains tax and documentary stamp tax, and if made through the facilities of the PSE (except for a dealer in securities) is subject to stock transaction tax. Changes in laws, rules and regulations may result in additional taxes on the acquisition, disposition, or transfer of the Offer Shares. For a discussion on the taxes currently imposed by the BIR, please refer to the section on "*Taxation*" on page 212 of the Prospectus.

Deferral of dividend payment

Dividends on the Offer Shares may not be paid or may be paid in less than full dividends, under the terms and conditions governing the Offer Shares. Holders of the Offer Shares will not receive dividends on a Dividend Payment Date or for any period during which the Company does not have retained earnings out of which to pay dividends.

Subordination to other indebtedness of the Company

The obligations of Jollibee under the Offer Shares are unsecured and are subordinated to all indebtedness of the Company, and shall not be entitled to payments unless all other obligations that rank senior to the Offer Shares are paid. The rights and claims of holders of the Offer Shares will (subject to the extent permitted by law) rank senior to the holders of the common shares of the Company and *pari passu* with the other Preferred Shares.

The obligations of the Company under the Offer Shares are unsecured, and in the event of the winding-up of the Company, rank junior in right of payment to all indebtedness of the Company and junior in right of payment to securities of, or claims against, the Company which rank or are expressed to rank senior to the Offer Shares. Accordingly, the obligations of the Company under the Offer Shares will not be satisfied unless the Company has satisfied in full all of its other obligations ranking senior to the Offer Shares.

In the event of the winding-up of the Company, the Offer Shares rank junior in right of payment to all indebtedness of the Company and rank junior in right of payment to securities of, or claims against, the Company, which rank or are expressed to rank senior to the Offer Shares. There is a substantial risk that an investor in the Offer Shares will not receive any return of the principal amount or any unpaid amounts due under the terms of the Offer unless Jollibee can satisfy in full all of its other obligations ranking senior to the Offer Shares.

There are no terms in the Offer Shares that limit the ability of Jollibee to issue new shares including shares that ranks senior to or *pari passu* with the Preferred Shares.

Insufficient distributions upon liquidation

Upon any voluntary or involuntary dissolution, liquidation or winding up of Jollibee, holders of Offer Shares will be entitled only to the available assets of the Company remaining after the indebtedness of Jollibee is satisfied. If any such assets are insufficient to pay the amounts due on the Offer Shares, then the holders of the Offer Shares shall share ratably in any such distribution of assets in proportion to the full distributions to which they would otherwise be respectively entitled.

Subordination of payments to the Holders of the Offer Shares

Jollibee has and will continue to have a certain amount of outstanding indebtedness. The current terms of the financing agreements of Jollibee contain provisions that could limit the ability of the Company to make payments to the holders of the Offer Shares. Also, Jollibee may in the future, directly or indirectly through its subsidiaries, enter into other financing agreements which may restrict or prohibit the ability of the Company to make payments on the Offer Shares. There can be no assurance that existing or future financing arrangements will not adversely affect the ability of Jollibee to make payments on the Offer Shares.

Liquidity of the securities market

The Philippine securities markets are substantially less liquid and more volatile than major securities markets in other jurisdictions, and are not as highly regulated or supervised as some of these other markets. The Company cannot guarantee that the market for the Offer Shares will always be active or liquid upon their listing on the PSE.

In addition, the Company and the Underwriters are not obligated to create a trading market for the Offer Shares and any such market making will be subject to the limits imposed by applicable law, and may be interrupted or discontinued at any time without notice. Accordingly, the Company cannot predict whether an active or liquid trading market for the Offer Shares will develop or, if such a market develops, if it can be sustained. Consequently, a shareholder may be required to hold his Offer Shares for an indefinite period of time or sell them for an amount less than the Offer Price.

Effect of non-payment of dividends

If dividends on the Offer Shares are not paid in full, or at all, the Offer Shares may trade at a lower price than they might otherwise have traded if dividends had been paid. The sale of Offer Shares during such a period by a holder of Offer Shares may result in such holder receiving lower returns on the investment than a holder who continues to hold the Offer Shares until dividend payments resume. In addition, because of the dividend limitations, the market price for the Offer Shares may be more volatile than that of other securities that do not have these limitations.

Inability to reinvest at a similar return on investment upon redemption

On the Optional Redemption Date or at any time redemption occurs, Jollibee may redeem the Offer Shares at the Redemption Price, as described in "*Description of the Offer Shares"*. At the time of redemption, interest rates may be lower than at the time of the issuance of the Offer Shares and, consequently, the holders of the Offer Shares may not be able to reinvest the proceeds at a comparable interest rate or purchase securities otherwise comparable to the Offer Shares.

Limited voting rights

Holders of Offer Shares will not be entitled to elect the Board of Directors of the Company. Except as specifically set forth in the Amended Articles of Incorporation of the Company and as provided by Philippine law, holders of Offer Shares will have no voting rights (see "*Description of the Offer Shares*" on page 25).

DETERMINATION OF OFFER PRICE

The offer price of ₱1,000.00 is at a premium to the par value of the offer shares, which is ₱1.00 per share. The offer price was arrived at by dividing the desired gross proceeds of ₱20,000,000,000 by the total number of the Offer Shares.

DILUTION

The Offer Shares will not have any dilutive effect on the rights of the holders of the common shares of the Company as the Offer Shares are non-voting, non-convertible and non-participating.

CAPITALIZATION

The unaudited consolidated capitalization and indebtedness of the Company as of the relevant period shall be set out in the Offer Supplement for each tranche of the Offer.

USE OF PROCEEDS

The use of proceeds for each tranche of the Offer shall be set out in the relevant Offer Supplement.

No amount of the proceeds is to be used to reimburse any officer, director, employee, or shareholder for services rendered, assets previously transferred, money loaned or advanced, or otherwise.

The Company undertakes that it will not use the net proceeds from the Offer for any purpose, other than as discussed in the relevant Offer Supplement. The Company's cost estimates may also change as these plans are developed further, and actual costs may be different from budgeted costs. For these reasons, timing and actual use of the net proceeds may vary from the foregoing discussion and the Company's management may find it necessary or advisable to alter its plans. In the event of any substantial deviation, adjustment or reallocation in the planned use of proceeds, the Company shall inform the SEC, PSE and the holders of the Preferred Shares in writing at least 30 calendar days before such deviation, adjustment or reallocation is implemented. Any material or substantial adjustments to the use of proceeds, as indicated above, should be approved by the Board or the Executive Committee, and disclosed to the PSE. In addition, the Company shall submit via the PSE's online disclosure system, the Electronic Disclosure Generation Technology ("**EDGE**"), the following disclosures to ensure transparency in the use of proceeds:

i. material disbursements made in connection with the planned use of proceeds from the Offer;

ii. quarterly progress report on the application of the proceeds from the Offer on or before the first 15 days of the following quarter;

iii. annual summary of the application of the proceeds on or before January 31 of the following year; and

iv. approval by the Board or the Executive Committee of any reallocation on the planned use of proceeds. The actual disbursement or implementation of such reallocation must be disclosed by the Company at least 30 days prior to the said actual disbursement or implementation.

The Company shall submit a certification by the Company's Treasurer and external auditor on the accuracy of the information reported by the Company to the PSE, as well as a detailed explanation for any material variances between the actual disbursements and the planned use of proceeds in the Prospectus, if any, in the Company's quarterly and annual reports as required in items (ii) and (iii) above. Such detailed explanation will state the approval of the Board as required in item (iv) above.

PLAN OF DISTRIBUTION

Jollibee plans to issue the Offer Shares to institutional and retail investors in the Philippines through a public offering to be conducted through the Underwriters. The Offer does not include an international offering.

The detailed plan of distribution and underwriting arrangements for each tranche of the Offer shall be as set out in the Offer Supplement.

The Underwriters are duly licensed by the SEC to engage in the underwriting or distribution of the Offer Shares. The Underwriters may, from time to time, engage in transactions with and perform services in the ordinary course of its business, for Jollibee or any of its subsidiaries.

The Underwriters have no direct relations with Jollibee in terms of ownership by either of their respective major shareholder/s and have no right to designate or nominate any member of the Board of Directors of Jollibee.

The Underwriters have no contract or other arrangement with Jollibee by which it may return to Jollibee any unsold Offer Shares.

Sale and Distribution

The distribution and sale of the Offer Shares shall be undertaken by the Underwriters who shall sell and distribute the Offer Shares to third-party buyers/investors. The Underwriters are authorized to organize a syndicate of underwriters, soliciting dealers and/or Selling Agents for the purpose of the Offer. In connection with the foregoing, the Underwriters may enter into agreements, participation agreements, or like agreements with other co-lead managers and managers (who may be named or have been named in the Offer Supplement) and/or Selling Agents, as necessary. There is nothing in such agreements that allow the Underwriters to return to Jollibee any unsold Offer Shares.

The Company will not allocate any Offer Shares for the Local Small Investors Program of the PSE.

Prior to close of the Offer Period for each tranche of the Offer, any Offer Shares not taken up by the trading participants shall be distributed by the Underwriters directly to their clients and general public. All Offer Shares not taken up by the trading participants, general public, and the Underwriters' clients shall be purchased by the Underwriters pursuant to the terms and conditions of the relevant Underwriting Agreement.

Term of Appointment

The term of the appointment of the Underwriters for each tranche of the Offer shall be as set out in the relevant Offer Supplement.

Manner of Distribution

The Underwriters shall, at their discretion, determine the manner by which proposals for subscriptions to, and issuances of, the Offer Shares shall be solicited, with the sale of the Offer Shares to be effected only through the Underwriters. The Underwriters may appoint other entities, including trading participants, to sell on their behalf.

Offer Period

The Offer Period for each tranche of the Offer shall be set out in the relevant Offer Supplement.

Application to Purchase

The requirements to purchase the Offer Shares shall be set out in the relevant Offer Supplement.

Minimum Purchase

The minimum purchase requirement for the Offer Shares shall be set out in the relevant Offer Supplement.

Payment of the Offer Shares

The terms of payment of the Offer Shares shall be set out in the relevant Offer Supplement.

Refunds

The provision on refunds shall be set out in the relevant Offer Supplement.

Secondary Market

Jollibee may purchase the Offer Shares, then tradeable at that time, at any time without any obligation to make pro rata purchases of Offer Shares from all Shareholders.

Registry of Shareholders

The Offer Shares will be issued in scripless form through the electronic book-entry system of Stock Transfer Service, Inc. as Registrar for the Offer, and lodged with The Philippine Depository & Trust Corp. ("**PDTC**") as Depository Agent on Listing Date through PSE trading participants nominated by the applicants. Applicants shall indicate in the proper space provided for in the Application to Purchase the name of the PSE trading participant under whose name their Offer Shares will be registered.

Legal title to the Offer Shares will be shown in an electronic register of shareholders (the "**Registry of Shareholders**") which shall be maintained by the Registrar. The Registrar shall send a transaction confirmation advice confirming every receipt or transfer of the Offer Shares that is effected in the Registry of Shareholders (at the cost of the requesting shareholder). The Registrar shall send (at the cost of the Company) at least once every quarter a statement of account to all shareholders named in the Registry of Shareholders, except certificated shareholders and depository participants, confirming the number of Offer Shares held by each shareholder on record in the Registry of Shareholders. Such statement of account shall serve as evidence of ownership of the relevant shareholder as of a given date thereof. Any request by the shareholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting shareholder.

Expenses

All out-of-pocket expenses, including but not limited to, registration with the SEC, printing, publication, communication and signing expenses incurred by the Underwriters in the negotiation and execution of the transaction will be for the account of Jollibee, irrespective of whether the transaction contemplated herein is completed. Such expenses are to be reimbursed upon presentation of a composite statement of account. See "*Use of Proceeds*" on the relevant Offer Supplement for details of expenses.

THE COMPANY

OVERVIEW

Jollibee Foods Corporation, doing business under the name and style of Jollibee (formerly Jollibee Foods Corporation) was incorporated in the Philippines and registered with the SEC on January 11, 1978. Jollibee and its subsidiaries (collectively referred to as the "**JFC Group**") and affiliates are involved primarily in the development, operation and franchising of quick service restaurants ("**QSRs**") under the trade names "Jollibee", "Chowking", "Greenwich", "Red Ribbon", "Yong He King", "Hong Zhuang Yuan", "Mang Inasal", "Burger King", "Highlands Coffee", "PHO24", "Dunkin' Donuts", "Smashburger", "Tim Ho Wan", "Tortazo", "The Coffee Bean & Tea Leaf®" and "Panda Express". The other activities of the JFC Group include manufacturing and property leasing in support of the QSR systems and other business activities.

The Company believes it is the largest growing food service and restaurant company in the Philippines with 3,411 Group-owned and franchised stores in the country as of May 31, 2021. It had 2,404 Group-owned and franchised stores outside the Philippines as of the same date. In addition, the Group believes it is among the largest food service companies in Asia in terms of sales and store network as of May 31, 2021. The Group's principal business comprises the development, operation and franchising of stores under the Jollibee, Chowking, Greenwich, Red Ribbon, Mang Inasal, Burger King, Yonghe King, Hong Zhuang Yuan, Dunkin' Donuts, Highlands Coffee, PHO24, Smashburger, The Coffee Bean & Tea Leaf®, Panda Express, Tortazo, and Tim Ho Wan brands. The Group is also engaged in the manufacturing of food products, logistics services and property leasing in support of its operations.

Out of the 3,411 Group-owned and operated stores in the Philippines as of May 31, 2021, 2,321 stores were franchised. As of the same date, the Group had a presence outside the Philippines in 35 countries and territories, with 1,432 Group-owned and operated stores and 972 franchised stores, including the United States, Canada, People's Republic of China (including Hong Kong and Macau), United Kingdom, Italy, Vietnam, Brunei, Singapore, Saudi Arabia, United Arab Emirates, Qatar, Oman, Kuwait, Bahrain, Indonesia, Costa Rica, Egypt, India, Panama, and Malaysia.

Majority of the Group's revenues were generated by the Philippine business. The following table sets forth the contribution of the Group's geographical segments in terms of system wide sales, revenues and profit for the years 2018, 2019 and 2020:

	System Wide Sales			Revenues			Net Income		
	2018	**2019**	**2020**	**2018**	**2019**	**2020**	**2018**	**2019**	**2020**
	In Percent			*In Percent*			*In Percent*		
Philippines	73.7	70.8	58.0	74.1	71.8	60.0	83.3	72.7	-67.9
International	26.3	29.2	42.0	25.9	28.2	40.0	16.7	27.3	-32.1

The following table presents a hierarchy in terms of contribution to system wide sales, revenues and net income of the different regions for the international business:

	System Wide Sales			Revenues			Net Income		
	2018	**2019**	**2020**	**2018**	**2019**	**2020**	**2018**	**2019**	**2020**
North America	1	1	1	1	1	1	1	1	3
China	2	3	3	2	2	2	3	2	2
Europe, Middle East, Asia	3	2	2	3	3	3	2	3	1

For the quarter ended March 31, 2021, SWS was ₱47,782.3 million, gross profit was ₱5,911.7 million and EBITDA was ₱5,185.3 million compared to consolidated sales of ₱55,151.3 million, gross profit was ₱4,200.1 million and EBITDA was ₱2,808.6 million for the same period in 2020.

The following table sets forth the revenues of the Group's geographical segments for the periods indicated:

	Philippines	International	Eliminations	Consolidated
		(in millions)		
March 31, 2021	₱21,144.8	₱13,782.8	(₱272.9)	₱34,654.7
March 31, 2020	₱26,741.8	₱12,931.3	(₱248.4)	₱39,424.7

RECENT DEVELOPMENTS

The COVID-19 Pandemic

COVID-19, an infectious disease that was first reported to have been transmitted to humans in late 2019, has spread globally over the course of 2020, and in March 2020 it was declared as a pandemic by the World Health Organization. As of June 25, 2021, there had been about 180 million confirmed cases in the world, as reported to the World Health Organization. All the countries and territories where the Group operates business have reported confirmed cases and have taken measures in varying degrees to contain the spread, including social distancing measures, community quarantine, suspension of operations of non-essential businesses and travel restrictions.

As a result of the COVID-19 pandemic, the Group has experienced store and commissary closures and instances of reduced store-level operations, including reduced operating hours and dining-room closures. As of May 31, 2021, the percentages of the Group's stores that were temporarily closed due to the COVID-19 pandemic was 2.1% in the Philippines, 0.5% in the PRC, 3.0% in North America (only including Smashburger, Jollibee, Red Ribbon and Chowking stores) and 4.0% in EMEAA, with 10% CBTL and 14.0% SuperFoods stores. Furthermore, in markets where governments have imposed restrictions on travel outside of the home or restrictions on dining in, or where customers have been practicing social-distancing, store traffic has also been significantly impacted, with all or a significant portion of stores providing only delivery and takeaway services. In particular, in the Philippines, as of the date of this Prospectus, Metro Manila is under General Community Quarantine ("**GCQ**"), while other areas continue to be placed under other levels of community quarantine and there is no assurance that areas that are currently under GCQ or Modified GCQ ("**MGCQ**") would not be placed under more stringent community quarantine in the future. See "*The Company – Recent Developments – The COVID-19 Pandemic*" for more information about control measures and the effect on the Group's business. As of May 31, 2021, businesses have generally reopened in the PRC and Vietnam, and other countries and territories where the Group operates, including many regions of the United States, are also easing their control measures and reopening their societies. The international business of the Group showed faster recovery in line with the economic recovery of the respective countries, particularly the more developed ones arising from faster and more significant inoculation of vaccines into their population and more significant assistance and economic stimulus packages provided by their governments. The Philippines continues to be challenged as mobility and commercial activity in retail remains limited due to the restrictions and slow roll-out of the vaccination.

As at December 31, 2020, the Group had 5,824 Company-owned and franchised stores globally, of which 4% were temporarily closed due to the COVID-19 pandemic. This increased to 5% at the end of the first quarter of 2021, with 6% of Jollibee's stores in the Philippines under temporary closure, as Metro Manila and nearby provinces, such as Cavite, Laguna, Rizal and Bulacan, returned to the strictest form of lockdown, the Enhanced Community Quarantine ("**ECQ**") on March 22 to April 4, 2021 due to the resurgence of COVID-19 cases in the said areas. Abroad, some countries in Asia, the Middle East and Europe that had eased restrictions in 2020, re-imposed lockdowns in the quarter ended March 31, 2021 due to increased COVID-19 cases. The table below shows the percentage of stores that were temporarily closed:

	December 31, 2020	**January 31, 2021**	**February 28, 2021**	**March 31, 2021**
Philippines	2%	2%	2%	6%
China	-	-	-	-
North America (excl. CBTL)	6%	5%	5%	4%
EMEAA (excl. SuperFoods)	-	1%	2%	-
CBTL	10%	12%	9%	8%
SuperFoods	5%	6%	5%	5%
TOTAL	**4%**	**4%**	**4%**	**5%**

Since the start of the COVID-19 pandemic, most of the Group's stores across brands and regions that have remained open serve customers through take out, drive-thru and delivery business channels. These business channels have been growing significantly and have helped in reducing lost sales from the closure of the Group's dining areas. In May 2021, the Group's delivery business in the Philippines, the PRC, North America (only with respect to Smashburger), EMEAA, CBTL, and SuperFoods grew by 153.1%, 57.9%, 66.4%, 43.9%, 58.8% and 64.5%, respectively, compared to May 2020.

As a result of the COVID-19 pandemic and following closure of stores across brands, a total of 4,026 employees were terminated from employment.

In February 2021, the Philippine government commenced vaccination for those considered as high-risk individuals including healthcare workers, senior citizens, and individuals with comorbidities. In June 2021, the government expanded the vaccination drive to all private sector workers required to be physically present at their workplace outside their residences; employees in government agencies and instrumentalities; and informal sector workers and self-employed who may be required to work outside their residences, and those working in private households.

As the Group's stores are resuming operations all over the world, the speed of recovery in same store sales varied across different countries and territories. In general, same store sales recovered faster in developed countries than in developing countries. For example, same store sales in the Philippines continued to be in the negative territory at -26.1% in the first quarter of 2021 compared to the same quarter of the previous year. Compared to the first quarter of 2019, the Philippine business' same store sales for the first quarter of 2021 declined by 31.4%.

The Group's international business showed stronger performance, with same store sales growing by 7.5% compared to the first quarter of 2020. The international business showed faster recovery in line with the economic recovery of the respective countries, particularly countries with faster vaccine roll-out and more significant inoculation of their population as well as more significant assistance and economic stimulus packages provided by their governments.

The Business Transformation Program, which the Group launched in May 2020, involved the rationalization of worldwide operations primarily in response to the business downturn caused by the pandemic. During the year, four commissaries and a total of 486 stores (307 were Group-owned, while 179 were franchised), of which 262 were covered by the Business Transformation Program, were permanently closed. Jollibee also significantly reduced headcount as well as operating and general and administrative expenses in its stores, supply chain facilities and support group offices. The Group incurred a total of ₱6.7 billion or 96.0% of the ₱7.0 billion provision made in June 2020 for this program. Of the ₱6.7 billion, ₱2.0 billion represented write-off of book value of certain assets. The Company generated savings from the program and about ₱2.6 billion is expected to be realized in full in 2021 with additional savings to be realized in the years ahead.

As part of prudent financial management by the Group to address the impact of the COVID-19 pandemic, the Group continues to manage its leverage and capital structure. The Group is expected to comply with bank loan covenants and will be within its target leverage ratios by the end of 2021 through improvements in cash generation and retirement of loans while maintaining sufficient cash levels for flexibility in a still uncertain and challenging environment. The issuance of preferred shares and the planned buy-back of a portion of the outstanding USD 600 million senior perpetual securities of Jollibee Worldwide Pte. Ltd ("**Senior Perpetual Securities**"), are part of a liability management strategy to reduce significant maturity obligations in the future as well as reduce foreign exchange risk on JFC's financing obligations. See *"Risk Factors – Risks relating to the Group − The Group may not be able to obtain financing or capital on terms acceptable to it or at all which could adversely impact the execution of the Group's expansion and growth plans and the Group may not be able to fulfil its debt obligations."*

The Group continues to maintain a strong cash position. Its cash and cash equivalents, including investments in financial assets amounted to ₱57.0 billion and ₱54.3 billion, as of December 31, 2020 and March 31, 2021, respectively, which was primarily generated from improved operating cash flows and proceeds from the issuances of Senior Perpetual Securities issued in January 2020 and Senior Debt Securities issued in June 2020, net of the payment for short term debt for the acquisition of CBTL. The Group's current ratio, which is a measure of a company's ability to pay short-term obligations, (total current assets/total current liabilities) increased from 1.36x as of December 31, 2020 to 1.39x as of March 31, 2021. Meanwhile, the Group's total liabilities to equity ratio (total liabilities/total equity) decreased from 2.10x as of December 31, 2020 to 2.03x as of March 31, 2021. The Group's conservative financial strategies and solid financial profile have enabled it to continue with strong liquidity and capital structure, which are necessary to weather the crisis brought by the ongoing COVID-19 pandemic. Based on analysis of its quarterly financial statements as of March 31, 2021, as well as its business plans and forecasts, the Group believes it has sufficient liquidity to weather over twenty-seven (27) quarters of muted business performance, without considering the potential profit and cash flow improvement brought by the Business Transformation Program. Since the outbreak of the COVID-19 pandemic, the Group has not yet taken advantage of any government-mandated loan payment deferrals and has met all payment obligations to its business partners on time.

For more information about the impact of COVID-19 on the Group, also see "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*."

Issuance of Securities

The JFC Group, through Jollibee Worldwide Pte. Ltd. ("**JWPL**"), issued the following securities as of December 31, 2020:

- The Senior Perpetual Securities amounting to USD600.0 million (₱30,588.0 million) was issued by the JFC Group, through JWPL, on January 23, 2020 and was listed in the Singapore Exchange Securities Trading Limited on January 24, 2020. The Securities offered an initial distribution rate of 3.9%, noncallable in five (5) years and payable semi-annually. This offer was not registered with the Philippine SEC because the offer involved an entity outside of the Philippines and the shares were offered outside of the Philippines.

  The proceeds from issuance of the Senior Perpetual Securities were partially used to refinance the short-term debt from the acquisition of The Coffee Bean & Tea Leaf® ("**CBTL**"). The Securities are guaranteed by the Company. The Joint Global Coordinators for this deal were Citigroup and J.P. Morgan, while the Joint Lead Managers and Joint Bookrunners were Citigroup Global Markets Singapore Pte. Ltd., Credit Suisse (Singapore) Limited, J.P. Morgan (S.E.A.) Limited and Mizuho Securities (Singapore) Pte. Ltd.. In addition, the Joint Domestic Managers were BPI Capital Corporation, China Bank Capital Corporation and PNB Capital and Investment Corporation.

- The JFC Group, through JWPL, issued a dual tranche Reg S USD300.0 million (₱14,994.0 million) 5.5-year and USD300.0 million (₱14,994.0 million) 10-year US dollar denominated guaranteed Notes with a coupon rate of 4.125% and 4.750%, respectively, and payable semi-annually. These were listed in the Singapore Exchange Securities Trading Limited on June 25, 2020. This offer was not registered with the Philippine SEC because the offer involved an entity outside of the Philippines and the securities were offered outside of the Philippines.

  The proceeds from the issuance were used for general corporate purposes, intended as a precautionary measure from the unforeseen eventualities that may be caused by the COVID-19 pandemic, as well as fund initiatives of the JFC Group. The Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners were Citigroup Global Markets Singapore Pte. Ltd., Goldman Sachs (Singapore) Pte., J.P. Morgan (S.E.A.) Limited and Morgan Stanley Asia (Singapore) Pte. while the Joint Lead Managers and Joint Bookrunners were BPI Capital Corporation, Credit Suisse (Singapore) Limited and UBS AG Singapore Branch.

Joint Venture with Yoshinoya International Philippines, Inc.

On February 15, 2021, the Company entered into an agreement to establish a 50/50 joint venture with Yoshinoya International Philippines, Inc. to operate and expand the "Yoshinoya" brand in the Philippines. On June 18, 2021, the incorporation of Yoshinoya Jollibee Foods, Inc. was approved by the SEC.

Amendments to the Articles of Incorporation

On May 11, 2021, the Board of Directors approved the amendment of the Articles of Incorporation of the Company to reclassify a portion of its common shares into preferred shares and divide the authorized capital stock into: (i) 1,430,000,000 common shares with a par value of ₱1.00 per share; and (ii) 20,000,000 cumulative, non-voting, non-participating, non-convertible, redeemable preferred shares with a par value of ₱1.00 per share.

On June 1, 2021, the Board of Directors approved the amendment to the Articles of Incorporation of the Company to ensure that the Primary Purpose clause expressly sets forth the authority of Jollibee Foods Corporation and its subsidiaries to invest in, acquire, own, use, or dispose of, real and personal properties, of every kind and description, to strengthen the Company's core business.

On June 25, 2021, the stockholders of the Company approved the proposed amendments to the Articles of Incorporation during the Annual Stockholders' Meeting. On June 28, 2021, the Company submitted the amendments to the SEC. The proposed amendments shall take effect upon approval of the SEC.

Licensing Agreement with Milkshop International Co., Ltd.

On June 24, 2021, the Company and its subsidiaries, Fresh N' Famous Foods, Inc. and Mang Inasal Philippines, Inc. entered into a license agreement with Milkshop International Co., Ltd. which owns Milksha, a popular Taiwanese bubble tea brand. The agreement grants the exclusive rights to sell and market products under the Milksha brand in the Company's stores. The Company intends to roll out Milksha products in Chowking stores and possibly expand it to its other Philippine restaurant brands.

Joint Venture with Beeworks Investment Pte. Ltd.

On July 29, 2021, the Company, through its wholly-owned subsidiary Golden Plate Pte. Ltd. ("**GPPL**"), entered into a Joint Venture Agreement, for the operation by GPPL of Jollibee stores in West Malaysia. The Joint Venture to be incorporated will facilitate the entry and introduction of the Company into West Malaysia.

COMPETITIVE STRENGTHS

The Group believes that its principal competitive strengths include the following:

Market leading portfolio of iconic, well-recognised and diversified brands, demonstrating long-term growth

The Group has a portfolio of well-recognised brands composed of its own, acquired or franchised brands in the quick-service and fast casual dining segments. The Group believes that its flagship brand, the Jollibee brand, is the most recognised brand in the Philippines and continues to outperform and outgrow other chained restaurant peers in the Philippines. A Carter Claims study has shown that 8 out of 10 respondents voted Jollibee's "Chickenjoy" as the best-tasting fried chicken in the Philippines. Jollibee's iconic brand name and loyal following also extends internationally. Jollibee's store openings overseas have been blockbusters seeing massive customer turnouts demonstrating a loyal customer base with migrant Filipinos who serves as natural brand ambassadors, thereby also helping the Jollibee brand to garner greater global recognition.

Jollibee was founded by Mr. Tony Tan Caktiong and his family with its humble beginnings as an ice cream parlour in 1975 which later grew into an emerging global brand. Since the start, the Group has differentiated itself from competition through its family-oriented approach to management and a passionate commitment towards delivering superior tasting and great value for money products while adhering to world class operating standards. The Group's values are echoed in its brand marketing. The Jollibee brand knows its target audience very well, which is the family, and the universal importance of family values, making Jollibee the number one family-oriented fast food chain in the Philippines and a fast-growing international QSR player. The Jollibee brand has won in various categories in marketing, advertising and public relations in the recent Asia Pacific Tambuli Awards, Philippine Anvil and Quill Awards, and the IN2 Sabre Awards 2019 Asia Pacific.

In 2013, USA's Restaurant Business Magazine included Jollibee as among the 50 fastest growing chains in the United States. The following year, 2014, Jollibee was listed as among the top ten international fast foods restaurants in the United States by The Daily Meal and was hailed as the best international restaurant chain by the Thrillist, a US-based food and lifestyle website. Thrillist released a 2018 article that named Jollibee as one of the "Top restaurant chains that could take over America". Technomic has included Jollibee for the past few years as among the 500 leading chains in the United States.

The Group manages a portfolio of 17 brands, 11 of which are owned by the Group. The others are brands that the Group partnered with as a franchisee, namely Burger King, Panda Express, Dunkin Donuts', PHO24, and Tim Ho Wan. The Group also expects to enter into a franchise agreement to operate more stores under the Yoshinoya brand in the Philippines. The Group was cited by Business Insider in 2019 as among the top ten global restaurant companies that together control more than 50 of the biggest restaurant chains in the world.

The other brands owned by the Group have also been gaining prominence in their respective segments and markets. In 2017, Technomic mentioned the Group's brands back in its list of 25 fastest growing global chains, naming Jollibee, Highlands Coffee, Chowking and Red Ribbon in their list. The Group believes Highlands Coffee was the most recognised and largest coffee chain in Vietnam beating Starbucks in terms of store network as of March 31, 2021. YongHe King in the PRC was the number one Chinese QSR in the China Brand Power Index from 2011 to 2015 as well as in 2018 and 2019. Smashburger was named "America's Most Promising Company" in 2011 by Forbes. In 2014, it again made this list coming in at number six for "America's Most Promising Companies". In 2017, the chain was named as the 9th burger restaurant brand in America by The Harris Poll's annual EquiTrend Study.

The strong recognition of the Group's brands, together with the diversity of its brand portfolio, provides the Group a unique opportunity to access and compete in new markets and fast-growing segments.

Well-established leading market position in the Philippines' fast-growing and attractive food service and restaurant industry

The Group believes it is the largest food service and restaurant company in the Philippines with 3,411 Group-owned and franchised stores as of May 31, 2021. As of the same date, the Group sustained its market leadership, as the largest limited service restaurant group, with a group store network market share of 55%, and the Jollibee brand, with 3,209 stores in the Philippines as of May 31, 2021, was the leading QSR with a market share of about 59%, based on the Group's internal brand tracking. In the chicken-burger segment, the Group believes, the Jollibee

brand held a market share of 54% as of May 31, 2021. The Group also believes that its Group-owned brands Chowking, Greenwich, Red Ribbon, and Mang Inasal were market leaders in 2020, in terms of store network and market share in the Philippines, in their respective segments. The Group believes that, as of May 31, 2021, Chowking, Greenwich, Red Ribbon, and Mang Inasal held a leading store network market share of 22%, 34%, 40%, and 18%, respectively, in the Chinese QSR, pizza and pasta, bakeshop, and grilled chicken segments, respectively. Chowking, Greenwich, Red Ribbon, and Mang Inasal had a total store network of 585 stores, 272 stores, 497 stores and 585 stores, respectively, as of May 31, 2020. The Group believes that, in terms of brand leadership and market share, Jollibee, Chowking, Greenwich, Mang Inasal and Red Ribbon are ranked No. 1 in the chicken and burger segment, No. 1 in the Chinese cuisine segment, No. 1 in the pizza and pasta segment, No. 1 in the grilled chicken segment, and No. 2 in the cake and pastry segment, respectively, in the Philippines. The Group also operates 97 stores as a franchisee under the Burger King brand as of May 31, 2021. Burger King Philippines held a store network market share of 5% in the chicken-burger segment as of May 31, 2021. In 2016, Burger King Philippines received the Gold Crown Franchisee of the Year at the Asia Pacific Franchisee Convention.

The Group believes that its extensive understanding of the food service and restaurant industry coupled with a very capable organization, enables the Group to maintain market leadership and achieve sustainable growth. Its established market leadership in the Philippines combined with favourable conditions in the overall Philippine economy provide the Group a strong and highly defensible base for growth in the future. The World Bank's reports prior to the COVID-19 pandemic suggested GDP in the Philippines was expected to grow between 5.0% to 7.0% annually due to an increase in the young population and domestic household consumption (resulting from, among others, an increase in disposable income), sustained foreign direct investments, growth in remittances and an increase in Government spending on infrastructure and services. In June 2021, the World Bank indicated in its biannual publication, the Philippines Economic Update, that the Philippines's GDP growth rate was forecasted to be 4.7% this year, expected to accelerate to 5.9% in 2022 and to 6.0% in 2023. The Group expects the rising per capita income and demand from customers for variety in food (consumed away from home) choices would be a sufficient base to support its wider portfolio of brands.

The Group believes its deep understanding of the local consumer, presence in multiple formats across QSR and fast casual dining, and product offering across multiple price points uniquely position the Group to remain resilient throughout economic cycles. The Group expects to benefit from stronger household consumption during economic growth and a shift in spending at higher end fine or casual dining establishments to relatively lower-priced QSR (such as those of the Group's) during economic decline. In addition, the Group's presence in various food service and restaurant segments allows the Group to offer consumers with products that cater to different household budgets or that may have an increased demand at certain stages of the economic cycle.

The Group believes that, despite the difficulties caused by the COVID-19 pandemic in the short term, it will, in the long term, continue to achieve increased demand for its food products and sustained positive growth as a result of an increase in same store sales growth complemented by the expansion of its store network. From 2014 to 2019, the Group recorded a compound annual growth rate (**CAGR**) of 14.8% in SWS from same store sales and from new store openings. CAGR refers to the compounded annual growth from the initial year to the final year over a certain period of time. In 2019, the Group delivered 14.9% of SWS growth compared to 2018, 3.8% of which was attributable to the consolidation of CBTL, which was acquired by the Group in September 2019. In 2020, SWS declined by 27.8% compared to 2019, primarily due to the COVID-19 pandemic.

For 2020, the SWS declined by 27.8% compared to 2019, primarily due to store closures as part of government restrictions in response to the COVID-19 pandemic. SWS from same store sales contracted by 28.3% while there was modest growth in SWS from new store openings was at 1.3% for the year ended December 31, 2020, driven by the international business. For the same period, a total of 283 stores were opened, excluding the 55 stores from the consolidation of CBTL stores into the Group's store network. For the first quarter of 2021, system wide sales declined by 13.4%, with sales from the Philippine business declining by 21.3%, partly offset by the 1.3% increase from the international business. Global same store sales in the first quarter of 2021 decreased by 14.7%, with the Philippine business declining by 26.1% and the international business growing by 7.5%.

Despite the closure of stores, in 2020 as a result of the Business Transformation Program, the Group intends to open about 450 stores globally in 2021, of which about 80 will be in the Philippines. As of May 31, 2021, the Group has opened 130 stores globally, mostly from its international markets, only 23 of which are located in the Philippines. The Group remains resilient and intends to continue to deploy capital more effectively to maintain its leadership and capture a broader customer base. It will continue to assess the planned store openings on the basis

of its return on invested capital thresholds and only deploy capital toward brands and sites which are deemed to be of the highest return in the current business environment.

Attractive business model and strong financial discipline translating into resilient revenue growth and strong operating cash flows

The Group has historically delivered consistent operating cash flow generation. The Group believes that the consolidated operating cash flow of its businesses will improve in step with the broader economic recovery of the markets and will hence be sufficient to fund new store openings and renovations in existing stores. For example, in the PRC, the Group opens new stores using internally generated cash without relying on the Company for funding. The Group's strong cash flows has also enabled it to service debt and maintain a consistent annual dividend pay-out.

The Group believes it has strong financial discipline by investing in its food service and franchising businesses and exercising strict capital allocation wherein capital is deployed towards projects that yield the best returns, avoiding real estate purchases and implementing prudent debt management which includes a well-managed debt profile, lower cost of debt and leverage. Solid unit economics support investments on new stores and renovations on existing stores. This has enabled a healthy expansion of new stores for both Group-owned and franchised stores. The Group also closely tracks payback period, rate of return, same store sales growth and other metrics to track the performance of expansion projects. The Group's free cash flow conversion is further enhanced as it increases the revenue contribution from asset-light sources such as its royalty revenues from its franchisees globally and revenues from its commissaries which supply raw materials to stores including franchisees. The Group's franchised stores represented 55.0% of the Group's total number of stores as of May 31, 2021. The Group expects to see a continued increase in the number of franchised stores.

The Group imposes a robust management system on store expansions that has enabled it to achieve strong results of return on invested capital ("**ROIC**") on new stores. For example, the ROIC of the company-owned stores of Jollibee in the Philippines, Vietnam, USE, and Canada have a composite ROIC of more than 20.0% as of March 31, 2021. Highlands Coffee in Vietnam achieved ROIC of more than 30% for the same period. The composite ROIC of company-owned stores in the Philippines, China, Vietnam and North America are all well above the Group's weighted average cost of capital. For 2021, the Group expects an ROIC of at least 20.0% on its company-owned stores.

Best-in-class operational expertise across the value chain

The Group maintains an integrated value chain in the Philippines that enables operating efficiencies and cost savings, allowing the Group to have a scalable support infrastructure, which provides significant competitive advantages for the Group in the Philippines and as it expands overseas.

Stores

The Group's store operating model is centered on the customer. The operating model includes an established system with operating procedures and standards on food, service, and cleanliness, which has resulted to superior customer satisfaction and consistency in food taste and quality. See "*The Company - Food Safety and Quality Assurance*".

Manufacturing, supply and distribution

The Group's supply chain is unparalleled and is one of its competitive advantage that is a driver for sustainable revenue and profit growth. As of May 31, 2021, the Group had an extensive network of manufacturing and logistics operations which comprise 10 manufacturing sites and 20 logistics centres in the Philippines. The Group also had 3 manufacturing sites in the United States, 2 in the PRC, and 2 in Vietnam as of May 31, 2021. The Group's commissary network in the Philippines is among the largest commissaries in Asia. The Group has established close working relationships with key suppliers in the Philippines and in overseas markets. For example, the Group has a joint venture partnership with Cargill, which enables the Group to augment its poultry requirements and harness Cargill's expertise, technology and best practices from poultry farming to meat processing. The Group has global sourcing arrangements for some of its key raw materials, such as French fries, chicken and beef. The Group has received world-class and industry leading quality and safety certifications, including on Good Agricultural Practices, Good Animal Husbandry Practices, Hazards Analysis and Critical Control Points, Good Distribution Practices, Good Warehousing Practices as well as awards/certifications from

the National Meat Inspection Service of the Philippines ("**NMIS"**) and the International Organisation for Standardisation. See "*The Company - Supply and Distribution*".

Franchise management

The Group also believes it has an established and well-managed franchise network, management, and support infrastructure for its franchise business. The Group implements a strong selection process in deciding and approving franchisees and regularly monitors and conducts audits and performance evaluations to ensure compliance by the franchisees to the terms and conditions of the franchise agreement and imposes consequences for non-compliance such as assessment of penalties or the take-over of franchised locations.

The Group imposes the highest standards on its franchisees which are documented in the franchise agreement and in regular performance management, such as strict order completion times and strict observance of food, service and cleanliness standards.

The Group, as franchisor also provides assistance to its franchisees on various aspects of the franchise. For example, for the Jollibee brand, the Group has designated training stores where it conducts product, basic operations and management development training programmes for its franchisees. In addition, it assists franchisees in the training of their management teams. The Group has collaborated with a leading university in the Philippines for the establishment of JFC University to train and develop store management personnel. Most of the store managers of the Group-owned brands in the Philippines have undergone training at JFC University. In addition, the Group has highly robust and well-established standard operating procedures and guidelines that enable more consistent and easier facilitation of franchising.

The Group also has strong marketing efforts to establish and maintain brand loyalty/brand love. In 2019, the Group received the Inclusive Business Model and Best in Overall Marketing Campaign awards from the Philippine Franchise Association.

The Group vigilantly monitors usage by the franchisees of its intellectual property. For example, the primary marks of Smashburger and Yong He King are under unified management of the Group to optimize resources, franchisees are required to secure prior approval before they can use the brand's marks in advertising, display, and other materials.

Support infrastructure

The Group, through Jollibee Worldwide Services ("**JWS**"), has a well-established back and middle office support infrastructure that allows its brands to take advantage of economies of scale and have cost-efficient and scalable operations in the Philippines and internationally. JWS provides accounting, transactional cash and banking, human resources, training, quality management, process engineering, network development and business technology (information technology and digital) services to certain of the Group's brands locally and internationally. The Group expects to continue to expand JWS' scope of services to increasingly integrate its overseas business into a global support system. The Group's back office operations in the Philippines are fully supported by JWS. Meanwhile, the Group has an onshore shared services group in the PRC that supports the entire business of the Group in the PRC. Additionally, the Group has completed the transfer of the support systems of CBTL, located in the United States, and the support systems for its Jollibee, Chowking and Red Ribbon stores in North America and EMEAA into the global support system of JWS. CBTL's general and administrative expenses related to support services have since been reduced and contributed to improving the bottom-line of the brand.

Management systems

Being a pure-play company focused on restaurants and food service, together with more than 40-year experience, has enabled the Group to establish robust and proven management systems that are centered on customer satisfaction. These management systems enable market-relevant and data- and fact-based decision-making combined with effective performance benchmarks to measure improvement and success. These management systems enable the Group to manage its various businesses at various economic cycles, to be able to identify and maximise opportunities and address challenges of restaurants in their respective stages of development and markets. The Group's business systems comprise the entire restaurant value chain. For example, there is a process relating to, among others, (i) determining and driving a clear brand strategy to guide current and future investments and business decisions; (ii) establishing in-depth market and consumer research capability that provides among others, in-house tracking of market share data, usage, attitude and image studies, price sensitivity, brand equity

and value for money studies; (iii) real estate and network development systems that provide guidance to market development and strategic expansion decisions; (iv) financial performance benchmarks that guide financial planning, analysis, reporting and decision making; and (v) brand and restaurant operational excellence standards that include a "menu architecture" for each brand to drive product launches, innovations and marketing programmes. This in-house expertise allows the Group to make agile and thoughtful decisions in a highly competitive environment. For example, as a response to the evolving landscape due to the COVID-19 pandemic, the Group quickly pivoted towards emerging revenue channels such as online delivery (including new delivery arrangements with third-party delivery online platforms) and the establishment of more "cloud kitchens" or unmarked delivery outlets with no dine-in facility and located in discreet, low rent sites. Amid the COVID-19 pandemic, the Group also immediately re-planned new product introductions, new store openings, delayed capital expenditures and drastically cut spending as part of its cash management measures.

Environmental and social responsibility-rooted strategies

The Group has been developing community-based and socially responsible sourcing programmes through a partnership with its corporate social responsibility arm, the Jollibee Group Foundation. Some of these programmes include sourcing up to 20% of production requirements of certain of the Group's restaurants from partner farmers. The Group believes that its various brands were the first, among major global restaurant companies, to integrate in their operations environment-friendly and sustainability projects such as utilising reusable plates and utensils in restaurants, shifting from plastic to paper packaging and eliminating plastic straws. In December 2019, the Group appointed a Chief Sustainability and Public Affairs Officer.

Track record of profitable growth and successful integration of acquisitions

The Group has achieved a CAGR of 13.6% in revenues from the year ended December 31, 2000 to the year ended December 31, 2019. Over the past five years, the Group delivered a CAGR of 14.7%, through a combination of sustained same store sales growth, new store expansion from both company-owned and franchising, and strategic acquisitions. For the years ended December 31, 2018, 2019 and 2020, and the quarter ended March 31, 2021, the Group's net income/(loss) was ₱7,641.6 million, ₱7,510.8 million, (₱12,633.6) million, and ₱108.1 million, respectively. The Group's net income decreased in 2020 due to the impact of the COVID-19 Pandemic.

The scalability of the Group's proprietary management systems and operating leverage from its integrated back-office structure enable it to continue to optimise its cost structure and maintain long-term profit-growth, even as the Group expands rapidly with the addition of new stores, entry into new markets or launch of new products or brands. For example, the utilisation of the Group's back-office services provided by JWS enables the expansion of the Jollibee business to new or smaller markets such as in Hong Kong SAR, Italy, the United Kingdom, Singapore, and Malaysia to be profitable despite only having a few stores, since it does not have to invest for support services in-country. The Group believes it is in a good position to make its franchise business with Panda Express profitable in view of its systems and structures. In addition, the strong management systems of the Group ensure that it can sustain and improve profitability of its food, restaurants and back-office operations.

The Group has had a track record of scaling up and creating significant value from acquisitions. For example, after the Group completed the respective acquisitions, the Yonghe King business grew from 77 stores in 2004 to over 300 stores in the PRC, the Highlands Coffee business grew from 56 stores in 2011 to 405 stores, the Mang Inasal business grew from 303 stores in 2010 to 614 stores and the Chowking business grew from 164 stores in 2000 to 613 stores in the Philippines and 48 stores overseas, in each case as of March 31, 2021. Mang Inasal's average daily sales improved from less than ₱50,000 per day, per store in 2010 to approximately ₱140,000 per day, per store and Yonghe King's average daily sales improved from approximately RMB10,000 per day, per store to RMB17,000 per day, per store, in each case as of December 31, 2019. In addition to the expansion of the store network, the Yonghe King business also support new sales channel growth such as online delivery. As a result, since the Group took over the Yonghe King brand, the Group has recorded a CAGR of 12.3% in system wide sales from 2004 to 2019. CBTL showed remarkable profit improvement in the past five months, even generating a small amount of operating profit in the last two months of the quarter. This represented a significant turnaround from major losses suffered last year. Significant reduction in general and administrative expenses and closure of non-performing stores in the United States, and strong recovery of sales and profit in Singapore and Malaysia offset the slow recovery of sales in the US, Philippines, and South Korea.

Smashburger also achieved significant financial improvement. Its operating loss for the first quarter of 2021 represented a third of the operating loss from the same quarter last year, while that for the month of March 2021 represented only 14.1% of the loss for the same month last year. Smashburger's new stores opened in 2020 and

2021 are generating sales well above (two to three times) the average of other stores. It plans to open 25 new stores and renovate a substantial number of older stores in 2021. Smashburger's financial performance is expected to continue improving markedly in the months ahead toward profitability.

For the three months ended March 31, 2021, the Group's acquired businesses accounted for more than 50% of the Group's total SWS. The Group believes it has a strong understanding of the relevant industry segments and market dynamics, allowing it to implement growth, integration, or turnaround strategies in a timely manner for its various acquired businesses.

Strong corporate culture and experienced, award-winning management team

The Group was founded by Mr. Tony Tan Caktiong and his family with its inception as an ice cream parlour in 1975 in line with the family's humble vision of serving affordable, great-tasting food and being a family-oriented brand. These values continue to be key aspects of the Group's culture and day-to-day operations. For example, the Group believes its success is a result of, among others, its focus on its people and its family-oriented approach to personnel management and as a result, it is a highly sought-after employer. For example, in 2017, the Group was awarded Company of the Year by Southern California Asian Business League, and in 2019, the Group was recognised by Asian Business Association as Corporation of the Year and by the Provincial Government of Ontario, Canada for its positive impact to the community.

The Group has a professional, visionary and strong management team with extensive food service and restaurant industry experience and a track record of operational excellence that the Group believes is necessary to successfully lead the development and expansion of the its businesses. Critically, the senior management team of the Company has an average of 17 years of experience with the Group. The Group believes that its management team is stable and has long-term expertise in the food service and restaurant industry in the Philippines and overseas. Certain members of the Group's management team have received awards for their leadership. For example, Mr. Tony Tan Caktiong, the Company's chairman, was awarded the Global Filipino Executive of the Year by CEO Asia Awards in 2013. Mr. Ysmael Baysa, the Company's chief financial officer, was awarded CFO of the Year by ING-FINEX in 2010 and Best CFO by FinanceAsia in 2014, and was ranked in the top three Best CFO Emerging Markets (Philippines) by Institutional Investor All Asia ex-Japan in 2018. In 2020, the Company was recognized with the Gallup Exceptional Workplace Award and became the first Filipino company to earn this distinction.

The various awards received by the Group's brands are also a testament of a strong market research and brand marketing team which have also, over the years, received awards for excellence in marketing, advertising, public relations and marketing communications. The Group has also contracted with reputable human resource management agencies to track and help improve employee engagement.

The Group believes that its unique company culture as well as the professionalism and dedication of its management team bring about a passionate commitment to deliver superior-tasting, high quality food and great value for money products adhering to world-class operating standards.

STRATEGIES

The Group's principal strategies for achieving its growth objectives are set out below.

Continue the Group's recipe for success anchored on great-tasting food and superior value for money

The Group offers its customers a wide-ranging choice of food and beverage products under its various brands that it believes are consistently differentiated from the products of its competitors in terms of superior taste, craveability and value for money. The Group plans to further expand and develop its market position to sustain its rapid profitable growth, by: (i) implementing effective marketing campaigns for its brands and products, (ii) leveraging its expertise and experience from operating its own stores, as well as its access to market research, to better understand consumer preferences and thus continue offering innovative and value for money products and (iii) continuing to develop its processes and tools and to invest in product research and development to further improve existing and introduce new products in order to meet evolving consumer tastes and enhance overall customer experience. To encourage repeat customers and attract new customers, the Group will continue to replicate its recipe for success that it has tried and tested for its best-selling products, such as the iconic ChickenJoy, by focusing on taste, affordability, innovation and accessibility of its products.

Maintain market leadership in the fast-growing and attractive Philippine market

The Group believes it is the largest food service and restaurant company in the Philippines in terms of store network. It believes it is well-positioned to pursue growth opportunities presented by a Philippine market that features favourable demographics and consumption trends. The World Bank's reports prior to the COVID-19 pandemic suggested GDP in the Philippines was expected to grow between 5% to 7% annually due to an increase in the young population and domestic household consumption (resulting from, among others, an increase in disposable income), sustained foreign direct investments, growth in remittances and an increase in Government spending on infrastructure and services. In June 2021, the World Bank indicated in its biannual publication, the Philippines Economic Update, that the Philippines's GDP growth rate was forecasted to be 4.7% this year, expected to accelerate to 5.9% in 2022 and to 6.0% in 2023.

The Group intends to continue to grow its business in the Philippines by: (i) leveraging on its multi-brand portfolio to compete in different price points and restaurant segments including fried and grilled chicken, Chinese food, pizza and pasta, bakery and pastry, mid-tier to premium burgers, Asian noodles, coffee, and Japanese cuisine. The Group believes that its products complement each other and that the diversity of its product portfolio will enable it to meet the various needs of its customers. For example, the Group offers fried and grilled chicken products under the Jollibee and Mang Inasal brands, respectively, to suit different consumer tastes; (ii) expanding its store network strategically; and (iii) scaling up its franchised brands including PHO24, Burger King and Panda Express to capture key untapped segments and thus increase its revenues from its Philippine businesses. Despite the challenges brought by the COVID-19 pandemic and the potential "new normal" after the COVID-19 pandemic, the Group believes that, given its multi-brand portfolio and dominant presence especially in its largest revenue market which is the Philippines, it will further increase its market share.

Implement a strategic and profitable expansion in international markets and segment diversification

As of May 31, 2021, the Group had a presence outside the Philippines in 35 countries and territories, with 1,432 Group-owned and operated stores and 972 franchised stores outside the Philippines. The Group aims to persistently increase the contribution of its international business and aims to achieve a 50:50 sales mix between its Philippines and international businesses in the next five to seven years. The Group believes that this will be achieved by increasing its presence and driving faster growth in key identified focus markets through existing brands that are already in those markets or through opportunistic value accretive acquisitions or partnerships, including franchising other brands.

The Group intends to strengthen its existing brands by focusing its expansion plans on key large restaurant markets such as North America and the PRC. In fast-growing consumer countries in Southeast Asia, such as Vietnam, Indonesia, Singapore and Malaysia, the Group plans to replicate its recipe for success that it has tried and tested for its best-selling products by focusing on taste, affordability, innovation and accessibility of its products. For example, in the case of Highlands Coffee, the Company implemented changes in its management systems that saw improvements such as streamlined menu architecture, optimisation of store network and implementation of food, service and cleanliness standards, resulting in an increase in same store sales, reduction of costs and better scores in food quality, service and guest experience as well as value for money. The Company aims to implement similar strategies for its other acquired brands. The Group expects both Smashburger and CBTL to deliver at least break-even or marginal profits in the near future.

The Jollibee brand has seen impressive market reception overseas first with migrant Filipino communities and then with the mainstream market, including in the United States, Canada, Vietnam, Hong Kong and Singapore. Markets with considerable migrant Filipinos will continue to be the Jollibee brand's target market as migrant Filipinos serve as a strong base of support which the Group will then use as springboard to eventually access the broader mainstream/local market.

Furthermore, the Group aims to increase its franchising revenues from CBTL in Southeast Asia, Smashburger in North America and Jollibee in the Philippines and in select markets, including in Indonesia.

By leveraging on the strength of its value chain in the Philippines and its presence in Asia, the Group is continually exploring potential acquisitions of or partnerships with global/western brands that it can bring to and operate in Asia. For instance, in 2018, the Company established a joint venture with Panda Restaurant Group Inc. to bring Panda Express stores to the Philippines and made investments in Tim Ho Wan, with plans to launch business in Shanghai. In addition, the Group continually evaluates potential investments in strategic and scalable segments to promote segment diversification in its global businesses.

Enhance operational efficiency and synergies across the Group

The Group seeks to further strengthen its culture of operational excellence, which is also embodied as one of the Group's core values, namely, "Speed With Excellence". The Group also intends to deploy scalable business models pertaining to, among others, its stores, supply chain, franchise management and shared services that will provide a competitive advantage to its brands and business units. The Group believes that it has the organisation, system and tools in place to be agile, especially in a dynamic and evolving restaurant landscape.

The Group aims to employ best-in-class tools, processes and standards pertaining to FSC, customer satisfaction and quality management at its stores, including focusing on food safety and proactively preparing against any new challenges and disease outbreaks. It also intends to continue to optimise its manufacturing, supply and distribution network by leveraging on its buying synergies, expertise in food manufacturing and continued enhancement of its operations to ensure cost-efficient, reliable and sufficient capacity to support its various businesses. The Group's management systems that have been tested and continue to be deployed in different concepts and geographies provide a key competitive advantage. One of these systems support the strategic planning and execution process from market, brand development, brand building, product and menu development, restaurant design and economics. In addition, the Group plans to strengthen its franchise management expertise and continually improve its franchisee support services and systems. The Group will also continue to enhance and expand the scope of the shared services provided by JWS to benefit its brands and franchisee networks in various countries and territories.

The Company responds by observing stringent guidelines, processes and procedures in its FSC, and conducting regular and spot audits to ensure that FSC standards are maintained not only in stores but also in commissaries. The Company has likewise instituted a system of incentives to reward excellent performance in terms of FSC by stores. The Company encourages the implementation of systems that allow it to adequately identify, measure, manage and control significant and relevant risks that affect its activities and businesses. These systems and risk management policies enable the Company to: a) attain the strategic objectives formulated by the Company with controlled unpredictability; b) provide the maximum level of assurance to its shareholders; c) protect the Company's reputation; d) defend the interests of customers, shareholders, other groups interested in the Company's progress; and e) ensure sustained corporate stability and financial strength.

Amid the COVID-19 pandemic, the Group has completed the implementation of its business transformation program (the "**Business Transformation Program"**) in 2020. The Business Transformation Program was made to make significant changes to its global business structure. The changes involved the rationalisation of its non-performing stores, store network, supply chain facilities and management and support group structure. It will also include building drivers of revenue growth for the future, including food delivery-to-home and offices, take out and drive-thru, and opening of new stores in selective locations. The Business Transformation Program included the rationalisation of the stores network across markets; rationalisation of resources deployed in the stores; implementation of safety and social distancing protocols; investment in digital commerce and technology; increase in the capacity for delivery-to-home and office, take out and drive thru; installation of mobile applications to facilitate food ordering and payment; establishment of more "cloud kitchen" or unmarked delivery outlets with no dine-in facility located in discreet, low rent sites; rationalisation of production and distribution facilities; and transformation of support and management groups in the field and in the offices. The Business Transformation Program had been implemented around the world, most importantly in the Group's largest markets: the Philippines, the PRC and North America. It was designed to adapt the Group to the possible "new normal" as the Group expected that consumers will not quickly revert to pre-COVID-19 behaviours even after all the restrictions are lifted, and to ensure that the Group's business remains resilient and is able to grow even in times of economic difficulties.

In view of the implementation of the Business Transformation Program, in 2020, 4 commissaries and a total of 486 stores (307 were Group-owned, while 179 were franchised), of which 262 were covered by the Business Transformation Program, were permanently closed. The Group also significantly reduced headcount as well as operating and general and administrative expenses in its stores, supply chain facilities and support group offices. The Group incurred a total of ₱6.7 billion or 96.0% of the ₱7.0 billion provision made in June 2020 for this program. Of the ₱6.7 billion, ₱2.0 billion represented write-off of book value of certain assets. The Group generated savings from the program and about ₱2.6 billion is expected to be realized in full in 2021 with additional savings to be realized in the years ahead. As of March 31, 2021, the Group generated profit, driven primarily by savings from the Business Transformation Program.

For more information, see *"The Company −Recent Developments – The COVID-19 Pandemic,*" and "*Risk Factors − Risks relating to the Group − If the Group does not successfully evolve and execute its business strategies, including its plan of business transformation amid the COVID-19 global pandemic, it may not be able to increase operating income*."

The Group has invested and will continue to invest in digital transformation initiatives. The Business Transformation Program includes the acceleration of these investments, which have become more important amid the COVID-19 pandemic. The Group has invested in global and regional dedicated teams based in countries such as the Philippines and the United States that focus on digital transformation. The Group plans to partner with third-party digital service providers relating to store technology and delivery arrangements which have become increasingly more important channels for sales and the consumer experience. The Group also plans to expand its "cloud kitchen" business. The technology that the Group has implemented and will continue to iterate and improve includes, among others, website ordering, mobile and other out-of-store ordering, mobile payments, cashless payment, in-store self-service technologies and digital marketing. The Group has also established delivery arrangements with major third-party online delivery platforms such as Deliveroo, Foodpanda, GrabFood, Door Dash, Grubhub, Uber Eats, Meituan and Ele.me, among others. For example, in the PRC, the partnership by the Group with delivery aggregators enables its businesses to be profitable despite having few stores. The sales of the Group's brands in the United States during the COVID-19 pandemic have been boosted by the sales contribution from online delivery aggregators. In addition, engagement of online delivery aggregators such as Foodpanda, and GrabFood has been critical to the Group's business in the Philippines during the ECQ period.

Further strengthen its financial position and exercise prudent financial management supportive of growth

The Group will continue to exercise financial discipline that is supportive of its expansion and growth plans for its businesses. It is demonstrated by, among others, the Group's Business Transformation Program to adapt itself to the current unprecedented uncertain business environment. Financial targets for the Group's businesses are set such that revenue growth is broadly achieved through store expansion and healthy, sustainable organic same store sales growth. It also intends to maintain its capital allocation strategy that deploys capital towards projects or investments that yield the best returns. In particular, the Group intends for its businesses with better returns on new store investments to get a bigger share of capital expenditures. Each of the Group's businesses is required to deliver a composite return on their investments that is higher than the Company's weighted average cost of capital.

The Group takes a prudent approach to managing its capital structure, leverage profile and liquidity. The Group will continue to target to maintain a healthy debt to equity mix that allows for additional debt headroom and a lower cost of financing which may be achieved from an optimal mix and flexibility from expanded sources of financing and maintaining the Group's strong credit profile. The Group currently has sufficient cash reserves and liquidity to support its operation on a continuing basis and meet all its obligations. The proceeds from the initial tranche of the contemplated offering are primarily for the partial buy-back of up to USD250 million from the Senior Perpetual Securities, to achieve the financial restructuring to spread the maturity of its financial obligations and while reducing foreign exchange risks. A portion of the proceeds may be used for funding of its operations and capital expenditures, and servicing of financial obligations (loan servicing and/or retirement of loans. In addition, the Group believes it can continue to maintain a well-managed debt maturity profile and benefits from multi-currency denominated sources of funding as exemplified by its Senior Perpetual Securities issuance in January 2020 and by expanding funding sources as it continues to grow outside of the Philippines. The shelf registration and issuance of the Preferred Shares allows the Group to further expand its funding sources for its Philippine Peso-denominated requirements.

Build a world-class organisation

The Group believes that building organisational capability will add value to and sustain its business performance and execution of its business plans.

The Group management systems is contained in the JFC Business Systems ("**JBS**") programme which the Group developed and which serves as a guide in operations and building capabilities in the businesses and markets where the Group operates. The key systems included in the JBS programme are, among others, the Franchising Business Systems, FSC and quality management, real estate and market development, brand development, restaurant and economics that the Group currently implements across its stores and brands. Marketing capabilities is an area that the Group intends to enhance. The Group has established a marketing academy and other avenues for its marketing teams to share best practices as well as relevant market and consumer insights. Furthermore, the Group plans to

focus on the standardisation and harmonisation of its existing processes, tools and systems, where applicable, to promote and sustain operating efficiencies.

The Group will continue to focus on talent development and retention to realise the full potential of its employees and to promote engagement. The Group will drive synergies, where possible, leveraging on the talent and capabilities established in the Philippines to support its overseas expansion.

The Group will continue its programmes that promote and ingrain the corporate culture that is set out in the JFC Way. The JFC Way aims to instil the Group's five core values, namely, Customer Focus, Speed with Excellence, Humility to Listen and Learn, Integrity and Spirit of Family and Fun that will be key in driving its vision to become one of the top five food service and restaurant companies in the world. The Group has partnered and established in-house training programmes at all levels of the organisation from store crew to supply chain and support functions and will continue to implement programmes that create a sense of identity, pride and ways of working in the Group.

The Group believes that its in-house training programmes such as the JFC University, a comprehensive programme for store managers, will enable its graduates to support the Group's expanding store network.

The Group's responses to the ongoing COVID-19 pandemic, including the Business Transformation Program, are a testament to the agility and world-class competence of its management team. The Group believes that its Business Transformation Program is among the first of its kind for Philippine corporations with a comprehensive and strategic response to the COVID-19 pandemic, geared towards ensuring the Group emerges much stronger through rationalisation of business structures and improving operational efficiencies.

CORPORATE HISTORY AND MILESTONES

1978	The Company was incorporated in the Philippines.
1980	The Company launched Chickenjoy, breaded and seasoned crispy fried chicken, which is one of its best- selling menu items at its Jollibee stores.
1984	The Company opened its first Jollibee store overseas in Singapore.
1993	The Company listed its shares on the PSE.
1994	The Company acquired its first brand, Greenwich. Greenwich became a wholly-owned subsidiary of the Company in 2006.
2000	The Company acquired a 100% equity interest in Chowking.
2004	The Company acquired an 85% equity interest in Yonghe King. Yonghe King was the first foreign brand acquired by the Company.
	The Jollibee Group Foundation (formerly Jollibee Foundation) (**JGF**) was established.
2005	The Company acquired a 100% equity interest in Red Ribbon.
2007	The Company acquired the remaining 15% equity interest in Yonghe King, making it a wholly-owned subsidiary of the Company.
2008	The Company acquired a 100% equity interest in Hong Zhuang Yuan.
2010	The Company acquired a 70% equity interest in Mang Inasal Philippines Inc. (**Mang Inasal**).
	The Company acquired a 70% equity interest in Happy Bee Processing Pte. Ltd. (**Happy Bee**) in 2010.
2011	The Company acquired a 54% equity interest in BK Titans Inc., the parent company of the entities that own the franchises for Burger King stores.
2012	The Company acquired a 50% equity interest in SuperFoods, which owns Highlands Coffee and PHO24

2013	The Company inaugurated the JFC Distribution Center, the Philippines' largest automated food service logistics facility.
2015	The Group obtained exclusive rights to develop and expand Dunkin' Donuts in selected territories in the PRC.
	The Company acquired a 40% equity interest in SJBF LLC, the parent company of the entities comprising the Smashburger business.
2016	The Company launched #8-7000, its one number, nationwide delivery hotline for the Jollibee brand in the Philippines.
	The Company acquired the remaining 30% equity interest in Happy Bee, making it a wholly- owned subsidiary of the Company.
	The Company acquired the remaining 30% equity interest in Mang Inasal, making it a wholly-owned subsidiary of the Company.
	The Company established joint ventures with Cargill Philippines Inc. to build and operate a poultry processing plant in the Philippines and to lease the site of such plant.
2017	The Company opened its 1,000th Jollibee store in the Philippines.
	The Company acquired an additional effective interest of 10% in SuperFoods, increasing its total equity interest to 60%
2018	The Company celebrated its 40th year.
	The Group opened 502 stores (328 in the Philippines and 174 overseas), the highest number of new stores opened in a year in its 40-year history.
	The Company made investments, as part of its capital commitment of SG$45 million, in Titan Dining LP, the entity that has executed a binding agreement for the acquisition of 100% of the Asia Pacific master franchise holder of the Tim Ho Wan brand.
	The Company made an investment of U.S.$12.6 million in Tortazo, LLC (formerly known as Tortas Frontera LLC).
	The Company entered into an agreement to establish a joint venture with Panda Restaurant Group Inc. to bring Panda Express stores to the Philippines.
	The Company acquired an additional 45% and subsequently, remaining 15% equity interest in SJBF LLC, making Smashburger a wholly-owned subsidiary of the Company.
2019	The Company acquired an 80% equity interest in CBTL.
	The Company made additional investments in Titan Dining LP.
2020	JFC Group through JWPL issued U.S.$600,000,000.00 guaranteed senior perpetual capital securities. The Company converted advances to C-Joy Poultry Meats Production, Inc. in the amount of ₱1,236.7 million to equity.
	Jollibee Worldwide Pte. Ltd. purchased the participating interest of Aragon Investments SPC ("Aragon") in Titan Dining LP ("Titan"), a private equity fund and the ultimate holding entity of the Tim Ho Wan Brand. This increased the Company's participating interest in Titan from 60.0% to 85.0%.
	The JFC Group, through JWPL, issued a USD300.0 million 5.5-year and USD300.0 million 10-year Reg S dual tranche US dollar denominated guaranteed Notes.

	The Company's joint venture company with Dim Sum Pte. Ltd., Hong Yun Hong (Shanghai) Food and Beverages Management Co. Ltd., secured the franchise right and license to operate a Tim Ho Wan store in Shanghai.
	The Company implemented the Business Transformation Program.
2021	The Company established a joint venture with Yoshinoya International Philippines, Inc. to operate and expand the "Yoshinoya" brand in the Philippines.
	The Company and its subsidiaries, Fresh N' Famous Foods, Inc. and Mang Inasal Philippines, Inc. entered into a license agreement with Milkshop International Co., Ltd. to sell and market products under the "Milksha" brand in the Company's stores.
	The Company disclosed that it will purchase the shares of its remaining partners in Titan Dining LP, the fund which owns the Tim Ho Wan brand, through its subsidiary JWPL.

Awards and Recognition

In 2020, the Company received the Gallup Exceptional Workplace Award and became the first Filipino company to earn this distinction.

In 2019, the Company was one of only eight Philippine companies in Forbes Asia magazine's Best Over a billion which highlights the 200 top-performing listed companies across the Asia Pacific region with revenues of more than U.S.$1.0 billion. In the same year, the Company was recognised as the Most Outstanding Company in the Philippines—Consumer Discretionary Sector at the 2019 Asiamoney Asia's Outstanding Companies Poll.

In 2018, the Company was recognised as the Overall Most Outstanding Company in the Philippines and the Most Outstanding Company in the Philippines—Consumer Staples at the 2018 Asiamoney Asia's Outstanding Companies Poll. In addition, the Company received the highest recognition in the International Best Practices category at the Global Organisational Excellence Congress. In the same year, the Company was ranked in the top three in the Best Senior Management Investor Relations Support and Strong Adherence to Corporate Governance categories at the Alpha Southeast Asia's Corporate-Institutional Investor Awards.

The table below sets forth a selection of awards and recognition that the Group has received during the last three years.

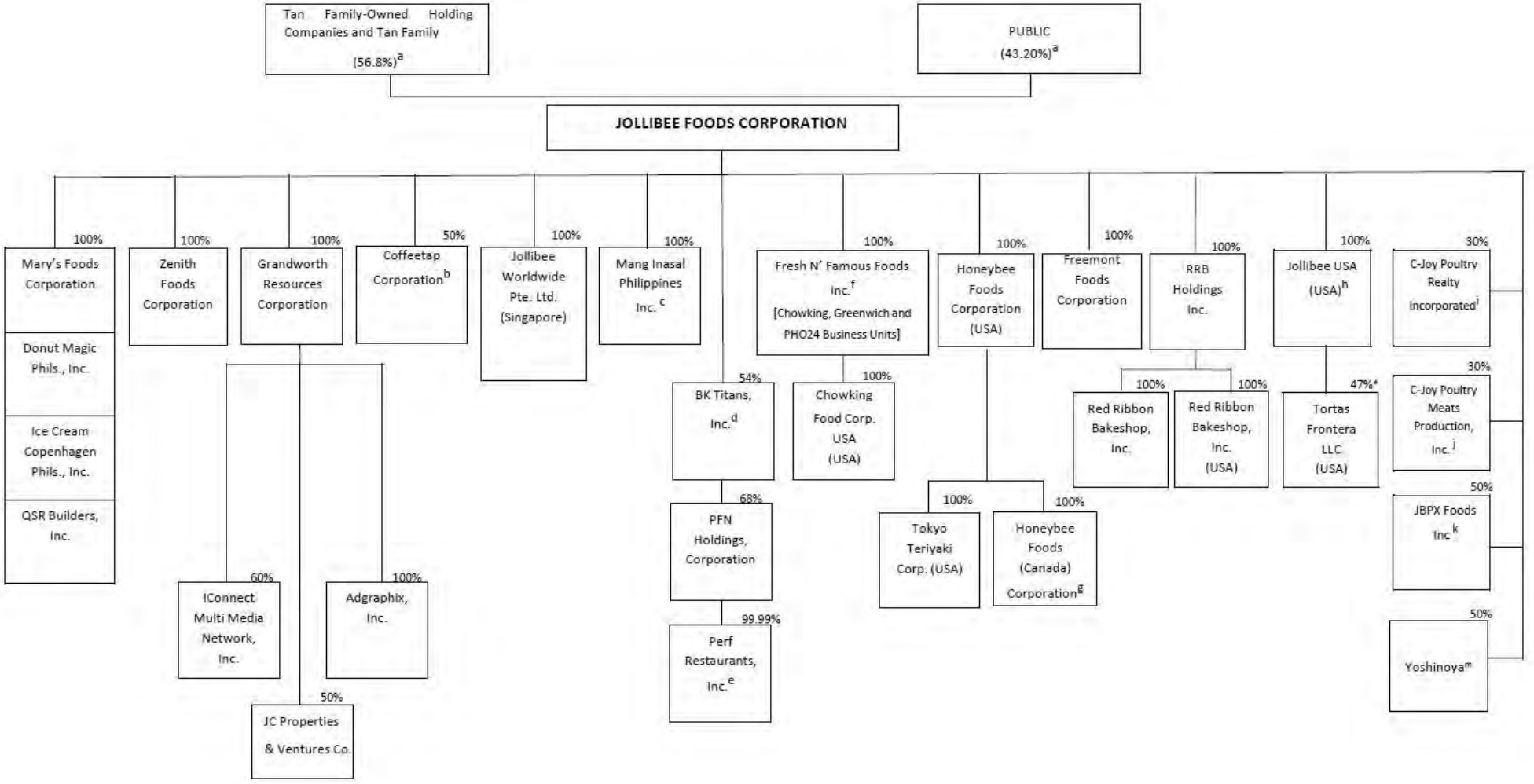
Brand	Year	Issuing Entity	Award/Recognition
Jollibee	2018	The Anvil Awards	*Platinum Kwentong Jollibee*—Public Relations Programmes Directed at Specific Stakeholder (External Customers)
		Asia Pacific Tambuli Awards	*Gold #KwentongJollibee*: Connecting with customers through compelling digital storytelling—Family-Centred Brand Category *#LakisaLolo #LakisaLola*: A Grand Thank You for Lolo's and Lola's Selfless Love— Family-Centered Brand Category
		The Philippine Quill Awards	1st Runner-up—Company of the Year
		Campaign Asia-Pacific	50 Most Influential Brand Marketers in Asia Pacific by Campaigns Asia—Francis Flores
		ASEAN Business Awards	Priority Integration Sector Award

Brand	Year	Issuing Entity	Award/Recognition
		Alpha Southeast Asia	Best Strategic Corporate Social Responsibility Best Senior Management Investor Relations Support Strong Adherence to Corporate Governance
Greenwich	2018	The Philippine Quill Awards	Excellence for World Pizza Day Overloaded Pizza District
		MSAP Ice Awards	Bronze for Activations for World Pizza Day Overloaded Pizza District
		Kidlat Awards	Best Art Direction for G-Box
		Ads Star Communication Design	Bronze for G-Box
		Boomerang Awards	Silver & Bronze for G-Box
Hong Zhuang Yuan	2018	Beijing Cuisine Association	Top 50 Restaurants in Beijing
Highlands Coffee	2018	YouTube Creator Awards	Top 5 Storytelling YouTube Award
Jollibee	2019	The Anvil Awards	Received ten awards
		Asia Pacific Tambuli Awards	Received eight awards
		YouTube Creator Awards Franchise Excellence Awards	Received four awards Received one award
		The People's Choice Awards	Received three awards
		The Philippine Quill Awards	Received 19 awards
		29th Sampung Ulirang Nakatatanda Awards	Received one award
		Asian Business Awards	Company of the Year (Jollibee North America)
Greenwich	2019	GrabFood	Golden Lunchbox Award by GrabFood (Grab 24/7 Award—Dinner)
		8th JFC Marketing Excellence Awards	Finalist, Award for Marketing Excellence
Jollibee……	2020	The Anvil Awards	Received 11 awards.
		The Asset	Triple A Country Award for Best New Bond for the Philippines
			The "Debt Market Deal of the Year"

Brand	Year	Issuing Entity	Award/Recognition
		Asian Legal Business Philippine Law Awards	

GROUP STRUCTURE, SUBSIDIARIES AND JOINT VENTURES

The chart below provides an overview of the ownership structure of the Company and its major operating subsidiaries as of May 31, 2021.



Notes:

a. Per Public Ownership Report (quarterly report) as of March 31, 2021.
b. For dissolution.
c. In April 2016, the Company acquired the remaining 30% making MIPI a wholly owned subsidiary of the Company.
d. Owned through Chanceux, Inc., which is 100% owned by the Company.
e. Subsidiaries: PERF Trinoma, Inc. and PERF MOA Pasay, Inc.
f. On April 25, 2018, the Company disclosed that it will bring PHO24 to the Philippines. On May 29, 2018, the Amended Articles of Incorporation was issued to include in the corporate name PHO24.
g. On May 7, 2015, Honeybee Foods (Canada) Corporation was incorporated.
h. On September 7, 2018, the Company, through its wholly owned subsidiary JFC USA, acquired 47% of the fully diluted membership interests in Tortazo, LLC (formerly known as Tortas Frontera LLC) which owns the Tortas Frontera business founded by Chef Rick Bayless.
i. On May 24, 2016, the Company subscribed to 30% of the shareholdings in the Cargill entities. On April 17, 2019, amended corporate name from Cargill Joy Poultry Realty, Inc. to C-Joy Poultry Realty Incorporated.
j. On May 24, 2016, the Company subscribed to 30% of the shareholdings in the Cargill entities. On December 18, 2018, amended corporate name from Cargill Joy Poultry Meats Production Inc. to C-Joy Poultry Meats Production, Inc.
k. On September 27, 2018, the Company entered into a joint venture agreement to bring Panda Express restaurants to the Philippines.
l. On July 3, 2019, JBPX Foods Inc. (the JV entity) was incorporated.
m. On February 15, 2021, Jollibee entered into a 50/50 joint venture with Yoshinoya International Philippines, Inc. to operate the "Yoshinoya" brand in the Philippines.

The table below sets forth the Company's equity interest in each consolidated subsidiary as of May 31, 2021.

			As of May 31, 2021 (Unaudited)	
	Country of Incorporation	Principal Activities	Direct Ownership	Indirect Ownership[1]
Fresh N' Famous Foods Inc.	Philippines	Food service	100	-
- Chowking Food Corporation USA	United States of America (USA)	Holding company	-	100
Zenith Foods Corporation	Philippines	Food service	100	-
Freemont Foods Corporation.....	Philippines	Food service	100	-
RRB Holdings, Inc.:	Philippines	Holding company	100	-
Red Ribbon Bakeshop, Inc.....	Philippines	Food service	-	100
Red Ribbon Bakeshop, Inc. USA.....	USA	Food service	-	100
Mang Inasal Philippines Inc.	Philippines	Food service	100	-
Grandworth Resources Corporation:	Philippines	Leasing	100	-
Adgraphix, Inc.	Philippines	Digital printing	-	100
IConnect Multi Media Network, Inc.	Philippines	Dormant	-	60
JC Properties & Ventures Co.	Philippines	Dormant	-	50
Honeybee Foods Corporation:.....	USA	Food service	100	-
Tokyo Teriyaki Corporation.....	USA	Food service	-	100
Honeybee Foods (Canada) Corporation	Canada	Food service	-	100
Jollibee Worldwide Pte. Ltd.:	Singapore	Holding company	100	-
Regional Operating Headquarters of JWPL	Philippines	Financial accounting, human resources and logistics services	-	100
- Golden Plate Pte., Ltd.:.....	Singapore	Holding company	-	100
- -Golden Beeworks Pte. Ltd.....	Singapore	Food service	-	60
- Golden Piatto Pte. Ltd.....	Singapore	Holding company	-	75
• Cibo Felice S.R.L.	Italy	Food service	-	100
- Bee World Spain, Sociedad Limitada	Spain	Food service	-	100
- Hong Yun Hong (Shanghai) Food and Beverages Management Company Ltd.....	PRC	Food service	-	60
Golden Cup Pte. Ltd.	Singapore	Holding company	-	60
- Beijing Golden Coffee Cup Food & Beverage Management Co., Ltd.	PRC	Food service	-	100
Beijing New Hongzhuangyuan Food and Beverage Management Co., Ltd.	PRC	Food service	-	100
Southsea Binaries Ltd.....	BritishVirgin Island (**BVI**)	Holding company	-	100

	Country of Incorporation	Principal Activities	As of May 31, 2021 (Unaudited) Direct Ownership	Indirect Ownership[1]
Beijing Yong He King Food and Beverage Co., Ltd.	PRC	Food service	-	100
Shenzhen Yong He King Food and Beverage Co., Ltd.	PRC	Food service	-	100
Hangzhou Yongtong Food and Beverage Co., Ltd.	PRC	Food service	-	100
Hangzhou Yong He King Food and Beverage Co., Ltd.	PRC	Food service	-	100
Wuhan Yong He King Foodand Beverage Co., Ltd.	PRC	Food service	-	100
Tianjin Yong He King Food and Beverage Co., Ltd.	PRC	Food service	-	100
Happy Bee Foods Processing Pte. Ltd.	Singapore	Holding company	-	100
- Happy Bee Foods Processing (Anhui) Co., Ltd.	PRC	Food service	-	100
JSF Investments Pte. Ltd.:	Singapore	Holding company	-	100
- SF Vung Tau Joint Stock Company	Vietnam	Holding company	-	60
• Highland Coffee Service Joint-stock Company	Vietnam	Food service	-	100
• Quantum Corporation	Vietnam	Food service	-	100
• Pho Viet Joint Stock Company	Vietnam	Food service	-	100
• Pho 24 Service Trade Manufacture Corporation	Vietnam	Food service	-	100
- Blue Sky Holdings Limited	Hong Kong	Holding company	-	60
• Sino Ocean Limited	Hong Kong	Food service	-	100
• Blue Sky Holdings (Macau) Limited	Macau	Food service	-	100
Jollibee (China) Food & Beverage Management Co., Ltd.	PRC	Management company	-	100
Jollibee International (BVI) Ltd.:	BVI	Holding company	-	100
- Jollibee Vietnam Corporation Ltd.	Vietnam	Food service	-	100
• Goldstar Food Trade and Service Company Ltd	Vietnam	Food service	-	100
- PT Chowking Indonesia	Indonesia	Food service	-	100
- PT Jollibee Indonesia	Indonesia	Dormant	-	100
- Jollibee (Hong Kong) Limited and Subsidiaries	Hong Kong	Dormant	-	85
- Belmont Enterprises Ventures Limited (Belmont):	BVI	Holding company	-	100
• Yong He Holdings Co., Ltd.	BVI	Holding company	-	100
• Centenary Ventures Ltd.	BVI	Holding company	-	100
Bee Good! Inc.	USA	Holding company	-	100
- SJBF LLC	USA	Food service	-	100
Bee World UK Limited (UK)	UK	Holding company	-	100
Super Magnificent Coffee Company Pte. Ltd.	Singapore	Holding company	-	80
- Super Magnificent Coffee Company Ireland Limited	Ireland	Holding company	-	100
- Super Magnificent Coffee Company Hungary Kft.	Hungary	Holding company	-	100
• Java Ventures, LLC (JVL)	USA	Holding company	-	100
• ICT Holdings, LLC	USA	Holding company	-	100
• International Coffee & Tea, LLC	USA	Food service	-	100
• 6000 Jefferson BH, LLC	USA	Holding company	-	100
• CBTL Ventures, LLC	USA	Food service	-	100
• CBTL Franchising, LLC	USA	Franchising company	-	100
- The Coffee Bean & Tea Leaf (Singapore) Pte., Ltd.	Singapore	Food service	-	100
• The Coffee Bean & Tea Leaf (Malaysia) Sdn. Bhd.	Malaysia	Food service	-	100
• The Coffee Bean & Tea Leaf (Hongkong) Limited	Hong Kong	Dormant	-	100
- Magnificent Coffee Trading Pte. Ltd.	Singapore	Food service	-	100
Bee World Australia Pty. Ltd.	Australia	Food service	-	100
Chanceux, Inc.	Philippines	Holding company	100	-
BKTitans Inc.	Philippines	Holding company	-	54
- PFN Holdings Corporation	Philippines	Holding company	-	99
• PERF Restaurants, Inc.	Philippines	Food service	-	100
• PERF Trinoma	Philippines	Food service	-	100
• PERF MOA	Philippines	Food service	-	100

	Country of Incorporation	Principal Activities	As of May 31, 2021 (Unaudited) Direct Ownership	Indirect Ownership[1]
Jollibee Foods Corporation (USA)	USA	Holding company	100	-
Donut Magic Phils., Inc.....	Philippines	Dormant	100	-
Ice Cream Copenhagen Phils., Inc.....	Philippines	Dormant	100	-
Mary's Foods Corporation	Philippines	Dormant	100	-
QSR Builders, Inc.	Philippine	Dormant	100	-

Joint Ventures and Associates

As of May 31, 2021, the Company had the following joint ventures and associates.

Entrek (B) SDN BHD

On January 24, 1987, Entrek (B) SDN BHD, the entity that operates Jollibee stores in Brunei, was incorporated. As of March 31, 2021, the Company, through Jollibee International (BVI) Ltd., had 33.3% equity interest in Entrek.

Golden Bee Foods Restaurants LLC

On February 25, 2014, the Company, through Golden Plate Pte. Ltd. ("**Golden Plate"**), entered into an agreement to establish a joint venture with Golden Crown Foods LLC to own and operate the Jollibee brand in the United Arab Emirates ("UAE"). As of March 31, 2021, the Company held a 49% stake in the joint venture.

C-Joy Poultry Meats Production Inc. (formerly Cargill Joy Poultry Meats Production Inc.)

On May 24, 2016, the Company entered into an agreement with Cargill Philippines Inc., a wholly-owned subsidiary of Cargill, Inc. to establish a joint venture entity to build and operate a poultry processing plant in the Philippines. As of March 31, 2021, the Company had a 30.0% stake in the joint venture. The poultry processing plant commenced commercial operations on December 5, 2017. On May 20, 2020, the Board approved the conversion of advances to C-Joy Poultry Meats Production Inc. in the amount of ₱1,236.7 million to equity.

C-Joy Poultry Realty Inc. (formerly Cargill Joy Poultry Realty Inc.)

On May 24, 2016, the Company entered into an agreement with Cargill Philippines Inc. and the Bank of the Philippine Islands as trustee of Cargill Philippines and Affiliated Companies Retirement Plan to establish C-Joy Poultry Realty Inc. which leases the land where the C-Joy poultry processing plant is located. As of March 31, 2021, the Company had a 30% stake in the joint venture.

Titan Dining LP

In May 2018, August 2018, May 2019, October 2019 and March 2020, the Company, through JWPL, made investments in Titan Dining LP, the entity that has executed (through a wholly-owned subsidiary) a binding agreement for the acquisition of 100.0% of the Asia Pacific master franchise holder of the Tim Ho Wan brand as well as of Tim Ho Wan Pte. Ltd. and Dim Sum Pte. Ltd. (which owns and operates Tim Ho Wan stores in Singapore). As of March 31, 2021, the Company has an 85.0-% stake in Titan Dining LP. On August 10, 2021, the Company announced that it will purchase, through JWPL, the remaining 15% interest of other investors in Titan Dining LP in the total amount of SGD71.56 million.

Tortazo, LLC (formerly known as Tortas Frontera LLC)

On September 7, 2018, the Company, through Jollibee Foods Corporation (USA), made an investment of U.S.$12.6 million in Tortazo, LLC (formerly known as Tortas Frontera LLC) in consideration for 47.0% of the fully-diluted membership interest therein. As of March 31, 2021, the Company had a 47.0% stake in Tortazo, LLC (formerly known as Tortas Frontera LLC).

JBPX Foods Inc.

On September 27, 2018, the Company entered into an agreement to establish a 50/50 joint venture with Panda Restaurant Group Inc. to bring Panda Express stores to the Philippines. As of March 31, 2021, the Company had a 50.0% stake in JBPX Foods Inc.

Yoshinoya International Philippines, Inc.

On February 15, 2021, the Company entered into an agreement to establish a 50/50 joint venture with Yoshinoya International Philippines, Inc. to operate and expand the "Yoshinoya" brand in the Philippines. On June 18, 2021, the incorporation of Yoshinoya Jollibee Foods, Inc. was approved by the SEC.

ACQUISITIONS AND DISPOSALS DURING THE YEARS ENDED DECEMBER 31, 2018, 2019, 2020, AND THE THREE MONTHS ENDED MARCH 31, 2021

The discussion below sets forth the acquisitions and disposals of the Group for the periods indicated.

Quarter ended March 31, 2021

The Group's franchise for its sole Hard Rock Café store has expired. The operation of the Hard Rock Café shall only be until completion of the winding down of the business.

Year ended December 31, 2020

On March 13, 2020, the Company disclosed that Hong Yun Hong (Shanghai) Food and Beverages Management Co. Ltd., the joint venture company (JVCo) established between JFC's wholly owned subsidiary Golden Plate Pte. Ltd. and Dim Sum Pte. Ltd., executed a Unit Franchise Agreement with Tim Ho Wan Pte. Ltd. (as franchisor) granting JVCo (as franchisee) the right and license to operate a Tim Ho Wan (THW) store in Shanghai. This will be the first THW store in the People's Republic of China (excluding Hong Kong).

On October 30, 2020, the Company through its wholly-owned subsidiary JWPL, purchased the 25.0% participating interest of Aragon Investments SPC ("Aragon") in Titan Dining LP ("Titan"), a private equity fund and the ultimate holding entity of the Tim Ho Wan Brand. This increased the Company's participating interest in the Titan fund, from 60.0% to 85.0%.

On December 17, 2020 the dissolution and liquidation of WJ Investments Limited was finalized.

Year ended December 31, 2019

On June 4, 2019, the Group incorporated Java Ventures LLC in the state of Delaware in the United States. On June 28, 2019, Super Magnificent Coffee Company Pte. Ltd. (Singapore) was incorporated with Jollibee Worldwide Pte. Ltd. as sole shareholder.

On July 24, 2019, the Group, through JWPL entered into an agreement with Brewheal Pte. Ltd. to acquire 100% of CBTL through SMCC Singapore. JWPL invested USD100 Million in SMCC Singapore to acquire 80% equity interest in CBTL.

On September 11, 2019, SMCC Singapore incorporated Super Magnificent Coffee Company Hungary Kft. and acquired a 100.0% equity interest in CBTL. On September 24, 2019, the Group included CBTL in its financial consolidation.

Year ended December 31, 2018

In April and December 2018, the Company, through its wholly-owned subsidiary Bee Good! Inc., acquired the remaining 45.0% and 15.0% equity interest, respectively, in SJBF LLC, the parent company of the entities comprising the Smashburger business. As of March 31, 2021, the Company owned 100.0% of the equity interest in SJBF LLC.

OPERATIONS

The Group primarily operates through its food service and franchising segments.

The food service segment conducts the operation of the stores and the manufacture of food products to be sold to Group-owned and franchised stores. See "*The Company – Operations – Brands"*. The franchising segment handles the franchising of the Group's brands. See *The Company – Operations – The Group's Store Network – Franchised Stores".*

The Group also operates through its leasing segment which leases sites to the Group's franchisees.

The food service segment operates through the following brands: "Jollibee", "Chowking", "Greenwich", "Red Ribbon", "Yonghe King", "Hong Zhuang Yuan", "Mang Inasal", "Burger King", "Highlands Coffee", "PHO24", "Dunkin' Donuts", "Tortazo", "Smashburger", "Tim Ho Wan", "The Coffee Bean & Tea Leaf®" and "Panda Express".

Brands

The Group's principal business comprises the development, operation and franchising of stores under the following brands:

Jollibee

The Group believes Jollibee is the largest QSR company in the Philippines with 1,185 Jollibee stores as of May 31, 2021, of which 451 were owned and operated by the Group and 734 were franchised. In addition, there were **307** Jollibee stores in Vietnam, the Middle East (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, the UAE), North America, Brunei, Hong Kong SAR, Singapore, Canada, Italy, Macau SAR, Malaysia, the United Kingdom and Guam as of the same date, of which 225 were owned and operated by the Group and 82 were franchised.

Jollibee offers a quality menu of food, beverages and set meals that includes Chickenjoy, Yumburger, Jolly Hotdog, Jolly Spaghetti, rice meals, Jolly Crispy fries, side dishes, pies, sundaes, soft serve cones, coffee, juice and soft drinks. It also serves a full breakfast menu that includes breakfast Yumburger, bacon & egg pancake sandwich, breakfast Burger Steak and breakfast rice meals. In addition, Jollibee introduces special menus and sells other food products during limited-time promotions to ensure that the brand remains exciting and relevant. Certain Jollibee stores are open 24 hours daily. Jollibee also offers themed party packages that include the venue, food, cake, appearance of mascots and party favours.

The Corporate Supply Chain provides manufacturing and logistics services to the various brands of JFC in the Philippines through Zenith Foods Corporation and JWS Logistics. Zenith Foods Corporation (ZFC), a wholly-owned subsidiary of the Company, is the manufacturing arm of the Group in the Philippines. ZFC's main facility in Carmelray Industrial Park 1 in Canlubang, Laguna has a combined capacity of approximately 700 metric tons of various food products. The second facility of ZFC in Mandaue City, Cebu, has a combined capacity of approximately 45 metric tons of various food products. Manufacturing expansion plans are underway in Luzon and in Visayas and Mindanao to support the projected growth of the JFC brands.

As of May 31, 2021, the Jollibee Group had 10 commissaries in the Philippines.

Chowking

Chowking was acquired by the Company in 2000.

Chowking combines traditional Chinese cuisine with modern fast-food service. It offers freshly made and affordably priced Chinese food and beverages including *chao fan* (Chinese fried rice), dim sum, noodles and milk tea. Chowking also offers breakfast rice meals, combination meals and Chinese lauriat-style individual and family meals. In 2013, Chowking launched its first drive-thru store in the Philippines. Certain Chowking stores are open 24 hours daily.

As of May 31, 2021, there were 568 Chowking stores in the Philippines, of which 201 were owned and operated by the Group and 367 were franchised. As of the same date, there were 48 Chowking stores in operation in six

countries and territories outside the Philippines, including the United States, UAE, Qatar, Oman, Kuwait and Saudi Arabia. 33 of the 48 overseas stores were franchised and 25 were owned and operated by the Group.

Greenwich

Greenwich was the first brand acquired by the Company in 1994 and became a wholly-owned subsidiary of the Company in 2006.

Greenwich offers a menu with a variety of pizzas and pastas that caters to the local taste. It also offers individual and group combination meals, side dishes and desserts. Over the years, the Group transformed the brand in terms of food offerings, look and heightened social media presence from Greenwich Pizza & Pasta to Greenwich Pizzeria, reflecting dynamism and promoting a stronger culture of *barkadahan* (a group of friends). The Group believes that Greenwich is the first pizza chain in the Philippines to use heated thermal bags to ensure that food stays hot even after transit.

As of May 31, 2021, there were 272 Greenwich stores in the Philippines, of which 147 were owned and operated by the Group and 125 were franchised.

PHO24

PHO24 is a brand under the Company's majority-owned subsidiary SuperFoods.

PHO24 serves traditional Vietnamese dishes with rice noodles as its core product. It specialises in *pho* (Vietnamese soup with noodles and thinly sliced beef or chicken) comprising 24 ingredients based on a family recipe. In addition to several types of *pho*, it offers rice meals, other traditional Vietnamese dishes such as cold vermicelli and spring rolls, beverages and desserts. PHO24 also sells preservative-free instant pho through its stores and retail outlets to enable its customers to enjoy *pho* at home.

As of May 31, 2021, there were 45 PHO24 stores in Vietnam, all of which were owned and operated by the Group. As of the same date, there were 3 PHO24 stores in the Philippines, which was owned and operated by the Group, and 16 PHO24 stores in Indonesia, all of which were franchised.

Red Ribbon

Red Ribbon was acquired by the Company in 2005.

Red Ribbon offers an extensive variety of high quality cakes, pastries and bread and provides cake customisation services for special occasions. The Group believes that Red Ribbon is a leading bakeshop for round cakes and that it has an increasing market share in dedication and roll cakes. Red Ribbon's best-selling products include its chocolate cakes, namely, Black Forest cake, Chocolate Dedication cake, Chocolate Mousse and Triple Chocolate roll. Red Ribbon also offers traditional Filipino bakeshop products such as *empanada* (baked turnover with filling), *ensaymada* (soft, sweet dough pastry) as well as *mamon and taisan* (chiffon or sponge cakes). In the United States, Red Ribbon serves hot meals and cold desserts in-store.

As of May 31, 2021, there were 497 Red Ribbon stores in the Philippines, of which 176 were owned and operated by the Group and 321 were franchised. As of the same date, there were 31 Red Ribbon stores in operation in the United States, all of which were owned and operated by the Group, including in the states of California, Nevada, Washington, Hawaii, New York, New Jersey, Virginia, Texas and Illinois.

Yonghe King

In 2004, the Company acquired an 85.0% equity interest in Yonghe King. In 2007, Yonghe King became a wholly-owned subsidiary of the Company.

Yonghe King is the largest QSR brand of the Group in the PRC in terms of sales and store network. Its top three flagship products are premium tomato beef noodle soup, crispy tender chicken thigh with minced pork rice and soya milk. The Group believes that Yonghe King's competitive position is differentiated by, among others, its soya milk being made fresh in-store daily. The expansion of delivery channels including partnerships with food delivery aggregators and the implementation of mobile payment through Alipay and WeChat are key aspects of Yonghe King's sales growth.

As of May 31, 2021, there were 359 Yonghe King stores in the PRC, of which 269 were owned and operated by the Group and 90 were franchised.

Hong Zhuang Yuan

Hong Zhuang Yuan was acquired by the Company in 2008.

Hong Zhuang Yuan specialises in congee. Its bestselling products include eight treasures congee, century egg congee, spring onion pancake and beef pies. In addition, it regularly offers, for a limited time, certain seasonal food products to provide additional variety to its menu. In 2018, Hong Zhuang Yuan launched a self-service digital ordering system in all of its stores that enabled customers to place their orders by simply scanning the QR code on the table. Certain Hong Zhuang Yuan stores also have open kitchens to attract diners and enable them to experience the food "show".

As of May 31, 2021, there were 35 Hong Zhuang Yuan owned and operated stores in the PRC.

Mang Inasal

In 2010, the Company acquired a 70.0% equity interest in Mang Inasal. In 2016, Mang Inasal became a wholly-owned subsidiary of the Company.

Mang Inasal offers grilled food products such as chicken *inasal* (chicken marinated in local spices before being skewered and grilled) and traditional Filipino dishes and desserts such as pork *sisig* (chopped pork seasoned with chilli pepper, local citrus fruit and onion) and *halo-halo* (a layered dessert made of sweetened beans and fruits, shaved ice and milk), respectively. In addition, Mang Inasal offers value meals, combination meals and party pans. The Company believes that Mang Inasal is the top grilled chicken restaurant in the Philippines.

As of May 31, 2021, there were 585 Mang Inasal stores in the Philippines, of which 13 were owned and operated by the Group and 572 were franchised.

Burger King

In 2011, the Company acquired a 54.0% equity interest in BK Titans Inc., the parent company of the entities that own the franchises for Burger King stores.

Burger King is a hamburger QSR chain that offers the Whopper or flame-grilled hamburgers, speciality hamburgers, chicken and other speciality sandwiches, rice meals, side dishes, beverages and desserts. The launch of its delivery website in 2018 is a key aspect of Burger King's sales growth.

As of May 31, 2021, there were 97 Burger King stores in the Philippines, all of which were owned and operated by the Group.

Highlands Coffee

Highlands Coffee is a brand under the Company's majority-owned subsidiary SuperFoods.

Highlands Coffee serves coffee prepared in the traditional Vietnamese way using the *phin* filter, espresso-based beverages, ice blended coffee- and non-coffee based beverages, modern tea beverages that include fresh fruits and toppings, *banh mi* and Vietnamese flavour-inspired pastries in trendy coffee shops. It also sells packaged coffee and other merchandise through its cafés and wholesale to an exclusive distributor.

As of May 31, 2021, there were 468 Highlands Coffee cafés in Vietnam and the Philippines, of which 407 were owned and operated by the Group and 61 were franchised. As of the same date, there were 49 Highlands Coffee cafés in the Philippines, all of which were franchised. The Philippines is the first international market of Highlands Coffee.

Dunkin' Donuts

The Group has exclusive rights to develop and expand Dunkin' Donuts in certain territories in the PRC pursuant to a master franchise agreement with Dunkin Donuts Franchising LLC.

Dunkin' Donuts is a baked goods and coffee chain. It offers a wide variety of doughnuts, bagels, breakfast sandwiches, other baked goods and beverages including coffee, espresso-based drinks, teas and frozen drinks. Dunkin' Donuts also offers regional items to cater to local tastes. In 2017, it launched CoffeeForward+ aimed at adapting the café culture and transforming the brand from being doughnut-centric to a doughnut and coffee business.

As of May 31, 2021, there were 6 Dunkin' Donuts stores owned and operated by the Group in PRC in particular, Beijing, all of which were owned and operated by the Company, through its non-wholly owned subsidiary.

Smashburger

In 2015, the Company acquired a 40.0% equity interest in SJBF LLC, the parent company of the entities comprising the Smashburger business. In 2018, Smashburger became a wholly-owned subsidiary of the Company after the Company acquired an additional 45.0% and subsequently, remaining 15.0% equity interest in SJBF LLC.

Smashburger is a hamburger fast casual chain that offers a variety of burgers, salads, side dishes and beverages. The Group believes that its competitive position is differentiated by, among others, its use of never frozen 100.0% Certified Angus Beef. In addition, Smashburger offers new products, limited time offers and holiday specials to enable its customers to experience new burgers. In 2019, Smashburger partnered with key delivery aggregators to expand its sales channels and provide greater availability of its products to customers.

As of May 31, 2021, there were 235 Smashburger stores in operation in eight countries and territories, including the United States, Canada, Costa Rica, Egypt, Panama, Saudi Arabia & Scotland and the United Kingdom. 118 stores were franchised and 117 stores were owned and operated by the Group, with all of the Group-owned stores located in the United States. As of the same date, there were 212 Smashburger stores in the United States, of which 95 were franchised.

Tim Ho Wan

In May 2018, August 2018, May 2019, October 2019 and March 2020, the Company, through JWPL, made investments in the amounts of SG$18 million, SG$0.9 million, SG$2.7 million, SG$53.4 million and SG$2.4 million, respectively, in Titan Dining LP, a private equity fund that has executed (through a wholly-owned subsidiary) a binding agreement for the acquisition of 100% of the Asia Pacific master franchise holder of the Tim Ho Wan brand as well as of Tim Ho Wan Pte. Ltd. (**THWPL**) and Dim Sum Pte. Ltd. (**DSPL**) (which owns and operates Tim Ho Wan stores in Singapore). Pursuant to these investments, the Company obtained rights to enter into franchise agreements to operate and expand Tim Ho Wan in certain areas in the PRC. In October 2019, the total maximum fund of Titan Dining LP was increased from SG$100 million to SG$200 million. The Company, through JWPL, increased its capital commitment from SG$45 million to SG$120 million which constitute 60.0% of the total maximum fund. In October 2020, JWPL purchased the participating interest of Aragon Investments SPC in Titan Dining LP, increasing the Company's interest in the Titan Fund to 85.0%.

On November 18, 2019, Hong Yun Hong (Shanghai) Food and Beverages Management Co. Ltd. (**Hong Yun Hong**) was incorporated. It is a joint venture in which the Group holds 60% equity interest through a wholly owned company and DSPL holds the remaining equity interest. On March 13, 2020, Hong Yun Hong entered into a unit franchise agreement with THWPL whereby THWPL granted Hong Yun Hong the right and licence to open and operate a Tim Ho Wan store in Shanghai.

Tim Ho Wan serves fresh and made-to-order Cantonese-style dim sum. It offers an assortment of steamed, fried and baked dim sum, steamed rice dishes, congee, rice rolls and desserts.

As of May 31, 2021, there were 2 Tim Ho Wan stores owned and operated by the Group.

Tortazo, LLC (formerly known as Tortas Frontera LLC)

On September 7, 2018, the Company, through Jollibee Foods Corporation (USA), made an investment of U.S.$12.6 million in Tortazo, LLC (formerly known as Tortas Frontera LLC) in consideration for 47% of the fully-diluted membership interest therein.

Tortazo is a Mexican fast casual chain in the United States created by Chef Rick Bayless. The Group believes that its competitive position is differentiated by, among others, its use of high quality ingredients from top local providers that are named on its menu. Tortazo offers a quality menu which features *tortas* (griddle-baked sandwiches), *molletes* (warm, open-faced sandwiches), soups, salads, side dishes, a guacamole bar and beverages. It also serves a full breakfast menu that includes breakfast *tortas*, *cazuelas* (stew-like dishes cooked in a traditional pot of the same name) and a yoghurt bar. Tortazo has an online ordering platform that enables customers to order food for pick up.

As of May 31, 2021, there was 1 Company-owned and operated Tortazo store in operation in the United States.

The Coffee Bean & Tea Leaf®

On September 24, 2019, the Company acquired an 80% equity interest in CBTL.

CBTL is a speciality coffee and tea chain that uses only hand-roasted coffee beans and hand-blended teas from farms in various countries such as Costa Rica, Colombia, Kenya, Indonesia, Jamaica, Thailand and Sri Lanka. It offers original Ice Blended® coffee and tea drinks, hot coffee drinks and hot and iced tea drinks. CBTL also sells a variety of whole bean coffees, whole leaf teas, flavoured powders, baked goods as well as coffee and tea accessories including coffee grinders, French presses, tea pots and tea infusers through its stores and retail outlets.

As of May 31, 2021, there were 1,052 CBTL stores worldwide. Of these stores, 153 were located in the Philippines, all of which were franchised. As of the same date, there were 899 CBTL stores in operation in 26 countries and territories outside the Philippines, of which 278 were owned and operated by the Group and 621 were franchised, including in Qatar, India, South Korea, Brunei, Malaysia, Indonesia, Singapore, Saudi Arabia, Kuwait, Egypt.

Panda Express

On September 27, 2018, the Company entered into an agreement to establish a 50/50 joint venture with Panda Restaurant Group Inc. to bring Panda Express stores to the Philippines.

Panda Express offers a menu inspired by the flavours of Chinese cuisine. Its offers a wide variety of entrees, sides, appetisers and desserts. Panda Express also offers Wok Smart™ selections, menu items that are 300 calories or less and have at least eight grammes of protein, and Family Feast boxes for groups dining together. Panda Express' bestselling products include The Original Orange Chicken®, Beijing Beef® and Honey Walnut Shrimp.

As of May 31, 2021, there were 2 Panda Express stores owned and operated by the Group.

THE GROUP'S STORE NETWORK

As of May 31, 2021, the Group's store network comprised 5,815 stores. Of these stores, 3,411 were located in the Philippines, of which 1,090 were owned and operated by the Group and 2,321 were franchised. There were 2,404 stores in operation in 35 countries and territories outside the Philippines, of which 1,432 were owned and operated by the Group and 972 were franchised, including in Brunei, Canada, Hong Kong SAR, Indonesia, India, Italy, Macau SAR, Malaysia, the Middle East (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, the UAE), the PRC, Singapore, South Korea, the United Kingdom, the United States and Vietnam. The Group continually reviews its mix of Group-owned and franchised stores to help optimise the Group's overall performance.

Group-Owned Stores

The expertise and experience of the Group from operating its own stores allows it to enhance the operations of all stores in its network and to be a credible franchisor and franchisee. In addition, the Group continually develops

and improves policies, standards and specifications for food products and services as well as store operating procedures which the Group believes will ultimately benefit all stores in its network.

The table below sets forth the total number of Group-owned stores as of the dates indicated.

	As of 31 December			As of May 31
	2018	2019	2020	2021
	Number of stores			
Group-owned	2,254	2,666	2521	2,522

The table below sets forth a breakdown of Group-owned stores by region in the Philippines as of the dates indicated.

Region	As of 31 December			As of May 31
	2018	2019	2020	2021
	Number of stores			
Metro Manila	440	425	352	342
Luzon[(1)]	473	478	423	424
Visayas	209	210	189	183
Mindanao	162	159	142	141

(1) Excluding Metro Manila

The table below sets forth a breakdown of Group-owned stores by country/territory (outside the Philippines) as of the dates indicated

Country/Territory	As of 31 December			As of May 31
	2018	2019	2020	2021
	Number of stores			
Canada	4	9	14	17
Hong Kong SAR	3	3	0	0
Italy	1	1	2	2
Macau SAR	3	1	0	0
Malaysia	-	95	96	102
PRC	316	318	308	312
Singapore	6	73	70	70
United Kingdom	1	-	3	5
United States of America	238	395	323	326
Vietnam	398	498	599	598

Franchised Stores

The Group's franchised stores are located on property: (i) owned or directly leased by the franchisee, (ii) covered by a long-term lease secured by the Group and, in turn, subleased or assigned to the franchisee, or (iii) subject of a tripartite agreement among the lessor, the franchisee and the relevant member of the Group where the franchisee is the lessee but the Group has takeover rights. The amount of a franchisee's investment depends on the size of and facilities at the store. Such investment will cover the construction of the store, store layout and design, kitchen equipment and facilities, furniture and fixtures, air-conditioning system, signage and pre-operating expenses.

The Group has existing franchise agreements with franchisees, for the latter to operate stores under the Jollibee, Chowking, Greenwich, Red Ribbon, Yonghe King, Mang Inasal, Highlands Coffee, PHO24, Smashburger and CBTL brands. The Group enters into a franchise agreement with a standard set of terms and conditions for each brand. The term of franchise agreements range between five to ten years. The franchise agreements provide the franchisee the right to own and operate a store on a site approved by the Group and to utilise the Group's system in connection with the operation of the store. Where a site is under a lease or tenancy agreement, the Group requires the relevant franchisee, to the extent permitted by local law, to include provisions which shall allow the sublease or assignment of the lease of the outlet to the franchisor. In some jurisdictions, the franchise agreement

allows the franchisor to take over the site occupied by the franchisee once the latter ceases to be a franchisee. Franchisees are required to purchase supplies and equipment for store operations from the Group's commissaries or accredited suppliers, comply with the Group's computer system requirements, procure insurance for the store and participate in system wide projects, tie-ups and promotional activities. Franchisees pay set-up fees, monthly royalty fees equivalent to a certain percentage of the franchisees' net sales and service fees for various services including repairs and maintenance services, rendered by the Group's personnel. In the Philippines, franchisees also pay for their share in the Group's nationwide advertising and marketing efforts as well as fees for the Group's administration of various advertisements, network and media placements. Franchisees are required to comply with the Group's policies, standards and specifications for food products and services as well as stores operating procedures. In addition, franchisees are generally prohibited from selling, assigning, transferring, conveying, pledging, mortgaging or encumbering their shares, ownership or assets without the prior written consent of the Group. The Group monitors and inspects stores periodically through, among others, onsite assessment by franchise business managers, site visits by the Group's franchise operations team or appointment of a third-party testing company, to ensure compliance with required practices and procedures. Certain franchisees are evaluated on the basis of a specific criteria pertaining to product quality, quality of service, quality of environment, training and development as well as equipment and maintenance. In the event a franchisee fails to comply with its obligations under the franchise agreement, the Group may avail of various remedies including imposition of interest and penalty, termination of the franchise agreement and takeover of the franchised store.

As of May 31, 2021, no single franchisee accounts for more than 5.0% of the total SWS of the Group.

The table below sets forth the total number of franchised stores as of the dates indicated.

	As of 31 December			As of May 31
	2018	2019	2020	2021
	Number of stores			
Franchised	2,267	3,305	3,303	3,293

The table below sets forth a breakdown of franchised stores by region in the Philippines as of the dates indicated.

Region	As of 31 December			As of May 31
	2018	2019	2020	2021
	Number of stores			
Metro Manila	649	851	856	853
Luzon[(1)]	733	834	847	849
Visayas	267	280	326	329
Mindanao	235	278	293	290

(1) Excluding Metro Manila

The table below sets forth a breakdown of franchised stores by country/territory (outside the Philippines) as of the dates indicated.

Country/Territory	As of 31 December			As of May 31
	2018	2019	2020	2021
	Number of stores			
Bahrain	1	3	3	3
Brunei	16	33	35	35
Cambodia	—	7	5	5
Canada	7	7	7	7
Costa Rica	3	3	2	3
Egypt	1	14	12	12
El Salvador	2	1	0	0
Hong Kong SAR	8	10	10	10
Indonesia	16	99	88	88
Japan	—	4	2	1
Kuwait	10	42	43	44
Macau SAR	1	1	1	1
Malaysia	1	5	3	3

Mongolia	—	7	7	6
Myanmar	—	5	5	5
Oman	3	5	5	5
Panama	2	2	12	12
PRC	61	71	81	90
Qatar	11	42	43	45
Saudi Arabia	17	32	29	30
Singapore	—	—	3	3
South Korea	—	291	280	273
Sri Lanka	—	7	8	5
Thailand	—	6	0	0
United Arab Emirates	35	36	36	36
United Kingdom	8	8	7	7
United States of America	167	255	185	174
Vietnam	13	23	20	18
Others[(1)]	—	43	49	51

(1) Others includes Bangladesh, Georgia, Guam, India, Israel, Italy, Jordan, Kurdistan—Iraqi, Pakistan and Paraguay.

The Company as a Franchisee

The Group entered into franchise agreements with franchisors to operate stores under the Burger King, Dunkin' Donuts, Panda Express, Tim Ho Wan, and PHO24 brands. The Group also expects to enter into a franchise agreement to operate the Yoshinoya brand in the Philippines. The term of the franchise agreements vary and some of the franchise agreements generally have an option to renew or extend. Certain of the franchise agreements: (i) provide the Group the right to construct a store and to utilise the franchisor's system in connection with the operation of the store; (ii) require the Group to purchase supplies from accredited suppliers only; and (iii) require the Group to pay certain fees such as royalty and franchise fees, among others. In general, the Group is required to comply and ensure compliance with the franchisor's policies, standards, specifications and procedures to ensure consistency and quality in food products and service across the stores under the franchise agreements for a particular brand.

Network and Business Expansion

The Group continually evaluates store network expansion opportunities in its existing and in new markets including the plans for Group-owned and franchised restaurants. In addition to expanding its network, the Group's expansion plans are also focused on expanding guest frequency and new user base.

In selecting the location of a new store, the Group utilises various criteria including, among others, consumer preferences, demographic trends, customer foot traffic volume and patterns, accessibility and visibility, the type, number and location of competing food retailers and economic conditions.

The Group continually reviews business expansion opportunities in its existing and in new markets.

The typical store payback period is two to six years, depending on store type and geography.

Sales Channels

The Group employs comprehensive sales channels including dine-in, take-away, drive-thru, kiddie party, bulk order and delivery. It believes that store technology initiatives and delivery arrangements are becoming increasingly important aspects of its sales channel and the consumer experience. The technology that the Group has implemented includes, among others, website ordering, mobile ordering, interactive mobile ordering via chatbot, mobile payment, cashless payment and in-store self-service technologies. The Group has also established delivery arrangements with third-party delivery platforms such as Deliveroo, Foodpanda, GrabFood, DoorDash and Uber Eats, Grubhub, Postmates, Ele.me, and Meituan. In addition, the Group plans to establish "cloud kitchen" to cater to the expanding delivery services.

Store Format

The Group employs the following store formats to cater to a wide target market.

- Free standing—Stores in this format are situated in a single detached building with covered or street parking.
- In-line—Stores in this format are situated in a building, adjacent to other tenants.
- In-mall—Stores in this format are situated in a shopping centre.
- Food court—Stores in this format are situated in a facility with adjacent counters of food vendors and with a common area for self-serve dining.
- "Cloud kitchen" or unmarked delivery outlets—Stores in this format have no dine-in facility and are situated in low rent sites. The Group's first cloud kitchen was established in UAE in March 2020. As of May 31, 2020, the Group has opened Cloud kitchens in the following locations:.

Location	No. of Cloud kitchens
Singapore	2
United Arab Emirates	3
Kuwait	3
Chicago	1
TOTAL	**9**

The Group selects each store format and their location based on a set of criteria (including traffic generator data) to ensure that each store is located in an optimal area. Certain store formats have facilities such as delivery and take-out options for customers as well as drive-thru.

SUPPLY AND DISTRIBUTION

The Group and its franchisees purchase food and packaging products, equipment, fixtures and other supplies from numerous independent suppliers in accordance with its sourcing procedures and safety and quality standards. These products and supplies are distributed to individual stores by third-party distributors. Outside the Philippines, the Group and its franchisees utilise a decentralised sourcing and distribution system involving various third-party suppliers and distributors. The Group is not dependent on any of its major suppliers. The only supplier that accounted for more than 5.0% of the Group's supply purchases in the last three years was San Miguel Foods Inc. Group which supplies poultry and processed meats. To ensure continuity of supply, purchasing efficiencies and quality control, the supply chain unit of the Group works closely with each business unit and implements a demand planning system.

Zenith Foods Corporation (**ZFC**), a wholly-owned subsidiary of the Company, is the manufacturing arm of the Group in the Philippines. ZFC's main facility in Carmelray Industrial Park 1 in Canlubang, Laguna has a combined capacity of approximately 700 metric tonnes of various food products. The second facility of ZFC in Mandaue City, Cebu, has a combined capacity of approximately 45 metric tonnes of various food products.

As of May 31, 2021, the Group had 10 commissaries in the Philippines. As of the same period, the Group had 2 commissaries in the PRC, 3 in the United States and 2 in Vietnam.

Jollibee Worldwide Services Logistics (**JWSL**) performs supply planning, warehousing, distribution, customer support and order management functions for the Group in the Philippines. It operates distribution centres in strategic locations to service the growing network of the Group's stores and ensures the timely delivery of goods. JWS's biggest distribution centre is located in Paranaque City. As of May 31, 2021, there were 30,000 pallet locations for cold storage and 38,000 pallet locations for dry storage in the Philippines nationwide.

To keep up with demand, the Group leases and operates various warehousing and distribution centres nationwide. Facing the challenges brought by the ongoing COVID-19 pandemic on supply chain, the Group has taken measures to identify alternative sources of supply and spread its inventories in different parts of the Philippines in various warehouses and depots, as well as to diversify supply chain components in other major markets. The Group also plans to rationalise supply chain as part of its Business Transformation Program. See *"The Company −Recent Developments – The COVID-19 Pandemic,*" and "*Risk Factors − Risks relating to the Group − If the Group does not successfully evolve and execute its business strategies, including its plan of business transformation amid the COVID-19 global pandemic, it may not be able to increase operating income*."

FOOD SAFETY AND QUALITY ASSURANCE

Food safety, quality management and cleanliness at stores and various supply chain facilities are top priorities of the Group. Quality control and assurance policies and standards are implemented across the Group's supply chain. Such policies and standards are based on global standards on food safety and quality management systems. The Group believes that the implementation of such systems builds capacities and capabilities, improves supplier partnerships, protects the Group's brands and promotes sustainability. The Group has established policies, standards, operating systems and maintenance procedures from supplier accreditation to performance management and service contract renewal. There is also an end-to-end Food Safety management strategy at par with the best practices in the global food industry across the Group's entire value-chain. To ensure the integrity and consistency of the quality management system ("**QMS**"), the Group subjects its supply chain operations to Food Safety systems audit and certification by internationally recognized certifying bodies, to regular government inspection and third party surveillance activities. The Group also has internal quality assessors conducting facility audits and certification to constantly evaluate ongoing health and progress of QMS implementation.

The Group has a large in-house quality assurance team comprised of licenced professionals and individuals with the relevant industry certifications. To ensure the quality and safety of food products, the Group's quality assurance and internal audit teams as well as third-party certifying bodies conduct meticulous and regular audits (announced or unannounced) at Group-owned and franchised stores, covering process and quality systems, good manufacturing practices and standard sanitation operating procedures, hazard analysis critical control points as well as food safety and quality management system requirements. Furthermore, the Group implements the Gold Standard Consistency programme developed by its research and development team across all it brands by focusing on supply quality at source, training of its personnel and regular assessments. The Group continuously improves its food safety and quality standards through proactive evaluation and monitoring of emerging risks and trends affecting the Group's products and stakeholders.

External vendors supplying to the Group are required to be certified in internationally-recognised food safety and quality management system frameworks. Compliance by external vendors with the relevant certification requirements is monitored and assessed by accredited third-party certifying bodies. Process monitoring and verification at onsite and offsite manufacturing facilities are also performed. In addition, operations personnel of the Group visit and oversee distribution centres regularly. Product sampling and inspection is conducted on raw and packaging materials, in-process materials and finished goods after production and during dispatch. The commissary quality assurance, global quality management as well as research and development teams of the Group supervise periodic product testing. The Group employs a robust Feedback Management System with clear channels of communication, defined process of investigation and functional responsibilities to manage both external and internal incidences related to food safety, quality of product or service and people issues The Group also implements verification system for raw materials and finished products covering testing on sensory, physico-chemical, microbiological and regulatory in accordance with the Group's internal requirements and country requirements. Third party testing, allergen declarations, and certifications on the absence of prohibited substances such as banned veterinary drugs and pesticides used.

As of May 31, 2021, eight (8) of the Group's 10 manufacturing plants in the Philippines have the Food Safety Systems Certification 22000 version 4.1. 13 manufacturing plants of the Group have 3rd party HACCP System certification while two of its five commissaries overseas have the ISO 22000 Food Safety Management System certification. JWSL and all of its third-party logistics providers have the ISO 9001 Quality Management System certification and meet the Transported Asset Protection Association facility security requirements aimed at, among others, preventing pilferages and theft. Other commissaries comply with HACCP are currently working on their 3rd party certifications. JWSL Bicutan is certified in Food Safety and Quality Systems Certification (FSSC-Q), ISO Quality Management System Certification and Transported Asset Protection Association Facility Security Requirement Level A (TAPA). All of its third-party logistics providers have the ISO 9001 QMS certification and meets TAPA requirements, thereby preventing pilferages and theft. The Group also has two-way traceability and product recovery throughout the supply chain to enable it to immediately recover products from manufacturing sites and restaurants if necessary.

The Group conducts trainings to all its employees on food safety and quality standards and operating procedures in the entire food chain covering vast operations in food manufacturing, handling, packaging, storage, distribution and up until final products are prepared and served to customers in all restaurant locations. The Group strictly implements health screening, safety protocols and control measures across all facilities and sites of operation. In the Philippines, the Group has an occupational health and safety programme and certified safety officers at its stores who conduct the mandatory occupational health and safety training.

EMPLOYEES

As of March 31, 2021, the Group had 185 employees at its corporate office in the Philippines and 756 employees at JWS.

The table below sets forth the number of the Group's employees for its various brands by region as of March 31, 2021.

Region	**As of March 31, 2021**
	Number of employees
Philippines	10,453
PRC	5,385
North America	6,756
EMEAA	10,377
Total	**37,677**

The Group believes that it has a well-trained and experienced pool of employees. It aims to support its various operating functions and grow the capability of its employees by implementing a variety of internal and external development and training programmes such as JFC University, a collaboration between the Company and Ateneo Graduate School of Business—Center for Continuing Education, which offers, among others, quick service restaurant management programmes.

The Group has granted supplemental benefits to its employees, which includes, among others:

- Implementation of highest level of safety protocols, which included regular health checks, temperature checks for those working on site, weekly pulse checks to determine state of wellness of employees, regular provision for basic support like face shields, masks, vitamins, alcohol, sanitizers and in some areas shuttle services;
- Implementation of a COVID-19 vaccination program – that provide free vaccinations to employees and facility to dependents, franchisees, and partners;
- Provision of subsistence allowance for employees who are unable to work on site due to store and/or plant closures, co-morbidities, and/or vulnerabilities;
- Grant of Special Premium Pay for employees working on site;
- Implementation of regular wellness sessions and online counselling programs; and
- Implementation of retention programs for key and critical talents.

The Group has collective bargaining agreements (**CBAs**) with the employees of Jollibee Foods Corporation and Red Ribbon Bakeshop Inc. expiring on February 2022 and May 2026 respectively. The term of the CBAs is five years.

The Group's PRC businesses have 12 trade unions as of March 31, 2021. The existing contracts with the trade unions in the PRC include collective contracts, special collective contracts for female employees' special interests and special collective contracts for wages. The term of these contracts is three years.

The Company and the union plan to commence negotiations before the expiration of the CBA. In addition, initial work is being done through our engagement activities and Weekly Pulse Check to sense and assess on items and issues that may be relevant to the Union Officers and members.

Outsourcing operational processes to legitimate third-party service providers enables the Group to focus on its core mandate. The Group engages third-party service providers that possess values similar to the Group's in conducting business, treat its workers properly and comply with regulatory requirements.

The franchisees of the Group maintain control over all employment-related matters at their respective franchised stores.

MARKETING AND ADVERTISING PROGRAMS

The Group advertises on network, cable television and radio programmes, on social media and other digital channels as well as through print advertisements, billboards, direct mail/leaflet marketing and the sale of merchandise in-store. The Group's marketing initiatives focuses on pertinent holidays such as Valentine's Day, Mother's Day, Father's Day, Christmas and New Year.

In the Philippines, franchisees pay for their share in the Group's nationwide advertising and marketing efforts as well as fees for the Group's administration of various advertisements, network and media placements. Outside the Philippines, advertising and marketing fee arrangements vary across brands and countries and territories.

The Group believes that it is a leader in digital engagement in the Philippines with the continued success of "*Kwentong* (story) Jollibee", a series of short heart-warming videos that tell real-life stories that reflect the Jollibee brand's values. In 2018, the Group launched its official YouTube channel, Jollibee Studios.

RESEARCH AND DEVELOPMENT

The Group believes that the continued success of its business will be affected in part by its ability to be innovative and attentive to consumer preferences and market conditions. The Group's in-house research and development team is committed to focusing on technical inputs to capture opportunities in food product diversification and optimisation and to enhance the production unit capabilities of its manufacturing business. In particular, the Group continually focuses on launching new or an improved variety of its existing food products and implementing new food product formats. For example, in 2019, the Group launched new breakfast sandwiches (bacon, egg and cheese, egg and cheese) and meal (*tocino* (sweet cured meat) mixed rice), new Yumburgers (Bacon Cheesy and Bacon Cheesy Deluxe), crispy spice fries, *buko* (coconut) pie, *halo-halo* sundae, cookies and cream sundae twirl and an improved vanilla soft serve, all under its Jollibee brand.

Technical support is also provided by the Group's in-house research and development team to the Group's commissaries and supply chain to ensure cost efficiency and maintenance of quality. The Group believes that technological improvements in manufacturing equipment and capabilities are crucial to new product development and improvement of production efficiencies. For example, the Group invested in the Batter Breader Line, a new equipment technology for spaghetti sauce processing and cake production. The Group intends to invest in the latest technology to improve efficiency and customer experience.

The following table provides the budget of the Company for Research and Development for the Jollibee Philippines brand:

Year	Amount	Percentage to System wide Sales of Jollibee Brand
2020	₱48,332,866.53	0.06%
2019	₱15,656,786.00	0.02%

INTELLECTUAL PROPERTY

The Group's intellectual property is material to its operations and the growth of its businesses. In particular, trademarks are important because brand name recognition is a key factor in the success of the businesses of the Group. The Group owns valuable intellectual property. As of May 31, 2021, it has over 2400 trademarks registered in over 94 countries and territories. The Company's subsidiaries procure and renew the relevant trademark registrations for their respective brands. Depending on the jurisdiction, trademarks generally are valid as long as they are used and/or registered. While the Group has pending trademark registrations and generally expects that these will be granted, it does not expect any material adverse effect if some pending applications for intellectual property registration are denied. The Group is also a party to certain trademark disputes arising out of the ordinary course of its business. The Group believes that a negative outcome on any one of these disputes will not have a material adverse effect on its business, financial condition or results of operations.

The Group has established policies, standards and specifications for food products and services used in the development, improvement and operation of its stores. These proprietary policies, standards, specifications and store operating procedures are the Group's trade secrets and are crucial to the Group's overall performance.

The Group licences the use of its registered trademarks to franchisees through franchise agreements. These agreements set out the parameters for the use of the Group's trademarks and require franchisees to comply with proprietary standards and specifications and strictly follow store operating procedures.

Please refer to Appendix C for the list of the material intellectual property of the Company. The Company's subsidiaries have likewise procured the relevant trademark registrations for their respective brands.

INSURANCE

The Group obtains and maintains adequate and comprehensive insurance coverage on its properties, assets and liability exposures pertaining to its business operations including coverage for the Group's directors and officers from reputable insurance companies. It employs risk management for purposes of analysing the risks faced by its businesses in determining the appropriate cover, policies and amount of insurance for the Group as it deems appropriate and as may be usually carried by other companies engaged in the same or similar activities and owning similar properties in the various geographical areas where the Group operates. The Group's insurance coverage includes, but not limited to the following: property all-risk with business interruption cover, comprehensive general liability with products liability and contamination cover, construction all-risk cover, marine (import/export) cover and coverage for directors' and officers' liability. The Group believes that its insurance coverage is in accordance with its business exposure and in compliance with the regulatory requirements of each country or territory where the Group operates.

CORPORATE SOCIAL RESPONSIBILITY

Through the JGF, the Group is committed to creating positive social impact through programmes in agriculture, education and disaster response.

Farmer Entrepreneurship Programme

Smallholder farmers remain at the heart of JGF's work. Mindful of their role in providing food for Filipinos, the Farmer Entrepreneurship Programme ("**FEP**") is a comprehensive agro-entrepreneurship program that engages partners to help organize small-scale farming communities all over the Philippines. The program sharpens the technical skills and business acumen of farmers, and links them with institutional markets for increased and steady income. Since the program's launch in 2008, 17 farmer-groups composed of almost 600 farmers have become regular suppliers of the Jollibee Group.

Despite the lockdown restrictions, FEP's farmer groups managed to fulfill delivery commitments to the Jollibee Group, supplying 800 metric tons in 2020. This brings their total deliveries to the company since 2008 to almost 8,000 metric tons, earning more than ₱300 million in sales. Through JGF's help, farmer communities also gained access to other institutional and online markets. This helped reduce their vulnerability to the impact of the pandemic.

Jollibee Group FoodAID

FoodAID is Jollibee Group's disaster response program. In 2020, much of JGF's resources were poured into FoodAID, as the Jollibee Group responded to calls for food donations in the wake of disasters.

In January, the Taal volcano eruption displaced families in the provinces of Batangas and Cavite. Before long, JGF had activated its partners to bring hot meals, food packs, and hygiene kits to 19,000 affected families; and partnered with the Batangas provincial government and local organizations to operate a community kitchen to feed 500 families daily for 30 days.

The imposition of community quarantine in March 2020 and the need for food support for frontliners and low-income communities led JGF to quickly organize a food distribution network. This involved the Jollibee Group commissary, Jollibee Group restaurants, hospital kitchens, local non-government organization (NGO) partners, and community kitchens, as well as volunteers among Jollibee Group employees. The Jollibee Group's Research and Development Team formulated low-cost, delicious, and nutritious ready-to-cook food products that families

and community kitchens can easily prepare. On the ground, over 80 NGO and community partners helped cook or distribute the meals. By December, with donations from Jollibee Group, business partners, donor organizations, other corporate foundations, and the public, JGF had distributed over 5.5 million meals.

Access, Curriculum and Employability Scholarship Programme

Over the years, ACE has provided educational assistance to more than 2,200 underprivileged Filipino youth so they can access gainful employment and attain better lives for themselves and their families. While the lockdown restrictions affected program implementation in 2020, ACE was still able to graduate 66 Quick Service Restaurant Operations (QSRO) scholars through its partner, Anihan Technical School. Meanwhile, 22 QSRO scholars in Anihan; 380 Agro-entrepreneurship, and 120 Mechanical scholars in various Don Bosco schools in different parts of the country are expected to complete their training in 2021.

Over the years, the Company has received several accolades for these programmes. In 2014, the Group was given the Best Poverty Alleviation Program and Education Program trophies at the Asian CSR Awards and in 2016, the Gold Anvil Awards on Public Relations Programmes. In 2018, the Group received the first AGROW Award for Inclusive Business from the ASEAN Business Advisory Council of the Philippines in recognition of the inclusion of farmers in the Group's supply chain through FEP. In the same year, the Group ranked first in the Best Strategic Corporate Social Responsibility at Alpha Southeast Asia's Corporate-Institutional Investor Awards. In 2019, the FEP was recognised at the Franchise Excellence Awards under the inclusive business model category.

COMPETITION

The food service and restaurant industry in the Philippines and other countries where the Company has operations is highly competitive. The Group's stores compete within the QSRs and fast casual segments and other food service and restaurant companies. The Group competes on the basis of food quality and variety, price, value perception, customer service reputation, location as well as cleanliness and maintenance of stores. New product development, digital engagement, development of delivery services, as well as advertising levels and promotional initiatives are also key factors.

The Group's primary competition includes McDonald's, KFC, Burger King (outside the Philippines), other chicken, burger, pizza and pasta chains, Chinese fast food restaurants, grilled chicken and Filipino restaurants as well as bakeshops. Competition from independent restaurants, grocers, food packs and convenience stores offering take-away options has also increased.

The Group also competes not only for customers but also for personnel, suitable land or buildings and franchisees who have the commitment, capability and capitalisation.

The Group believes that its competitive position is differentiated by, among others, the taste of its food products and value for money product offerings.

The Group plans to continue to increase market share through, among others, store network expansion supported by new product launches, tie-ups and increasing visit frequency and targeting certain consumer groups that are not yet part of the customer base through, among others, promotions and target advertising.

CUSTOMERS

The Company serves a wide spectrum of customers from all economic classes. It is not dependent on a single customer or a few customers. Neither is there a single customer that accounts for, or will account for, 20% or more of the Company's sales.

INFORMATION TECHNOLOGY

The Group views IT as an integral part of its operations. It believes that its current IT systems streamline its operations and enhance its overall organisational efficiency. IT services are provided mainly by third-party service providers under contracts entered into by the Group. The IT products and services provided by these third-party service providers include professional services for management of IT resources.

The Group utilises enterprise resource planning software such as Microsoft Dynamics, NetSuite, SAGE and SAP as well as cloud-hosting services. The information security and cybersecurity governance and risk management

programs were patterned after the National Institute of Standards cybersecurity framework. The Group treats its cybersecurity risk to be at the same level as compliance, operational, financial, and reputational risks with suitable measurement criteria to ensure that results are monitored and managed.

To minimise system downtime and to safeguard information in the event of a technical or operational failure, the Group maintains an off-site IT back-up recovery centre, which is updated in real time. The Group also conducts IT disaster recovery drills to enhance the effectiveness of its backup systems.

PERMITS AND APPROVALS

The Company holds various permits and licenses for permits for the opening and continued operations of its stores, commissary facilities and distribution centers which include but are not limited to, the following:

- Business permits of Jollibee and its Philippine operating subsidiaries.
- Sanitary permits, certificates of water potability, fire safety inspection permits, occupancy permits, building permits, and locational clearance issued for Group-owned stores.
- National Meat Inspection Services ("**NMIS**") Certificate of Accreditation as Meat Processing Plant;
- NMIS Hazard Analysis and Critical Control Point Certificate;
- Food and Drug Administration ("**FDA**") License to Operate as a Food Manufacturer;
- Bureau of Animal Industry Permit to Transport Meat Products;

For a list of the Group's material permits and licenses, please refer to Appendix E.

ENVIRONMENTAL LAWS

In keeping with its Corporate Social Responsibility (CSR), the Company recognizes its responsibility on environmental conservation and protection. A dedicated office, led by the company's Chief Sustainability and Public Affairs Officer, is at the forefront of Company's sustainability efforts. Even if manufacturing standards are currently being used to monitor the Restaurant Sector, the Company exerts efforts to meet the standards being applied to it by government regulators. Several measures were included in its operations, covering both procedural and technological aspects, which pay heed to the environmental laws and regulations being applied to the quick-service restaurant sector.

As part of the proactive measures being undertaken at the store level, the Company continues to implement its ongoing training programs that equip the store teams with the knowledge and skills for environmental management and best management practices in the kitchen. For 2020, the Company conducted regular training of the Pollution Control Officers for improvement in their environmental law knowledge. In addition, the existing wastewater treatment system of stores are being upgraded with the introduction of the Automated Grease Removal Unit (Auto- GRU) for new stores.

The Company continues its energy saving initiatives in the use of Grid-tied Solar Power in some stores to reduce power consumption from the Grid by about 5.0% to 7.0% for a typical free-standing store. Use of solar power even with limited capacity will provide environmental benefits. In 2020, the Group's roof-installed Solar PV System was able to generate more than 210,000 kWh from solar power equal to more than 100 tons of CO2e saved. Since 2014, the Group's solar- powered stores have generated more than 907,000 kWh equal to more than 435 tons of CO2e saved. Low-E high performance glass is used in some stores to reduce the air-conditioning requirement by about 10% thus reducing power consumption.

In addition, different energy-saving technologies are being tested to transform stores to be more energy-efficient. Use of advanced equipment in freezers and refrigerators help reduce power consumption through delivery of required fixed-minimum space temperature and optimization of the running-time of the compressor. This can contribute up to 30% reduction in energy consumption for air-conditioning units (ACUs). Another is the control of surge and power fluctuation which can contribute of 8% to 9% savings in total kWh consumption.

While these energy-saving technologies can provide savings, equipping store personnel with the best store practices can also contribute in reducing power consumption in store. For 2020, a total of more than 600 stores were provided training on Energy Conservation. While the stores still continued with the proper setting of temperature setting at 24 C (Project-24) and optimizing runtime of equipment, most of the reduction in electricity consumption in 2020 is attributed to the limited store operations due to the pandemic. A total of more than 104

million kWh (equal to more than 100,000 tons of CO2e) was reduced on the electricity consumption of the Company for the year.

Hand in hand with its mission of bringing the joy of eating to everyone, the Company also believes in inculcating the spirit of environmental responsibility both inside and outside the Company. More than a one-time effort, this unceasing pledge to the environment can be best seen in its proactive efforts to anticipate and address issues through continuous feedback and communication with the Company's partners in the government and the customer base.

DESCRIPTION OF PROPERTY

The Group's head office is located at 10th floor, Jollibee Plaza Building, 10 F. Ortigas Jr. Avenue, Ortigas Center, Pasig City. Each floor occupied by the Group has different lease terms and the average lease term is seven years. It also leases additional office spaces in certain buildings, including the Jollibee Center.

As of May 31, 2021, the Group leased the land or the building for Group-owned stores, the term of which typically ranges between 3 to 20 years. The rates and terms of the lease vary for each Group- owned store. Franchisees may own the land on which a store is located or enter into independent leasing arrangements. The Group enters into independent leasing arrangements for brands where the Group is a franchisee. The Group intends to lease additional lots and/or buildings from third parties for the expansion of its network.

Under the Group's lease agreements for its stores, the Group is obligated to pay all costs and expenses with respect to the property leased by the Group from a third party including all taxes and assessments, repairs and maintenance as well as insurance. As of May 31, 2021, there were 2,541properties leased for Group-owned stores.

The general asset description and locations of the various plants and farms owned and leased by the Group are included as Appendix D of this Prospectus.

The properties included in Appendix D of this Prospectus that are owned by the Group are free of liens and encumbrances.

The properties in Appendix D of this Prospectus are in good condition, ordinary wear and tear excepted.

The Group is continuously evaluating available properties for sale the cost or details of which cannot be determined at this time.

Leases for Franchised Stores

Under the Group's franchise agreement with a franchisee, the latter is obligated to pay all costs and expenses with respect to the leased property including all taxes and assessments, repairs and maintenance as well as insurance.

MANAGEMENT

DIRECTORS

The following table sets forth the persons who serve as Directors of the Board of the Company as of the date of this Prospectus:

Tony Tan Caktiong	Chairman
Ernesto Tanmantiong	President and Chief Executive Officer
William Tan Untiong	Corporate Secretary
Ret. Chief Justice Artemio V. Panganiban	Director
Ang Cho Sit	Director
Antonio Chua Poe Eng	Director
Cesar Purisima	Independent Director
Ee Rong Chong	Independent Director
Kevin Goh	Independent Director

The Directors were elected at the annual stockholders' meeting held on June 25, 2021 and will hold office until the next succeeding annual meeting and until their respective successors have been appointed or elected and qualified.

The following describes the background of the Directors:

Tony Tan Caktiong, Filipino, 68, Chairman of the Board. He has been a member of the Board of Jollibee Foods Corporation since 1978 and was president and chief executive officer of Jollibee Foods Corporation until July 1, 2014. He holds the following positions in a publicly listed company: non-executive director and co-chairman of DoubleDragon Properties Corp. He is director of Fresh N' Famous Foods, Inc.; Mang Inasal Phils. Inc.; BK Titans, Inc.; PFN Holdings Corporation; Perf Restaurants, Inc.; Perf Trinoma, Inc.; Perf MOA Pasay, Inc.; RRB Holdings, Inc.; Red Ribbon Bakeshop, Inc.; Honeystar Holdings Corporation; Chanceux, Inc.; Bee Good! Inc.; SJBF LLC; Honeybee Foods (Canada) Corporation; Honeybee Foods Corp.; Red Ribbon Bakeshop Inc. (USA); Chowking Food Corporation (USA); Yong He Holdings Co. Ltd.; Centenary Ventures Limited; Southsea Binaries Limited; Belmont Enterprises Ventures Ltd.; Jollibee International (BVI) Ltd.; WJ Investments Limited; Jollibee Worldwide Pte. Ltd.; JSF Investments Pte. Ltd.; Golden Cup Pte. Ltd.; Golden Plate Pte. Ltd.; Golden Beeworks Pte. Ltd.; Golden Piatto Pte. Ltd.; Happy Bee Foods Processing Pte. Ltd.; SF Vung Tau Joint Stock Company; Blue Sky Holdings Limited; Jollibee (China) Food & Beverage Management Co. Ltd.; Beijing Golden Coffee Cup Food & Beverage Management Co. Ltd.; Beijing New Hongzhuangyuan Food & Beverage Management Co. Ltd.; Hangzhou Yonghe Food and Beverage Co. Ltd.; Hangzhou Yongtong Food and Beverage Co. Ltd.; Tianjin Yong He King Food & Beverage Co. Ltd.; Beijing Yong He King Food and Beverage Co. Ltd.; Shenzhen Yong He King Food and Beverage Co. Ltd.; Wuhan Yong He King Food and Beverage Co. Ltd.; Happy Bee Foods Processing (Anhui) Co. Ltd.; 12 Sabu (Shanghai) Food & Beverage Management Co. Ltd.; Shanghai Belmont Enterprises Management & Adviser Co. Ltd.; Honeysea Corporation; Hyper Dynamic Corporation; Mainspring Resources Corporation; Winall Holding Corporation; Imperial Premium Treasures, Inc.; Queenbee Resources Corporation; and Centregold Corporation; trustee of Jollibee Group Foundation, Inc.; chairman and director of STI College Tanauan Inc.; and board director of Temasek Foundation International CLG Limited. He is a member of International Advisory Board, The Philharmonic-Symphony Society of New York, Inc. He graduated with a Bachelor of Science degree in chemical engineering from University of Santo Tomas in 1975.

Ernesto Tanmantiong, Filipino, 62, president and chief executive officer of Jollibee Foods Corporation since 2014. He has been a member of the board of directors of Jollibee Foods Corporation since 1987. He is director of Fresh N' Famous Foods, Inc.; BK Titans, Inc.; Chanceux, Inc.; Red Ribbon Bakeshop, Inc.; RRB Holdings, Inc.; Grandworth Resources Corp.; C-Joy Poultry Meats Production Inc.; Cargill Joy Poultry Realty Inc.; Bee World UK Limited; Cibo Felice S.R.L.; Honeybee Foods (Canada) Corporation; Honeybee Foods Corporation; Red Ribbon Bakeshop Inc. (USA); Chowking Food Corporation (USA); SJBF LLC; Jollibee Worldwide Pte. Ltd.; Golden Plate Pte. Ltd.; Golden Beeworks Pte. Ltd.; Happy Bee Foods Processing Pte. Ltd.; Yong He Holdings Co. Ltd.; Centenary Ventures Limited; Belmont Enterprises Ventures Ltd.; Jollibee International (BVI) Ltd.; Jollibee Hong Kong Ltd.; Hanover Holdings Ltd.; Jollibee Vietnam Co. Ltd.; Golden Bee Foods Restaurant LLC; Happy Bee Foods Processing (Anhui) Co. Ltd.; Jollibee (China) Food & Beverage Management Co. Ltd.; Hangzhou Yonghe Food and Beverage Co. Ltd.; Tianjin Yong He King Food & Beverage Co. Ltd.; Beijing Yong He King Food and Beverage Co. Ltd.; Wuhan Yonghe King Food and Beverage Co. Ltd.; Adgraphix, Inc.; EST58

Corporation; Kingsworth Corporation; Imperial Premium Treasures, Inc.; Honeystar Holdings Corporation; Hyper Dynamic Corporation; Centregold Corporation; Honeysea Corporation; Queenbee Resources Corporation; Winall Holding Corporation; and Mainspring Resources Corporation; commissioner of P.T. Jollibee Indonesia and P.T. Chowking Indonesia; and trustee of Jollibee Group Foundation, Inc. He is not a director of any publicly listed company in the Philippines other than Jollibee Foods Corporation. He graduated with a Bachelor of Science degree in business management from Ateneo de Manila University in 1979.

William Tan Untiong, Filipino, 67, corporate secretary of Jollibee Foods Corporation since 1994, Director of Jollibee Foods Corporation since 1993 and chief real estate officer of Jollibee Foods Corporation since 2014. He holds the following position in a publicly listed company: non-executive director of DoubleDragon Properties Corp. He is director of Fresh N' Famous Foods, Inc.; Mang Inasal Phils. Inc.; BK Titans, Inc.; Chanceux, Inc.; RRB Holdings, Inc.; Red Ribbon Bakeshop, Inc.; Grandworth Resources Corporation; Zenith Foods Corporation; Belmont Enterprises Ventures Ltd. (BVI); Yong He Holdings Co. Ltd.; Centenary Ventures Limited; Honeybee Foods (Canada) Corporation; Honeybee Foods Corporation; Red Ribbon Bakeshop Inc. (USA); Chowking Food Corporation (USA); WJ Investments Limited; Golden Plate Pte. Ltd.; Golden Cup Pte. Ltd.; Entrek (B) SDN BHD; Blue Sky Holdings Limited; Jollibee (China) Food & Beverage Management Co. Ltd.; Hangzhou Yong He Food and Beverage Co. Ltd.; Tianjin Yong He King Food & Beverage Co. Ltd.; Beijing Yong He King Food and Beverage Co. Ltd.; Shenzhen Yong He King Food and Beverage Co. Ltd.; Wuhan Yong He King Food and Beverage Co. Ltd.; Beijing Golden Coffee Cup Food & Beverage Management Co. Ltd.; 12 Sabu (Shanghai) Food & Beverage Management Co. Ltd.; Adgraphix, Inc.; JC Properties & Ventures Corporation; Honeystar Holdings Corporation; Centregold Corporation; Winall Holding Corporation; Iconnect Multimedia Network, Inc.; Honeyworth Corporation; Mainspring Resources Corporation; Queenbee Resources Corporation; Hyper Dynamic Corporation; Kingsworth Corporation; and Honeysea Corporation; and trustee of Jollibee Group Foundation, Inc. He graduated with a Bachelor of Science degree in civil engineering from Adamson University in 1975.

Ret. Chief Justice Artemio V. Panganiban, Filipino, 84, Director of Jollibee Foods Corporation since 2012. He holds the following positions in publicly listed companies: independent director of Asian Terminals, Inc.; First Philippine Holdings Corp.; GMA Network, Inc.; GMA Holdings, Inc.; MERALCO; Metro Pacific Investment Corp.; Petron Corporation; Philippine Long Distance Telephone Company; and Robinsons Land Corp.; senior adviser of Metropolitan Bank and Trust Company; member of the Advisory Council of Bank of the Philippine Islands; and Adviser of DoubleDragon Properties Corp. He is independent director of Asian Hospital Inc.; Liberty Telecoms Holdings Inc.; Metro Pacific Tollways Corp.; and Tollways Management Corporation; director of TeaM Energy Corporation; chairman of the board of advisers of Metrobank Foundation; and chairman of the board of directors of Pan Philippine Resources Corp.; and Peecee Holdings Corporation. He is chairman of the board of trustees of Foundation for Liberty and Prosperity; and Philippine Judges Foundation; chairman of the Philippine Chapter of ASEAN Law Association; Chairman Emeritus of Philippine Dispute Resolution Center, Inc.; president of Manila Metropolitan Cathedral—Basilica Foundation; Trustee of Foundation, Speaker Laurel Foundation and ASEAN Law Foundation; adviser of Asian Institute of Management Corporate Governance Center, World Bank (Philippines) and Johann Strauss Society; consultant of Judicial and Bar Council; and member of Permanent Court of Arbitration, The Hague, Netherlands. He was the chief justice of the Philippine Supreme Court from 2005 to 2006. Concurrent with his position as chief justice, he was also the chairperson of the Presidential Electoral Tribunal, the Judicial and Bar Council and the Philippine Judicial Academy. Prior to his elevation as chief justice in 2005, he was a justice of the Supreme Court in 1995 to 2005. He graduated with an Associate in Arts degree from Far Eastern University in 1956. He obtained his Bachelor of Laws degree from Far Eastern University in 1960.

Ang Cho Sit, Filipino, 70, Director of Jollibee Foods Corporation since 1978. He is director of Freemont Foods Corporation; Grandworth Resources Corporation; A-Star Holding Company; Longshore Corporation; Hyper Dynamic Corporation; and Venice Corporation. He is not a director of any publicly listed company in the Philippines other than Jollibee Foods Corporation. He graduated from Grace Christian Academy High School in 1968.

Antonio Chua Poe Eng, Filipino, 74, Director of Jollibee Foods Corporation since 1978. He is chairman and president of Honeyworth Corporation; and director of Albany Resources Corporation; and Hyper Dynamic Corporation. He is not a director of any publicly listed company in the Philippines other than Jollibee Foods Corporation. He graduated from St. Stephen High School in 1965.

Cesar V. Purisima, Filipino, 61, Director of Jollibee Foods Corporation since 2020. He is an independent Director of the Board. He holds the following positions in publicly listed companies: independent director of Ayala Land, Inc., Universal Robina Corporation, AIA Group Limite, Bank of the Philippine Islands; a member of the Global

Advisory Council of Sumitmo Mitsui Banking Corporation; and a Member of the Board of Advisors of ABS-CBN Corporation. For non-listed companies, he is an Executive-in-Residence of Asian Institute of Management; member of the Board of Trustees of De La Salle University, International School Manila, and WWF-Philippines; independent non-executive director of Unistar Credit and Finance Corporation; Founding Partner of Ikhlas Capital Singapore Pte. Ltd.; Asia Fellow of Milken Institute and a member of the International Advisory Council (Phils.) of Singapore Management University. He graduated from De La Salle University Manila in 1979 with a degree in Bachelor of Science in Commerce, Majors in Accounting & Financial Institutions and is a Certified Public Accountant. He finished his Master of Business Administration in Kellogg School of Management; Northwestern University, Chicago, Illinois, in 1983, and Doctor of Humanities Honoris Causa, Angeles University in 2012. He completed the Executive Program from Singularity University in Silicon Valley, Santa Clara, California in 2019.

Kevin Goh, Singaporean, 46, Independent Director of Jollibee Foods Corporation since 2021. He is currently the Chief Executive Officer of Lodging for CapitaLand Limited which is a publicly listed company in Singapore as well as a non-executive director for Ascott Residence Trust Management Ltd. and Ascott Business Trust Management Pte Ltd. In addition, Mr. Goh also oversees CapitaLand's Group Centre of Excellence for Digital & Technology. Under his leadership, Ascott continued its global expansion in 2020 despite the COVID-19 pandemic, adding over 14,200 new units across 71 properties and opening of over 3,900 units in 25 properties. He also played an instrumental role in the combination of Ascott Residence Trust (ART) and Ascendas Hospitality Trust in December 2019, which has resulted in the creation of the largest hospitality trust in Asia-Pacific. Mr. Goh was previously the COO of Ascott, a role he assumed in December 2016, where he oversaw operational aspects of the serviced residence business and new growth opportunities. Prior to this, he was Ascott's MD for North Asia since 2013, where he spearheaded Ascott's investments and operations in China, Japan and Korea. After joining Ascott China in 2007, Mr. Goh was based in China for over 10 years. During his stay in China, he served as Regional GM for South & East China, Vice President for Asset Management and Vice President for Corporate Services. Prior to joining Ascott, Mr. Goh was with Accenture, one of Fortune 500's largest global management consulting, technology services and outsourcing companies. Throughout his seven-year career with Accenture, he worked on various systems implementation projects in the telecommunications and high-technology industries in both Singapore and Australia. Mr. Goh was awarded the prestigious Medal of Commendation at the NTUC Singapore May Day Awards 2020 for his strong advocate for productivity improvement and upgrading of employees' capabilities to ensure a dynamic and digitally savvy workforce. Moreover, Mr. Goh holds a Bachelor of Mechanical Engineering (Honours) from NUS and is a Chartered Financial Analyst charterholder.

Ee Rong Chong, Singaporean, 46, Independent Director of Jollibee Foods Corporation since 2021. She is a Business Leader, Non-Executive Director and an active Committee Member with over twenty five years of board and executive management experience across corporate, professional services and not-for-profit organizations. Ms. Chong's expertise include business consulting, risk and reputation management, stakeholder engagement, strategic brand management and integrated marketing. Additionally, Ms. Chong has an impressive track record as a commercial and marketing leader. She was most recently Deputy Managing Director of Raffles Medical Group (RMG), charged with transforming the commercial operations of one of the region's largest healthcare players. Prior to RMG she spent eighteen years with Ogilvy & Mather, in local and regional roles across Singapore, Australia and Malaysia. Her last role was Group Managing Director, Company Director and Executive Committee Member of Ogilvy Singapore where she spearheaded the agency's growth and transformation to realign capabilities, digitizing the core, expansion of the client portfolio and strategic investments into digital marketing and social commerce. Moreover, Ms. Chong has worked extensively around the region, collaborating across multi-cultural organizations and teams. A large part of her experience is strategic stakeholder engagement, working with public and private sector clients across FMCG, financial services, hospitality and Government Agencies across B2C, B2B, B2G and G2G campaigns. She has a stellar reputation and business network and is active in the local community having served on several high-profile National Committees, Statutory Agencies, non-profit and corporate entities. She completed her Bachelor of Economics degree in University of Adelaide in 1996 and Master of Arts from the University of South Australia in 2004. She has a Diploma in Executive Directorship from the Singapore Management University, given in 2019.

BOARD COMMITTEES

The Board has the following Committees to aid and support it in the effective performance of its functions.

Executive Committee

The Executive Committee acts on specific matters within the competence of the Board as may be delegated to it by the Board from time to time, subject to the limitations under applicable laws. The Executive Committee reports directly to the Board.

The Executive Committee is composed of at least three members of the Board. The current chairman of the committee is Mr. Tony Tan Caktiong, Chairman and its members are Ernesto Tanmantiong, William Tan Untiong, and Ret. Chief Justice Artemio V. Panganiban.

Nomination Committee

The Nomination Committee (i) pre-screens and shortlists all candidates nominated to the Board, (ii) evaluates the qualifications of all candidates nominated to the Board and other appointments that require the Board's approval, (iii) assists in the development and assessment of the Board nomination and election process (iv) recommends to the Board any changes to the duties and responsibilities of the Chief Executive Officer, among others.

The Nomination Committee is composed of at least three members of the Board, one of whom is an independent director. The Board may appoint other additional members to the Nomination Committee who may or may not be members of the Board. The current chairman of the committee is Ret. Chief Justice Artemio V. Panganiban and its members are Tony Tan Caktiong, Ernesto Tanmantiong, William Tan Untiong, and Cesar V. Purisima.

Compensation Committee

The Compensation Committee (i) establishes a formal and transparent procedure for developing a policy on executive remuneration, (ii) provides oversight over remuneration of senior management and key personnel and (iii) designates amount of remuneration, in a sufficient level to attract and retain directors and officers, among others.

The Compensation Committee is composed of at least three members of the Board, one of whom is an independent director. The Board may appoint other additional members to the Compensation Committee who may or may not be members of the Board. The current chairman of the committee is Tony Tan Caktiong and its members are Ret. Chief Justice Artemio V. Panganiban, Ang Cho Sit, and Ee Rong Chong.

Audit Committee

The Audit Committee (i) recommends the approval of the internal audit charter which sets out the role of internal audit and the Group's audit plan, (ii) monitors and evaluates the adequacy and effectiveness of the Group's internal control system, integrity of financial reporting and information technology security and security of physical and information assets, (iii) oversees the Internal Audit Department and internal audit matters, (iv) oversees external audit matters, (v) reviews and approves financial statements prior to submission to the Board and (vi) ensures that an effective and integrated risk management process is in place, among others.

The Audit Committee is composed of at least four members of the Board, two of whom are independent directors. The current chairman of the committee is Cesar V. Purisima and its members are Antonio Chua Poe Eng, William Tan Untiong, and Kevin Goh.

Corporate Governance Committee

The Corporate Governance Committee (i) reviews and oversees the implementation of the Group's corporate governance framework, (ii) oversees the performance evaluation of the Board and its committees as well as executive management, (iii) recommends continuing education programmes and succession plan for members of the Board and senior officers, (iv) adopts corporate governance policies, (v) determines the nomination and election process for the directors and (vi) assists the Board in reviewing all material related party transactions, among others.

The Corporate Governance Committee is composed of at least three members of the Board. The chairman of the Corporate Governance Committee is an independent director. The current chairman of the committee is Ee Rong Chong and its members are Ernesto Tan Mantiong and Cesar V. Purisima.

CORPORATE OFFICERS

The following table sets forth the members of the Company's senior leadership team as of the date of this Prospectus:

Jollibee Foods Corporation Senior Leadership Team

Tony Tan Caktiong*	Chairman
Ernesto Tanmantiong*	President and Chief Executive Officer
Don Alexander C. Lim	Treasurer and Vice President, Head of Corporate Strategy and Business Development
William Tan Untiong*	Corporate Secretary and Chief Real Estate and Design Officer
Valerie Feria Amante	Global General Counsel & Ethics Head and Assistant Corporate Secretary
Ysmael V. Baysa	Chief Financial Officer and Compliance Officer
Daniel Rafael Ramon Z. Gomez III	Chief Marketing Officer
Arsenio M. Sabado	Chief Human Resources Officer

* *Members of the Board*

Don Alexander C. Lim, Filipino, 39, is the Treasurer and Vice-President, Head of Corporate Strategy and Business Development leading the mergers and acquisitions of the Group. He also serves as a Director on the Board of several of the Company's subsidiaries and is the Executive Assistant to the Chairman and Founder of the Company. He joined Jollibee Foods Corporation in 2005. Mr. Lim has been a part-time faculty with the Ateneo de Manila University and was previously a Finance Manager of Procter & Gamble. He graduated with a Bachelor of Science degree in Business Management, Honors Program, with Latin Honors and with the departmental award from the Ateneo de Manila University in 2003.

Valerie Feria Amante, Filipino, 46, is the Global General Counsel & Ethics Head of the JFC Group and Assistant Corporate Secretary. She joined the Company in 2007, and was previously connected with Ayala Land, Inc. and SyCip Salazar Hernandez & Gatmaitan. She obtained her Bachelor of Arts degree in Psychology, *cum laude*, from the University of the Philippines in 1995 and graduated as salutatorian from the University of the Philippines College of Law in 2000 and placed 7th in the Philippine Bar Examinations of the same year.

Ysmael V. Baysa, Filipino, 65, is Chief Financial Officer and Compliance Officer of Jollibee Foods Corporation. He joined Jollibee Foods Corporation in 2003. Previously, Mr. Baysa was Senior Vice-President for Financial Comptrollership, Human Resources and Corporate Planning of Union Bank. He was also Finance Director of Procter & Gamble from 1993 to 2001. He graduated with a Bachelor of Science degree in business administration (accountancy) from Manuel S. Enverga University Foundation (formerly Luzonian University Foundation) in 1976.

Daniel Rafael Ramon Z. Gomez III, Filipino, 48, is Chief Marketing Officer of Jollibee Foods Corporation. He joined Jollibee Foods Corporation in 2008. He was previously Managing Director for Skin, Deodorants and Home Care of Unilever Philippines and prior to that, Category Director for Skin & Deodorants in the same company. He graduated with a Bachelor of Science degree in management from Ateneo de Manila University in 1995.

Arsenio M. Sabado, Filipino, 54, is Chief Human Resources Officer of Jollibee Foods Corporation. He joined Jollibee Foods Corporation in 2018. He was previously Head of Human Resources and Organization Development of ABS-CBN Group. He graduated with a Bachelor of Science degree in industrial engineering from University of the Philippines in 1989.

CORPORATE GOVERNANCE

The Board of Directors, officers, employees and stockholders of the Company believe that corporate governance is a necessary component of sound strategic business management and will undertake every effort necessary to create awareness within the organization as soon as possible.

The Company has adapted implementing policies of the new Manual on Corporate Governance, including, among others, (i) membership of the Company's directors in other corporate boards, (ii) standard of conduct of the Board

and Senior Management and conflict of interest policy; (iii) selection process for directors and senior management; (iv) major capital expenditures; (v) principles in developing remuneration policies, (vi) risk management, (vii) financial management policies and procedures, (viii) shareholder grievance procedure and (ix) an evaluation system for determining and measuring compliance with the Company's new Manual on Corporate Governance.

To ensure adherence to corporate principles and best practices of good corporate governance, the Compliance Officer monitors compliance with the provisions and requirements of the new Manual on Corporate Governance.

In compliance with SEC Memorandum Circular No. 15, series of 2017, the Company submitted its Integrated Annual Corporate Governance Report (I-ACGR) for the year ended December 31, 2019 on July 23, 2020. The Company shall submit its I-ACGR for the year ended December 31, 2020 within the period required.

Certain Relationships and Related Party Transactions

Tony Tan Caktiong, Ernesto Tanmantiong, William Tan Untiong and Joseph Tanbuntiong are brothers. Ang Cho Sit is the brother-in-law of Tony Tan Caktiong. Susana K. Tanmantiong is the wife of Ernesto Tanmantiong and sister-in-law of Tony Tan Caktiong, William Tan Untiong and Joseph Tanbuntiong. Antonio Chua Poe Eng is the brother-in-law of Tony Tan Caktiong, Ernesto Tanmantiong, William Tan Untiong and Joseph Tanbuntiong. Grace A. Tan is the wife of Tony Tan Caktiong.

Some of the Company's directors own franchises or have minority interests in companies which own and operate franchised stores of the Company. All such franchises are subject to contracts which have been entered into in on an arms-length basis and on terms similar to those granted to other franchisees.

Involvement in Certain Legal Proceedings

The Company is not aware that any one of the incumbent directors and executive officers and persons nominated to become a director and executive officer has been the subject of a bankruptcy petition or a conviction by final judgment in a criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses, or has been by final judgment or decree found to have violated securities or commodities law and enjoined from engaging in any business, securities, commodities or banking activities for the past five (5) years until the date of this Prospectus.

Executive Compensation

Pursuant to Part IV, Paragraph (B) of Annex C of SRC Rule 12, below is a summary compensation table of the Chief Executive Officer and the four (4) most highly compensated officers of the Company:

Names and Positions of the Chief Executive Officer and the four (4) most highly compensated officers of the Company	**Tony Tan Caktiong** *Chairman*	**Ysmael V. Baysa** *Chief Financial Officer*
	Ernesto Tanmantiong *President and Chief Executive Officer*	**Daniel Rafael Gomez III** *Chief Marketing Officer, JFC Group*
	Joseph Tanbuntiong *Chief Business Officer*	

Year	Salary (₱)	Director's Fees (₱)	Bonus (₱)	Total (₱)
2019	130,346,470	1,920,000	72,534,150	**204,800,620**
2020	134,209,564	2,160,000	30,318,400	**166,687,964**
2021*	147,623,281	-	-	**147,623,281**
All other officers and directors as a group unnamed				

2019	558,739,699	720,000	243,406,406	**802,866,105**
2020	478,999,984	660,000	95,885,650	**575,545,634**
2021*	513,087,830		8,700,000	**521,787,830**

**Estimates*

Note: The figures in the table for "other officers and directors as a group unnamed" comprise the Company's employees that have the positions of Vice President and above. The figures for this group for the years 2019 and 2020 have been restated to reflect the change of scope.

Compensation of Directors

Standard Arrangements

Directors of the Company receive a per diem of ₱60,000.00 for attendance in a Board meeting. Board meetings are scheduled monthly. In addition, the Company instituted a performance-based incentive for its directors and provides per diem for Committee meetings. The incentive shall be determined by the Compensation Committee.

Other Arrangements

The Company has no other arrangements pursuant to which a director is compensated or to be compensated, directly or indirectly.

Employment Contracts

The Company maintains standard employment contracts with executive officers. The contracts provide for annual salary increases and bonuses. Other than these employment contracts, there are no special compensatory plans or arrangements which result from the resignation, retirement or any other termination of employment of executive officers other than the Company's retirement plan which is made applicable to all of the Company's employees.

Senior Management Stock Option and Incentive Plan

On January 10, 2017 and December 17, 2002, the SEC approved the exemption requested by the JFC Group on the registration requirements of 31,500,000 and 101,500,000 options, respectively, underlying the Parent Company's common shares to be issued pursuant to the JFC Group's Senior Management Stock Option and Incentive Plan (the Plan). The Plan covers selected key members of management of the JFC Group and designated affiliated entities.

The Plan is divided into two programs, namely, the Management Stock Option Program (MSOP) and the Executive Long-term Incentive Program (ELTIP). The MSOP provides a yearly stock option grant program based on company and individual performance while the ELTIP provides stock ownership as an incentive to reinforce entrepreneurial and long-term ownership behavior of executive participants.

MSOP. The MSOP is a yearly stock option grant program open to members of the senior management committee of the JFC Group and members of the management committee, key talents and designated consultants of some of the business units.

Each MSOP cycle refers to the period commencing on the MSOP grant date and ending on the last day of the MSOP exercise period. Vesting is conditional on the employment of the employee-participants in the JFC Group within the vesting period. The options will vest at the rate of one-third of the total options granted on each anniversary of the MSOP grant date until the third anniversary.

The exercise price of the stock options is determined by the JFC Group with reference to the prevailing market prices over the three months immediately preceding the date of grant for the 1st up to the 7th MSOP cycle. Starting with the 8th MSOP cycle, the exercise price of the option is determined by the JFC Group with reference to the market closing price at date of grant.

The options will vest at the rate of one-third of the total options granted from the start of the grant date on each anniversary date which will start after a year from the grant date. For instance, under the 1st MSOP cycle, the Compensation Committee of the JFC Group granted 2,385,000 options to eligible participants on July 1, 2004. One-third of the options granted, or 795,000 options, vested and may be exercised starting July 1, 2005. The

exercise period for the 1st MSOP cycle was until June 30, 2012. From July 1, 2005 to September 25, 2019, the Compensation Committee granted series of MSOP grants under the 2nd to 16th MSOP cycle to eligible participants. Under the most recent grant on September 25, 2020, the 17th MSOP cycle, the Compensation Committee granted 4,207,060 options. These options vest similar to the 1st MSOP cycle.

The options under MSOP expire eight years after grant date. The 1st, 2nd, 3rd, 4th, 5th, 6th, 7th, 8th and 9th MSOP cycles expired on 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019 and 2020, respectively.
The JFC Group does not pay cash as a form of settlement.

The movements in the number of stock options outstanding under MSOP and related weighted average exercise prices (WAEP) for the period ended December 31, 2020, 2019 and 2018 follows:

	2020		2019		2018	
	Number of Options	**WAEP**	Number of Options	WAEP	Number of Options	WAEP
Total options granted at beginning of year	**52,715,144**	**₱116.43**	50,492,844	₱111.92	47,184,794	₱102.59
Options granted during the year	**4,207,060**	**138.00**	2,222,300	219.00	3,308,050	245.00
Total options granted at end of year	**56,922,204**	**₱118.03**	52,715,144	₱116.43	50,492,844	₱111.92
Outstanding at beginning of year	**17,905,148**	**₱200.38**	17,613,253	₱193.07	16,780,550	₱176.63
Options granted during the year	**4,207,060**	**138.00**	2,222,300	219.00	3,308,050	245.00
Options exercised during the year	**(1,223,364)**	**112.70**	(1,696,402)	139.16	(2,234,849)	145.31
Options forfeited during the year	**(1,472,914)**	**215.80**	(234,003)	270.75	(240,498)	204.03
Outstanding at end of year	**19,415,930**	**₱191.22**	17,905,148	₱200.38	17,613,253	₱193.07
Exercisable at end of year	**12,624,653**	**₱201.00**	12,077,981	₱188.14	10,612,036	₱169.70

The weighted average share price of the Parent Company's common shares is ₱147.16, ₱264.79 and ₱278.16 in 2020, 2019 and 2018, respectively. The weighted average remaining contractual life for the stock options outstanding is 4.70 years, 4.62 years and 4.48 years as at December 31, 2020, 2019 and 2018, respectively.

The weighted average fair value of stock options granted in 2020, 2019 and 2018 is ₱33.84, ₱48.07 and ₱58.42, respectively. The fair value of share options as at the date of grant is estimated using the Black-Scholes Option Pricing Model, taking into account, the terms and conditions upon which the options were granted. The option style used for this plan is the American style because the option plan allows exercise before the expiry date. The inputs in the valuation of the options granted on the dates of grant for each MSOP cycle are shown below:

MSOP Cycle	Year of Grant	Dividend Yield	Expected Volatility	Risk-free Interest Rate	Expected Life of the Option	Stock Price on Grant Date	Exercise Price
1st	2004	1.72%	36.91%	6.20%	5-7 years	₱24.00	₱20.00
2nd	2005	1.72%	36.91%	6.20%	5-7 years	29.00	27.50
3rd	2006	1.72%	36.91%	6.20%	5-7 years	35.00	32.32
4th	2007	1.70%	28.06%	6.41%	3-4 years	52.50	50.77
5th	2008	1.80%	26.79%	8.38%	3-4 years	34.00	39.85
6th	2009	2.00%	30.37%	5.28%	3-4 years	48.00	45.45
7th	2010	2.00%	29.72%	5.25%	3-4 years	70.00	57.77
8th	2011	2.00%	34.53%	4.18%	3-4 years	89.90	89.90
9th	2012	2.00%	28.72%	3.50%	3-4 years	107.90	107.90
10th	2013	2.00%	29.38%	2.68%	3-4 years	145.00	145.00
(Forward)							
11th	2014	2.00%	24.87%	2.64%	3-4 years	₱179.80	₱179.80
12th	2015	2.00%	18.94%	2.98%	3-4 years	180.00	180.00
13th	2016	2.00%	17.76%	2.63%	3-4 years	236.00	236.00
14th	2017	2.00%	16.70%	3.92%	3-4 years	206.20	206.20
15th	2018	2.00%	28.98%	4.95%	3-4 years	245.00	245.00
16th	2019	2.00%	27.65%	4.18%	3-4 years	219.00	219.00
17th	2020	2.00%	35.17%	2.40%	3-4 years	138.00	138.00

The expected life of the stock options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

ELTIP. The ELTIP entitlement is given to members of the senior management committee and designated consultants of the JFC Group.

Each ELTIP cycle refers to the period commencing on the ELTIP entitlement date and ending on the last day of the ELTIP exercise period. Actual grant and vesting are conditional upon achievement of the JFC Group's medium to long-term goals and individual targets in a given period, and the employment of the employee-participants in the JFC Group within the vesting period. If the goals are achieved, the options will be granted. For the 3rd ELTIP cycle, a percentage of the options to be granted are based on the percentage of growth in annual earnings per share such that 100%, 50% or 25% of the options granted when percentage of growth in annual earnings per share are 12% and above, 10% to less than 12% or 8% to less than 10%, respectively. For the 4th ELTIP cycle, the percentage of the options to be granted and the targeted percentage of growth in annual earnings per share have been further revised such that 150%, 100% or 50% of the options granted when percentage of growth in annual earnings per share are 15% and above, 12% to less than 15% or 10% to less than 12%, respectively.

The exercise price of the stock options under ELTIP is determined by the JFC Group with reference to the prevailing market prices over the three months immediately preceding the date of entitlement for the first and second ELTIP cycles. Starting with the 3rd ELTIP cycle, the exercise price of the option is determined by the JFC Group with reference to the closing market price as at the date of entitlement.

The options will vest at the rate of one-third of the total options granted on each anniversary date which will start after the goals are achieved. For instance, on July 1, 2004, the Compensation Committee gave an entitlement of 22,750,000 options under the 1st ELTIP cycle to eligible participants. One-third of the options granted, or 7,583,333 options, vested and were exercised starting July 1, 2007 until June 30, 2012. On July 1, 2008, October 19, 2012, August 25, 2015 and January 3, 2018, entitlement to 20,399,999, 24,350,000, 11,470,000 and 9,290,000 options were given to eligible participants under the 2nd, 3rd, 4th and 5th ELTIP cycles, respectively. The 1st, 2nd and 3rd ELTIP cycles expired on June 30, 2012, April 30, 2017 and April 30, 2020, respectively. The stock options granted under the 4th ELTIP cycle will expire in 2023.

The JFC Group does not pay cash as a form of settlement.

The movements in the number of stock options outstanding for the 3rd to 4th ELTIP cycles and related WAEP for the years ended December 31, 2020, 2019 and 2018 follow:

	2020		2019		2018	
	Number of Options	**WAEP**	Number of Options	WAEP	Number of Options	WAEP
Total options granted at beginning and end of year	**78,969,999**	**₱74.58**	78,969,999	₱74.58	78,969,999	₱74.58
Outstanding at beginning of year	**15,368,368**	**₱123.22**	18,630,000	₱120.55	27,436,666	₱136.35
Options exercised during the year	**(10,885,000)**	**105.00**	(3,238,299)	107.47	(1,323,333)	111.99
Options forfeited during the year	**(410,000)**	**110.56**	(23,333)	180.00	(7,483,333)	180.00
Outstanding at end of year	**4,073,368**	**₱180.00**	15,368,368	₱123.22	18,630,000	₱120.55
Exercisable at end of year	**4,073,368**	**₱180.00**	13,895,035	₱117.20	15,683,333	₱109.38

The weighted average remaining contractual life for the stock options outstanding is 2.33 years, 1.06 years and 2.07 years as at December 31, 2020, 2019 and 2018, respectively.

The fair value of stock options granted is ₱26.13 in 2015. There were no additional stock option grants under ELTIP in 2020, 2019 and 2018. The fair value of share options as at the date of grant is estimated using the Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the options were granted. The option style used for this plan is the American style because this option plan allows exercise before the maturity date.

The inputs to the model used for the options granted on the dates of grant for each ELTIP cycle are shown below:

ELTIP Cycle	Year of Grant	Dividend Yield	Expected Volatility	Risk-free Interest Rate	Expected Life of the Option	Stock Price on Grant Date	Exercise Price
1st	2004	1.72%	36.91%	6.20%	5 years	₱24.00	₱20.00
2nd	2008	1.80%	26.79%	8.38%	3-4 years	34.00	39.85
3rd	2012	2.00%	28.74%	3.60%	3-4 years	105.00	105.00
4th	2015	2.00%	18.94%	2.98%	3-4 years	180.00	180.00

The expected life of the stock options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The cost of the stock options expense charged to operations for both MSOP and ELTIP in the "General and administrative expenses" account amounted to ₱188.3 million and ₱262.9 million in 2020 and 2019, respectively (see Notes 19 and 22). Correspondingly, a credit was made to additional paid-in-capital (see Note 19).

Warrants Outstanding

There are no outstanding warrants held by the Chief Executive Officer, other officers and directors as a group.

SIGNIFICANT EMPLOYEE

While the Company values the contribution of each of its executive and non-executive employees, the Company believes there is no non-executive employee that the resignation or loss of whom would have a material adverse impact on the business of the Company. Other than standard employment contracts, there are no special arrangements with non-executive employees of the Company.

OWNERSHIP AND CAPITALIZATION

As of June 25, 2021, the following is the outstanding capital stock of the Company:

Share Class	Issued	Outstanding	Treasury
Common	1,126,014,257	1,109,566,917	16,447,340
Preferred	-	-	-
TOTAL	1,126,014,257	1,109,566,917	16,447,340

As of June 25, 2021, a total of 259,578,353 common shares of the Company equivalent to 23.39% of its total issued and outstanding capital stock are held by foreigners.

List of Top 20 Stockholders

As of June 25, 2021, the Company had 1,109,566,917common shares and issued and outstanding. The table below sets forth the Company's top 20 holders of common shares as of June 25, 2021:

No.	Shareholder	No. of Outstanding Shares*	% Ownership
1	Hyper Dynamic Corporation	466,723,749	42.06%
2	PCD Nominee Corporation (Non-Filipino)	258,963,682	23.34%
3	PCD Nominee Corporation (Filipino)	208,379,505	18.78%
4	Honeysea Corporation	50,908,863	4.59%
5	Honeyworth Corporation	18,534,259	1.67%
6	Winall Holding Corporation	14,615,517	1.32%
7	Gemma Tanbuntiong	10,881,668	0.98%
8	Tony Tan Caktiong	9,521,231	0.86%
9	Venice Corporation	9,429,645	0.85%
10	William Tan Untiong	8,323,388	0.75%
11	Ernesto Tanmantiong	8,185,141	0.74%
12	A-Star Holding Corporation	7,688,481	0.69%
13	Azucena T. King	6,437,417	0.58%
14	Centregold Corporation	6,254,927	0.56%
15	Kingsworth Corporation	5,808,198	0.52%
16	Ysmael V. Baysa	1,091,667	0.10%
17	Anastacia S. Masancay	847,200	0.08%
18	Armando Medina	515,625	0.05%
19	James Go Dy	468,750	0.04%
20	Jose Ma. A. Minana Jr.	428,798	0.04%
TOTAL		**1,094,007,711**	**98.60%**

**The Outstanding Shares are based on certificated shareholdings and does not include scripless shares lodged with PCD Nominee Corporations.*

Security Ownership of Certain Record and Beneficial Owner and Management (as of June 25, 2021)

Title of Class	Name and Address of Record Owner	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held		Percent
Common	**Hyper Dynamic Corporation** 6th Floor Jollibee Center San Miguel Ave., Pasig City	*Majority of the shares in Hyper Dynamic Corporation are owned or controlled by Tony Tan Caktiong and certain relatives within the second degree of consanguinity or affinity.*	Filipino	Direct	466,723,749	Total: 43.70%
				Indirect (through PCD)	18,142,790	

Title of Class	Name and Address of Record Owner	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held		Percent
Common	**PCD Nominee Corporation** G/F Makati Stock Exchange 6767 Ayala Ave., Makati City	*Approximately 646,528 scripless shares lodged with Deutsche Regis Partners Inc. are owned by Queenbee Resources Corporation, a special purpose vehicle which is the issuer of warrants over such shares.*	Non-Filipino	Direct	-	Total: 23.34%
				Indirect (through PCD)	258,963,682	
Common	**Honeysea Corporation** 6th Floor Jollibee Center San Miguel Ave., Pasig City	*Majority of the shares in Honeysea Corporation are owned or controlled by Tony Tan Caktiong and certain relatives within the second degree of consanguinity or affinity.*	Filipino	Direct	50,908,863	Total: 4.59%
				Indirect (through PCD)	-	
Common	**PCD Nominee Corporation** G/F Makati Stock Exchange 6767 Ayala Ave., Makati City		Filipino	Direct	208,379,505	Total: 18.78%
				Indirect (through PCD)	-	
Common	**Winall Holding Corporation** 6th Floor Jollibee Center San Miguel Ave., Pasig City	*Majority of the shares in Winall Holding Corporation are owned or controlled by certain relatives of Mr. Tony Tan Caktiong within the fourth degree of consanguinity or affinity.*	Filipino	Direct	14,615,517	Total: 1.32%
				Indirect (through PCD)		

Security Ownership of Directors (as of June 25, 2021):

Name and Position	Citizenship	Nature of Beneficial Ownership	Number of Shares	Percent of Class
Tony Tan Caktiong *Director, Executive Chairman and Founder*	Filipino	Direct	9,521,231	Total: 5.47%%
		Indirect (through PCD)	240,000	
		Indirect (through Honeysea Corporation)	50,908,863	
Ernesto Tanmantiong *Director, President and Chief Executive Officer*	Filipino	Direct	8,185,141	Total: 1.30%
		Indirect (through PCD)	457,019	
		Indirect (through Kingsworth Corporation)	5,808,198	
William Tan Untiong *Director, Corporate Secretary and Chief Real Estate and Design Officer*	Filipino	Direct	8,323,388	Total: 1.34%
		Indirect (through PCD)	279,667	
		Indirect (through Centregold Corporation)	6,254,927	

Name and Position	Citizenship	Nature of Beneficial Ownership	Number of Shares	Percent of Class
Ang Cho Sit *Director*	Filipino	Direct	11	Total: 0.89%
		Indirect (through Venice Corporation)	9,429,645	
		Indirect (through Longshore Corporation)	462,592	
Antonio Chua Poe Eng *Director*	Filipino	Direct	1	Total: 1.73%
		Indirect (through Honeyworth)	19,238,156	
Ret. C.J. Artemio V. Panganiban *Director*	Filipino	Direct	1	Total: 0.00%
		Indirect (through PCD)	22,800	
Cesar V. Purisima *Independent Director*	Filipino	Direct	-	Total:0.00%
		Indirect (through PCD)	1	
Ee Rong Chong *Independent Director*	Singaporean	Indirect (through PCD)	1	Total: 0.00%
Kevin Goh *Independent Director*	Singaporean	Indirect (through PCD)	1	Total: 0.00%

Security Ownership of Corporate Officers (as of June 25, 2021):

Name and Position	Citizenship	Nature of Beneficial Ownership	Number of Shares	Percent of Class
Ysmael V. Baysa *Chief Financial Officer*	Filipino	Direct	1,091,667	Total: 0.10%
		Indirect (through PCD)	-	
Arsenio M. Sabado *Chief Human Resources Officer*	Filipino	Direct	-	Total: 0.00%
		Indirect (through PCD)	-	
Daniel Rafael Ramon Gomez III *Chief Marketing Officer*	Filipino	Direct	-	Total: 0.00%
		Indirect (through PCD)	-	
Valerie F. Amante *Global General Counsel & Ethics Head, JFC Group; Assistant Corporate Secretary*	Filipino	Direct	-	Total: 0.00%
		Indirect (through PCD)	-	
Don Alexander C. Lim *Treasurer and Vice-President, Head of Corporate Strategy and Business Development*	Filipino	Direct	200,000	Total: 0.02%
		Indirect (through PCD)	26,380	

Security Ownership of Heads of Philippine Units (as of June 25, 2021):

Name and Position	Citizenship	Nature of Beneficial Ownership	Number of Shares	Percent of Class
Fernando S. Yu, Jr. *President, Jollibee Business*	Filipino	Direct	70,000	Total: 0.01%
		Indirect (through PCD)	-	
Justo S. Alano	Filipino	Direct	-	Total: 0.00%

Name and Position	Citizenship	Nature of Beneficial Ownership	Number of Shares	Percent of Class
President, Chowking Business; President, Foreign Franchised Brands		Indirect (through PCD)	-	
Jose Alexander P. Subido *President, Mang Inasal Business*	Filipino	Direct	500	Total: 0.00%
		Indirect (through PCD)	-	
Zinnia Carmencita S. Rivera *President, Red Ribbon Business*	Filipino	Direct	-	Total: 0.00%
		Indirect (through PCD)	1,050	
Joseph Michael Castro *General Manager, Greenwich Business*	Filipino	Direct	11,667	Total: 0.00%
		Indirect (through PCD)	-	
Jose Amado M. Dominguez *General Manager, Burger King Business*	Filipino	Direct	-	Total: 0.00%
		Indirect (through PCD)	-	

Security Ownership of Heads of Corporate Units (as of June 25, 2021):

Name and Position	Citizenship	Nature of Beneficial Ownership	Number of Shares	Percent of Class
Jose Ma. A. Miñana, Jr. *Chief Sustainability and Public Affairs Officer*	Filipino	Direct	428,798	Total: 0.06%
		Indirect (through PCD)	208,656	
Susana K. Tanmantiong *Chief Procurement Officer*	Filipino	Direct	66,150	Total: 0.01%
		Indirect (through PCD)	-	
Valerie F. Amante *Global General Counsel & Ethics Head, JFC Group; Assistant Corporate Secretary*	Filipino	Direct	-	Total: 0.00%
		Indirect (through PCD)	-	
Marilou N. Sibayan *Vice President and Comptroller - Worldwide*	Filipino	Direct	42,565	Total: 0.00%
		Indirect (through PCD)	10,000	
Lorna D. Atun *Assistant Vice President – Internal Audit*	Filipino	Direct	-	Total: 0.00%
		Indirect (through PCD)	-	

The aggregate number of shares directly and indirectly owned by all officers and directors as a group as of June 25, 2021 is 121,289,076 shares or approximately 10.93% of the Company's outstanding capital stock (net of treasury shares).

Voting Trust of Holders of 5.0% and more

There is no person holding more than 5.0% of the Company's voting securities under a voting trust arrangement.

Changes in Control

The Company is not aware of any change of control or arrangement that may result in a change in control of the Company since the beginning of its last fiscal year.

MARKET PRICE OF AND DIVIDENDS ON THE EQUITY OF THE COMPANY AND RELATED SHAREHOLDER MATTERS

Market Information

The Company's shares were first listed on the PSE on July 4, 1993. The Company's common shares are principally traded at the PSE under the symbol "**JFC**". The high and low daily closing prices for the first quarter of 2021 are ₱199.50 and ₱172.90, respectively.

The high and low prices of the common shares for each quarter of the last three fiscal years are indicated in the table below:

	2020		2019		2018	
	High	**Low**	**High**	**Low**	**High**	**Low**
1st Quarter	**217.00**	**91.10**	**325.20**	**292.00**	**305.40**	**253.00**
2nd Quarter	**150.00**	**102.00**	**322.00**	**270.00**	**300.00**	**259.00**
3rd Quarter	**147.50**	**126.20**	**285.80**	**217.40**	**294.00**	**287.00**
4th Quarter	**210.60**	**137.70**	**235.00**	**184.10**	**309.80**	**303.00**

Source: The Philippine Stock Exchange

Dividends

The Company declares dividends on a semi-annual basis and upon approval by the Board of Directors. The JFC Group has a cash dividend policy of declaring one-third of the JFC Group'snet income for the year as cash dividends. It uses best estimate of its net income as basis for declaring cash dividends.

For 2020, the actual cash dividends per share declared as a percentage of the Earnings Per Share is 12.4%.

Below are the cash dividend declarations of the Company as of April 2021 and for the years 2020, 2019 and 2018:

Cash Dividend	Declaration Date	Ex-Date	Record Date	Payment Date
₱0.78	April 8, 2021	April 21, 2021	April 26, 2021	May 12, 2021
₱0.68	November 9, 2020	November 19, 2020	November 24, 2020	December 14, 2020
₱0.62	April 7, 2020	April 22, 2020	April 27, 2020	May 22, 2020
₱1.35	November 11, 2019	November 21, 2019	November 26, 2019	December 10, 2019
₱1.23	April 8, 2019	April 23, 2019	April 26, 2019	May 9, 2019
₱1.34	November 9, 2018	November 21, 2018	November 26, 2018	December 10, 2018
₱1.14	April 6, 2018	April 19, 2018	April 24, 2018	May 9, 2018

Distributions

Under the terms and conditions of the Senior Perpetual Securities issued by the Company on January 23, 2020 more particularly described below in "*Recent Sales of Unregistered Securities*", if on any distribution payment date of the Senior Perpetual Securities, payment of all distributions scheduled to be made on such date is not made in full by reason of JWPL deferring such distributions in accordance with the terms of the Senior Perpetual Securities, neither JWPL nor the Company may: (a) declare or pay any discretionary dividends, distributions or other payments on, and will procure that no discretionary dividend, distribution or other payment is made on its Junior Securities or (except on a pro-rata basis) its Parity Securities other than a dividend, distribution or other payment in respect of an employee benefit plan or similar arrangement with or for the benefit of employees, officers, directors and consultants of JWPL and/or the Company; or (b) at its discretion, redeem, reduce, cancel, buy-back or acquire for any consideration its Junior Securities or (except on a pro-rata basis) its Parity Securities, unless and until (i) JWPL or the Company has satisfied in full all outstanding arrears of distribution; or (ii) JWPL or the Company is permitted to do so with the consent of the securityholders holding more than 50% in aggregate principal amount of the Senior Perpetual Securities then outstanding.

Junior Securities means any class of share capital (including preference shares) of JWPL or the Company (as the

case may be) and (i) any security issued by JWPL or the Company (as the case may be) which ranks, or is expressed to rank, junior to the Senior Perpetual Securities; and (ii) any security guaranteed by, or subject to the benefit of an indemnity entered into by, JWPL or the Company (as the case may be) where JWPL's or the Company's (as the case may be) obligations under the relevant guarantee or indemnity rank, or is expressed to rank, junior to JWPL's or the Company's (as the case may be) obligations under the Senior Perpetual Securities.

Parity Securities means: (i) any security issued by JWPL and the Company (as the case may be) which ranks, or is expressed to rank, pari passu with the Senior Perpetual Securities; and (ii) any security guaranteed by, or subject to the benefit of an indemnity entered into by, JWPL or the Company (as the case may be) where JWPL's or the Company's (as the case may be) obligations under the relevant guarantee or indemnity rank, or is expressed to rank, pari passu with JWPL's or the Company's (as the case may be) obligations under the Senior Perpetual Securities.

Recent Sales of Unregistered Securities

The notes offered or sold by the JFC Group through its subsidiary, JWPL, have not been registered with the Philippine Securities and Exchange Commission under the Securities Regulation Code of the Philippines (the SRC) because the offer involved an entity outside of the Philippines and the securities were offered outside of the Philippines or were issued pursuant to Section 10.1.4 under the Implementing Rules of the SRC.

Issuance of Securities – Singapore (January 23, 2020)

The Senior Perpetual Securities amounting to USD600.0 million (₱30,588.0 million) was issued by the JFC Group, through JWPL, on January 23, 2020 and was listed in the Singapore Exchange Securities Trading Limited on January 24, 2020. The Securities offered an initial distribution rate of 3.9%, noncallable in five (5) years and payable semi-annually.

The proceeds from issuance of Securities were partially used to refinance the short-term debt from the acquisition of The Coffee Bean & Tea Leaf® (CBTL). The Securities are guaranteedby the Company. The Joint Global Coordinators for this deal were Citigroup and J.P. Morgan,while the Joint Lead Managers and Joint Bookrunners were Citigroup Global MarketsSingapore Pte. Ltd., Credit Suisse (Singapore) Limited, J.P. Morgan (S.E.A.) Limited andMizuho Securities (Singapore) Pte. Ltd. In addition, the Joint Domestic Managers were BPI Capital Corporation, China Bank Capital Corporation and PNB Capital and Investment Corporation.

Issuance of Securities – Singapore (June 25, 2020)

The JFC Group, through JWPL, issued a USD300.0 million (₱14,994.0 million) 5.5-year and USD300.0 million (₱14,994.0 million) 10-year Reg S dual tranche US dollar denominated guaranteed Notes with a coupon rate of 4.125% and 4.750%, respectively, and payable semi- annually. These were listed in the Singapore Exchange Securities Trading Limited on June 25, 2020.

The proceeds from the issuance will be used for general corporate purposes, intended as a precautionary measure from the unforeseen eventualities that may be caused by the COVID-19 pandemic, as well as fund initiatives of the JFC Group. The Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners were Citigroup Global Markets Singapore Pte. Ltd., Goldman Sachs (Singapore) Pte., J.P. Morgan (S.E.A.) Limited and Morgan Stanley Asia (Singapore) Pte. while the Joint Lead Managers and Joint Bookrunners were BPI Capital Corporation, Credit Suisse (Singapore) Limited and UBS AG Singapore Branch.

Senior Management Stock Options and Incentive Plan

On January 10, 2017 and December 17, 2002, the SEC approved the exemption requested by the JFC Group on the registration requirements of 31,500,000 and 101,500,000 options, respectively, underlying the Parent Company's common shares to be issued pursuant to the JFC Group's Senior Management Stock Option and Incentive Plan (the Plan). The Plan covers selected key members of management of the JFC Group and designated affiliated entities. For further discussion please refer to section on "*The Company – Corporate Governance - Executive Compensation - Senior Management Stock Option and Incentive Plan*".

RELATED PARTY TRANSACTIONS

The Company engages from time to time in a variety of transactions with related parties. The Company's policy with respect to related party transactions is to ensure that these transactions are entered into under terms comparable to those available from unrelated third parties. In addition, related party transactions that amount to 10.0% or higher of the Company's total assets shall be subject to the review of the Corporate Governance Committee and the approval by at least 2/3 of the Board of Directors, with at least a majority of independent directors voting to approve the transaction. For more information regarding the Company's transactions with related parties, see note 27 to the Company's audited consolidated financial statements as of and for the period ended December 31, 2020.

LEGAL AND OTHER PROCEEDINGS

There are no material pending legal proceeding that could be expected to have a material adverse effect on the issuance of the Offer Shares and on the results of the financials and the operations of the JFC Group.[2] The Company has not been the subject of any bankruptcy petition, insolvency, receivership, or similar proceedings.

The Company and its subsidiaries are party to non-material legal proceedings from time to time. The outcome of these proceedings cannot be presently determined or predicted with certainty. For reference, *see Notes 17 and 30* of the Audited Financial Statements of the Company for the period ended December 31, 2020.

[2] The Company considers a legal proceeding "material" if the claim for damages involved, exclusive of interest and costs, exceeds 10% of the Company's current assets.

SELECTED FINANCIAL INFORMATION AND OTHER DATA

The summary historical consolidated statements of financial position data as of December 31, 2019 and 2020 and summary historical consolidated statements of comprehensive income for the years ended December 31, 2018, 2019, 2020, set forth below have been derived from, and should be read in conjunction with, the audited consolidated financial statements and, including the notes thereto, included elsewhere in this Prospectus. SyCip Gorres Velayo & Co., a member firm of Ernst & Young Global Limited, has audited the consolidated financial statements in accordance with Philippine Standards on Auditing. The summary historical consolidated statement of financial position data as of March 31, 2021 and summary historical consolidated statements of comprehensive income for the three months ended March 31, 2021 and 2020 have been derived from, and should be read in conjunction with, the unaudited interim condensed consolidated financial statements.

SUMMARY STATEMENTS OF COMPREHENSIVE INCOME

	For the years ended December 31			For the three months ended 31 March	
	2018[1]	2019[2]	2020	2020	2021
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
	(as restated)	(as restated)			
	(in ₱ millions, except earnings per share figures)				
REVENUES					
Gross sales	153,068.7	170,291.1	124,577.3	37,554.8	33,217.3
Sales discount	(2,867.8)	(3,381.7)	(3,332.2)	(901.5)	(916.6)
Net sales	150,200.8	166,909.4	121,245.0	36,653.4	32,300.7
Royalty, set-up fees and others	8,443.5	9,715.7	6,467.1	2,138.1	1,845.9
	158,644.3	176,625.1	127,712.2	38,791.5	34,146.6
PFRS 15 impact on system wide advertising fees	2,523.5	3,001.1	1,600.8	633.2	508.1
	161,167.8	179,626.2	129,313.0	39,424.7	34,654.7
DIRECT COSTS	132,420.6	150,257.9	115,726.3	35,224.6	28,743.0
GROSS PROFIT	28,747.2	29,368.3	13,586.7	4,200.1	5,911.7
EXPENSES					
General and administrative expenses	15,460.6	18,906.7	23,754.2	4,589.2	3,822.5
Advertising and promotions	4,027.6	3,982.6	2,643.9	778.5	619.8
	19,488.2	22,889.3	26,398.1	5,367.7	4,4442.2
OPERATING INCOME (LOSS)	9,259.0	6,579.0	(12,811.4)	(1,167.6)	1,469.4
INTEREST INCOME (EXPENSE)					
Interest income	424.4	400.7	226.6	70.9	26.7
Interest expense	(2,617.5)	(3,187.3)	(3,787.7)	(785.6)	(992.4)
	(2,193.0)	(2,786.6)	(3,561.0)	(714.7)	(965.7)
EQUITY IN NET EARNINGS (LOSSES) OF JOINT VENTURES AND ASSOCIATES - Net	(86.8)	23.4	(1,081.3)	8.9	0.4
OTHER INCOME - Net	3,342.5	6,850.2	4,161.2	240.1	487.0
INCOME (LOSS) BEFORE INCOME TAX	10,321.7	10,566.0	(13,292.6)	(1,633.3)	990.4
PROVISION FOR (BENEFIT FROM) INCOME TAX					
Current	2,822.1	3,255.7	1,546.6	490.2	347.9
Deferred	(142.0)	(200.5)	(2,205.6)	(171.5)	534.3
	2,680.1	3,055.2	(659.0)	318.7	882.2
NET INCOME (LOSS)	7,641.6	7,510.8	(12,633.6)	(1,952.0)	108.1

	For the years ended December 31			For the three months ended 31 March	
	2018[1]	2019[2]	2020	2020	2021
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
	(as restated)	(as restated)			
	(in ₱ millions, except earnings per share figures)				
OTHER COMPREHENSIVE INCOME (LOSS)					
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:					
Translation adjustments of foreign subsidiaries	666.9	428.8	(1,331.9)	57.5	(75.1)
Translation adjustments of foreign joint ventures and associates	(382.3)	(131.9)	69.1	(375.0)	103.7
Comprehensive income (loss) on derivative liability	70.9	(141.1)	(83.2)	(102.9)	29.4
	355.5	155.8	(1,346.0)	(420.5)	58.0
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:					
Remeasurement gain (loss) on pension—net of tax	153.8	(657.4)	(435.7)	–	–
	509.3	(501.6)	(1,781.7)	(420.5)	58.0
TOTAL COMPREHENSIVE INCOME (LOSS)	8,150.9	7,009.2	(14,415.4)	(2,372.5)	166.2
Net income (loss) attributable to:					
Equity holders of the Parent Company	8,212.6	7,302.7	(11,510.7)	(1,676.1)	211.9
Non-controlling interests	(571.0)	208.1	(1,122.9)	(275.9)	(103.8)
	7,641.6	7,510.8	(12,633.6)	(1,952.0)	108.1
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Equity holders of the Parent Company	8,686.0	6,748.9	(13,339.3)	(2,012.6)	314.2
Non-controlling interests	(535.1)	260.3	(1,076.0)	(359.8)	(148.0)
	8,150.9	7,009.2	(14,415.4)	(2,372.5)	166.2
Earnings (Loss) per share for net income (loss) attributable to equity holders of the Parent Company					
Basic	7.555	6.684	(10.445)	(1.532)	0.192
Diluted	7.443	6.608	(10.433)	(1.526)	0.192

1 The Issuer and its subsidiaries adopted PFRS 16, *Leases* using the full retrospective approach of adoption with the initial date of application of January 1, 2019. Amounts presented in the audited consolidated statement of comprehensive income for the year ended December 31, 2018 were adjusted as if PFRS 16 had always been applied.

2 In 2020, the fair values of the assets acquired, and liabilities assumed, from the CBTL acquisition were finalized. Amounts presented in the audited consolidated statement of comprehensive income for the year ended December 31, 2019 were adjusted resulting to changes or adjustments made from that of previously recognized in 2019.

SUMMARY STATEMENTS OF FINANCIAL POSITION

	As at December 31			As at March 31
	2018[1]	2019[2]	2020	2021
	(Audited)	(Audited)	(Audited)	(Unaudited)
	(in ₱ millions)			
ASSETS				
Current Assets				
Cash and cash equivalents	23,285.9	20,892.0	21,361.5	21,764.6
Short-term investments	883.2	2,130.0	441.0	324.3
Financial assets at fair value through profit or loss	–	–	35,658.6	32,584.8
Receivables and contract assets	4,862.7	5,906.3	7,049.9	5,982.9
Inventories	8,812.2	9,966.1	8,295.8	7,869.8
Other current assets	4,694.4	6,725.0	7,233.7	7,490.7
Total Current Assets	42,538.4	45,619.4	80,040.6	76,017.1
Noncurrent Assets				
Financial assets at fair value through profit or loss	39.8	38.2	33.8	33.8
Interests in and advances to joint ventures, co-venturers and associates	3,512.2	6,832.1	7,329.6	7,355.7
Property, plant and equipment	26,672.5	32,592.1	28,684.1	28,812.3
Right-of-use assets	36,564.2	42,467.0	34,224.1	33,610.2
Investment properties	849.0	572.7	572.7	572.7
Trademarks, goodwill and other intangible assets	31,541.8	50,815.3	50,224.1	50,076.9
Operating lease receivables	64.3	98.7	87.2	84.0
Finance lease receivables	184.8	161.9	70.8	67.4
Derivative asset	82.9	–	–	–
Deferred tax assets—net	4,711.8	4,449.3	6,114.4	5,601.2
Other noncurrent assets	3,751.0	3,796.0	3,428.7	3,437.5
Total Noncurrent Assets	107,974.5	141,823.4	130,769.6	129,651.9
Total Assets	150,512.9	187,442.8	210,810.1	205,669.0
LIABILITIES AND EQUITY				
Current Liabilities				
Trade payables and other current liabilities and contract liabilities	28,716.8	34,317.6	31,366.0	27,544.8
Income tax payable	263.5	391.9	196.7	152.4
Short-term debt	–	22,180.3	15,875.5	15,958.9
Current portion of:				
Lease liabilities	5,743.1	7,036.8	6,479.1	6,376.2
Long-term debt	4,892.1	3,416.0	4,720.1	4,557.4
Provisions	–	–	291.1	291.1
Liability for acquisition of a business	11.2	2.8	–	–
Total current liabilities	39,626.6	67,345.3	58,928.5	54,880.9
Noncurrent Liabilities				
Senior debt securities	–	–	28,629.0	28,937.9
Noncurrent portion of:				
Lease liabilities	34,887.7	40,270.7	32,604.6	32,060.7
Long-term debt	21,372.3	19,179.7	14,538.2	13,700.0
Provisions	825.1	825.1	1,035.6	1,035.6
Liability for acquisition of a business	2.9	–	–	–
Interest in an associate	–	–	127.9	124.4
Pension liability	1,320.6	2,221.3	2,917.5	2,988.4
Derivative liability	-	58.2	141.5	112.1
Deferred tax liabilities—net	3,481.5	4,172.6	3,855.6	3,862.9
Total Noncurrent Liabilities	61,890.1	66,727.7	83,849.8	82,822.1
Total Liabilities	101,516.8	134,073.0	142,778.3	137,703.0

	As at December 31			As at March 31
	2018[1]	2019[2]	2020	2021
	(Audited)	(Audited)	(Audited)	(Unaudited)
	(in ₱ millions)			
Equity Attributable to Equity Holders of the Parent Company				
Capital stock—net of subscription receivable	1,088.0	1,093.0	1,105.1	1,105.2
Additional paid-in capital	8,638.4	8,797.4	9,913.9	9,965.0
Other reserve	–	1,877.4	1,877.4	1,877.4
Cumulative translation adjustments of foreign subsidiaries and interests in joint ventures and associates	587.4	832.1	(477.6)	(404.6)
Remeasurement loss on net defined benefit plan—net of tax	(308.0)	(965.4)	(1,401.1)	(1,401.1)
Comprehensive income (loss) on derivative liability	82.9	(58.2)	(141.5)	(112.1)
Excess of cost over the carrying value of non-controlling interests acquired	(1,804.8)	(1,804.8)	(2,026.3)	(2,026.3)
Retained earnings:				
Appropriated for future expansion	20,000.0	20,000.0	20,000.0	20,000.0
Unappropriated	19,391.7	23,879.4	9,869.9	9,798.6
	47,675.6	53,650.8	38,719.8	38,802.0
Less cost of common stock held in treasury	180.5	180.5	180.5	180.5
	47,495.1	53,470.3	38,539.3	38,621.5
Senior Perpetual Securities	-	-	30,588.0	30,588.0
Noncontrolling Interests	1,501.0	(100.6)	(1,095.4)	(1,243.4)
Total Equity	48,996.1	53,369.7	68,031.9	67,966.1
Total Liabilities and Equity	150,512.9	187,442.8	210,810.1	205,669.0

1 The Issuer and its subsidiaries adopted PFRS 16, *Leases* using the full retrospective approach of adoption with the initial date of application of January 1, 2019. Amounts presented in the audited consolidated statement of financial position as of December 31, 2018 were adjusted as if PFRS 16 had always been applied.

2 In 2020, the fair values of the assets acquired, and liabilities assumed, from the CBTL acquisition were finalized. Amounts presented in the audited consolidated statement of financial position as of December 31, 2019 were adjusted resulting to changes or adjustments made from that of previously recognized in 2019.

SUMMARY STATEMENTS OF CASH FLOWS INFORMATION

	For the years ended December 31			For the three months ended March 31	
	2018 (Audited)	2019 (Audited) (As Restated)	2020 (Audited)	2020 (Unaudited)	2021 (Unaudited)
	(in ₱ millions)				
CASH FLOWS FROM OPERATING ACTIVITIES					
Income (loss) before income tax	10,321.7	10,566.0	(13,292.6)	(1,633.3)	990.4
Adjustments for:					
Depreciation and amortization	11,885.8	13,495.4	14,568.7	3,727.2	3,229.3
Interest expense	2,617.5	3,187.3	3,787.7	785.6	992.4
Rent concessions	–	–	(1,411.8)	(18.4)	(56.6)
Impairment losses on:					
Property, plant and equipment	–	399.2	1,185.5	–	–
Right-of-use assets	–	–	661.4	–	–
Receivables	10.2	25.3	281.9	–	20.8
Inventories	8.3	16.7	332.5	6.5	1.2
Loss (gain) on retirements and disposals of:					
Property, plant and equipment, and other intangibles	45.5	(278.3)	1,489.2	23.4	21.7
Other noncurrent assets		–	(227.3)	–	–
Unrealized loss (gain) from financial assets at fair value through profit or loss	–	1.6	(1,317.7)	–	178.6
Equity in net losses (earnings) of joint ventures and associates	86.8	(23.4)	1,081.3	(8.9)	0.4
Pre-termination of leases	(193.2)	(400.4)	(886.3)	(70.7)	(44.8)
Provision for business transformation and contingencies	–	–	501.6		
Interest income	(424.4)	(400.7)	(226.6)	(70.9)	(26.7)
Stock options expense	312.0	262.9	188.3	67.8	39.2
Reversals of provision for impairment on:					
Inventories	(6.1)	(26.5)	(82.4)	(3.6)	–
Property, plant and equipment	(408.2)	(29.2)	(76.2)	(22.1)	(37.7)
Receivables	(23.7)	(91.4)	–	–	(6.7)
Movement in pension liability	39.7	(9.6)	95.6	90.6	70.9
Net unrealized foreign exchange loss (gain)	(5.0)	265.0	77.7	34.1	(22,2)
Amortization of debt issue cost	14.9	19.6	29.4	4.7	9.6
Gain from acquisition of a business and re-measurement of the previously held interest	(754.8)	(4,255.3)	–	–	–
Loss on movement in derivative liability	49.8	–	–	–	–
Income before working capital changes	23,576.6	22,724.3	6,759.8	2,911.9	5,359.8
Decreases (increases) in:					
Receivables	(740.1)	(639.3)	(1,447.5)	1,421.4	1,062.1
Inventories	(1,919.3)	18.4	1,420.1	(1,076.1)	424.8
Other current assets	(509.3)	(1,886.4)	(151.7)	14.9	(257.0)
Increase (decrease) in trade payables and other current liabilities	2,485.8	2,604.2	(5,531.1)	(4,426.8)	(3,517.1)
Net cash generated from operations	22,893.7	22,821.3	1,049.6	(1,154.6)	3,072.6
Income taxes paid	(2,782.4)	(3,127.2)	(1,741.9)	(517.4)	(392.2)
Interest received	361.4	369.4	187.0	58.4	19.0
Net cash provided by (used in) operating activities	20,472.7	20,063.4	(505.3)	(1,613.6)	2,699.4

	For the years ended December 31			For the three months ended March 31	
	2018 (Audited)	2019 (As Restated)	2020 (Audited)	2020 (Unaudited)	2021 (Unaudited)
	(in ₱ millions)				
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisitions of:					
Property, plant and equipment	(9,520.7)	(10,041.9)	(5,879.5)	(1,754.0)	(1,600.0)
Interest in joint ventures	(1,410.9)	(2,174.8)	(1,543.2)	(89.7)	–
Minority interests	(528.8)	–	(149.5)	(149.5)	–
Intangible assets	(111.2)	–	(42.5)	(33.6)	–
Decreases (increases) in:					
Financial assets at fair value through profit or loss	–	–	(37,857.0)	–	(86.5)
Short term-investments	530.2	(1,246.8)	1,689.0	746.9	116.7
Other noncurrent assets	(102.3)	690.0	274.1	(358.0)	(2.0)
Proceeds from:					
Redemption of financial assets at fair value through profit or loss	–	–	3,066.6	–	3,330.7
Disposals of property, plant and equipment	932.3	1,802.5	322.0	123.1	87.0
Cash from acquisition of business - net of cash received (paid for)	(3,798.1)	(16,941.6)	64.3	–	–
Dividends received from a non-controlling interest	34.6	95.7	53.0	–	–
Advances to a joint venture	–	(1,236.7)	–	–	–
Net cash provided by (used in) investing activities	(13,974.9)	(29,053.7)	(40,002.8)	(1,514.9)	1,846.1
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments of:					
Lease liabilities	(6,979.0)	(8,419.7)	(7,803.1)	(2,348.2)	(1,908.5)
Long-term debt	(5,524.7)	(4,900.5)	(3,405.8)	(583.0)	(1,179.1)
Cash dividends	(2,667.1)	(2,807.8)	(1,430.0)	(8.8)	(5.6)
Coupons for Senior Perpetual Securities	–	–	(577.7)	–	(562.3)
Short-term debt	–	–	(20,272.0)	(20,340.2)	–
Proceeds from:					
Senior Perpetual Securities	–	–	30,588.0	30,435.1	–
Senior debt securities	–	–	29,499.0	–	–
Short-term debt	–	22,180.3	14,327.2	1,520,400	–
Issuances of and subscriptions to capital stock	475.5	585.5	1,280.8	155.9	16.9
Long-term debt	11,126.5	1,485.5	375.7	168.2	117.0
Interest paid	(731.7)	(1,434.9)	(1,471.8)	(284.3)	(627.5)
Contributions from noncontrolling interests	11.4	30.4	9.1	–	–
Net cash provided by (used in) financing activities	(4,289.1)	6,718.8	41,119.5	8,715.2	(4,149.2)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,208.7	(2,271.4)	611.5	5,586.7	396.4
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(30.3)	(122.5)	(142.0)	(7.8)	6,.8
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	21,107.5	23,285.9	20,892.0	20,892.1	21,361.5
CASH AND CASH EQUIVALENTS AT END OF PERIOD	23,285.9	20,892.0	21,361.5	26,470.9	21,764.6

SUMMARY OF SELECTED OPERATING AND FINANCIAL INFORMATION

The table below sets forth additional financial information for the periods indicated:

	For the year ended 31 December			For the three months ended 31 March	
	2018	2019	2020	2020	2021
			(Unaudited) (in ₱ millions)		
System wide sales[(1)]	212,185.4	243,792.2	175,970.0	55,151.3	47,782.0
Same store sales growth[(2)]	6.2%	2.8%	-28.3%	-5.0%	-14.7%
EBITDA[(3)]	24,400.5	26,848.0	4,837.1	2,808.6	5,185.3
EBITDA margin[(4)]	15.1%	14.9%	3.7%	7.1%	15.0%

(1) System wide sales is the Group's measure for all sales to consumers, both from Group-owned and franchised stores. While the Group does not record franchised store sales as revenues, royalty fees of the Group are based on a percentage of franchised store sales. SWS and related metrics are unaudited.

(2) Same store sales growth refers to food sales (gross of discount and net of returns and taxes) of Group-owned and franchised stores that have been in operation for at least 15 months. It excludes sales from new store openings.

(3) EBITDA is calculated as earnings before interest, taxes, depreciation and amortisation. Earnings is equivalent to "net income" in the audited and unaudited consolidated financial statements included in this Offering Circular.

The table below sets forth the reconciliation of EBITDA to net income for the periods indicated.

	For the year ended 31 December			For the three months ended 31 March	
	2018	2019	2020	2020	2021
			(Unaudited) (in ₱ millions)		
EBITDA RECONCILIATION					
Net Income (Loss)	7,641.6	7,510.8	(12,633.6)	(1,952.0)	108.1
Add (deduct):					
Income tax	2,680.1	3,055.2	(659.0)	318.7	882.2
Interest—net	2,193.0	2,786.6	3,561.0	714.7	965.7
Depreciation and amortisation	11,885.8	13,495.4	14,568.7	3,727.2	3,229.3
EBITDA	24,400.5	26,848.0	4,837.1	2,808.6	5,185.3

(1) EBITDA margin is calculated as EBITDA divided by total revenues.

The table below sets forth the reconciliation of EBITDA margin for the periods indicated.

	For the year ended 31 December			For the three months ended 31 March	
	2018	2019	2020	2020	2021
			(Unaudited) (in ₱ millions)		
EBITDA MARGIN RECONCILIATION					
EBITDA	24,400.5	26,848.0	4,837.1	2,808.6	5,185.3
Divide by:					
Total Revenues	161,167.8	179,626.2	129,313.0	39,424.7	34,654.7
EBITDA Margin	15.1%	14.9%	3.7%	7.1%	15.0%

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following Management Discussion and Analysis should be read in conjunction with the Unaudited Consolidated Financial Statements as at March 31, 2021 and for the three months ended March 31, 2021 and 2020 and as at December 31, 2020, 2019, and 2018, included elsewhere in this Prospectus.

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new accounting pronouncements starting January 1, 2021. Adoption of these pronouncements did not have any significant impact on the consolidated statement of financial position and performance unless otherwise indicated.

Please refer to Note 2 of the attached Unaudited Interim Condensed Consolidated Financial Statements for the Basis of Preparation, Statement of Compliance, Changes in Accounting Policies and Basis of Consolidation.

Results of Operations

Causes for any material variances
(Increase or decrease of 5% or more in the Income Statement)

For the Year Ended March 31, 2021 vs. March 31, 2020
(All Amounts are in Million Pesos)

Revenues and System Wide Sales (SWS)

Consolidated revenues decreased by ₱4,770.0 million or 12.1% to ₱34,654.7 million for the first quarter of 2021, primarily as a result of permanent closure of stores in 2020 and first quarter of 2021 as well as lower sales per store due to the impacts of COVID-19 pandemic on store operations and consumer behavior. The negative impact of foreign currency translation was at 1.5%.

	Quarters Ended March 31		Change	
	2021	2020	Amount	Pct
	Unaudited	Unaudited		
System wide Sales (Unaudited)	47,782.3	55,151.3	(7,369.0)	-13.4%
Revenues	34,654.7	39,424.7	(4,770.0)	-12.1%

SWS is the JFC Group's measure for all sales to consumers, both from Group-owned and franchised stores. Consolidated SWS decreased by ₱7,369.0 million or 13.4%, from ₱55,151.3 million for the first quarter of 2020 to ₱47,782.3 million for the first quarter of 2021.

The table below shows a breakdown of the growth of the JFC Group's SWS for the following categories for the quarters ended March 31, 2021 and 2020.

	Quarter 1	
	2021 (Unaudited)	2020 (Unaudited)
	Percent	
Same store sales growth	(14.7)	(5.0)
New store contribution	2.8	(6.2)
Acquisition-drive growth	-	13.8
Foreign exchange rate changes	(1.5)	(1.0)

(1) Same store sales growth refers to food sales (gross of discount and net of returns and taxes) of JFC Group-owned and franchised stores that have been in operation for at least 15 months. It excludes sales from new store openings.
(2) New store contribution refers to sales of stores opened from January 1 to December 1, 2020 and from January 1 to December 31, 2019.
(3) Acquisition-driven growth refers to the incremental sales contributed by a newly acquired majority-owned business during the period.
(4) Foreign exchange rate changes refer to the impact of currency fluctuations. To eliminate the impact of currency fluctuations, the JFC Group utilizes constant currencies by converting current SWS using prior period's average exchange rate.

As at December 31, 2020, the JFC Group had 5,824 Company-owned and franchised stores globally, of which 4% were temporarily closed due to the COVID-19 pandemic. At the end of the first quarter of 2021, the percentage

of stores closed temporarily increased to 6% of JFC's stores in the Philippines and 5% of stores worldwide. In the Philippines, Metro Manila and nearby provinces - Cavite, Laguna, Rizal and Bulacan returned to the strictest form of lockdown - Enhanced Community Quarantine (ECQ) on March 22 to April 4 due to resurgence of COVID-19 cases in said areas. Abroad, some countries in Asia, the Middle East and Europe that had eased restrictions during 2020, re-imposed lockdowns in the quarter ended March 31, 2021 due to increased COVID-19 cases. The Table below shows the percentage of stores that were temporarily closed.

		2021 (Month-end) (Unaudited)		
	Dec-2020 (Unaudited)	Jan	Feb	Mar
Philippines	2%	2%	2%	6%
China	0%	0%	0%	0%
North America (ex-CBTL)	6%	5%	5%	4%
EMEAA (ex-SuperFoods)	0%	1%	2%	0%
CBTL	10%	12%	9%	8%
SuperFoods	5%	6%	5%	5%
	4%	4%	4%	5%

As a result, same store sales in the Philippines continued to be in the negative territory at -26.1% in the first quarter of 2021 compared to the same quarter last year. Compared to the first quarter of 2019, the Philippine business' same store sales for the first quarter of 2021 declined by 31.4%.

The foreign business showed stronger performance, with same store sales growing by 7.5% compared to the first quarter of 2020. The foreign business showed faster recovery consistent with the economic recovery of the respective countries, particularly the more developed ones arising from faster and more significant inoculation of vaccines into their population and more significant assistance and economic stimulus packages provided by their governments.

The table below shows a breakdown of the growth of the JFC Group's SWS by region for the quarters ended March 31, 2021 and 2020.

Quarter 1 2021 (Unaudited)	SWS	Same Store Sales Growth	New Store Contribution	Impact of FOREX on SWS
		Percent		
Philippines	(21.3)	(26.1)	4.8	-
People's Republic of China	55.2	47.8	5.1	2.3
North America	2.2	14.3	(7.1)	(5.0)
Europe, Middle East, Asia (EMEAA)	3.6	(0.1)	0.1	3.6
Coffee Bean & Tea Leaf	(22.9)	(12.6)	(5.3)	(5.0)
SuperFoods	3.0	(2.9)	10.6	(4.8)
Total worldwide	(13.4)	(14.7)	2.8	(1.5)

Quarter 1 2020 (Unaudited)	SWS	Same Store Sales Growth	New Store Contribution	Newly Acquired Business Contribution	Impact of FOREX on SWS
			Percent		
Philippines	(9.2)	0.1	(9.3)	-	-
People's Republic of China	(39.6)	(35.9)	0.2	-	(3.9)
North America	(1.4)	(6.8)	8.3	-	(3.0)
Europe, Middle East, Asia (EMEAA)	0.8	(6.2)	10.6	-	(3.6)
Coffee Bean & Tea Leaf	-	-	-	11.4	-
SuperFoods	(4.4)	(14.5)	14.2	-	(4.2)
Total worldwide	1.6	(5.0)	(6.2)	13.8	(1.0)

The China business showed significant improvement in same store sales growth across all brands as store operations were severely affected by the COVID-19 pandemic in February and March last year. Delivery business continued to drive sales, contributing 54% of the China business' total sales for the first quarter of 2021. Compared to the first quarter of 2019 (pre-pandemic), same store sales of the China business declined by 4.5%.

Same store sales were positive for all brands in the United States for the quarter and even surpassed first quarter 2019 pre-pandemic levels by 9%, despite the weather-related disruptions experienced by the stores in February 2021. More than 95% of sales for the North America business came from off-premise channels.

For the Philippine brands in EMEAA region, same store sales were flat to prior year. Same store sales in Southeast Asia were positive compared to the first quarter of 2020 and 2019. However, sales of Jollibee stores in some parts of the Middle East and Europe continued to be challenged due to COVID-19 impacts.

Same store sales of CBTL and SuperFoods were negative for the quarter due to increasing COVID-19 cases and government restrictions in some countries where they operate like the Philippines, Vietnam, Malaysia (CBTL only) and South Korea (CBTL only).

Compared to the first quarter of 2019 (pre-pandemic), the foreign business' same store sales for the first quarter of 2021 declined by 6.6%.

The JFC Group opened 79 stores worldwide and closed 76 stores in the first quarter of 2021. It ended the quarter with 5,827 stores, 2.5% lower compared to the number of stores at the end of March 2020.

Direct Costs

Consolidated direct costs for the quarter ended March 31, 2021 decreased to ₱28,743.0 million, which is ₱6,481.6 million or 18.4% lower than the consolidated direct costs for the quarter ended March 31, 2020, primarily as a result of a decrease in: (i) the cost of inventories and (ii) store and manufacturing costs. As a percentage of revenues, direct cost is at 82.9% and 89.3% for the quarters ended March 31 2021 and 2020, respectively.

The following Table summarizes the breakdown of the JFC Group's direct costs for the quarters ended March 31, 2021 and 2020 and the percentage of each components and the consolidated cost of sales and consolidated revenues:

	Quarters Ended March 31		**Change**		**Pct to Rev**	
	2021 Unaudited	**2020 Unaudited**	Amount	Pct	2021	2020
Cost of Sales						
Cost of inventories	**14,938.7**	18,491.1	(3,552.4)	-19.2%	**43.1%**	46.9%
Personnel costs						
Salaries, wages and other employee benefits	**4,331.8**	4,855.7	(523.9)	-10.8%	**12.5%**	12.3%
Pension expense	**34.2**	45.9	(11.7)	-25.4%	**0.1%**	0.1%
Depreciation and amortization	**3,077.1**	3,575.4	(498.4)	-13.9%	**8.9%**	9.1%
Contracted services	**1,490.9**	2,220.2	(729.3)	-32.8%	**4.3%**	5.6%
Electricity and other utilities	**978.9**	1,259.9	(281.0)	-22.3%	**2.8%**	3.2%
Rent	**821.0**	1,166.8	(345.8)	-29.6%	**2.4%**	3.0%
Supplies	**560.4**	726.6	(166.2)	-22.9%	**1.6%**	1.8%
Repairs and maintenance	**406.6**	503.6	(97.1)	-19.3%	**1.2%**	1.3%
Security and janitorial	**222.6**	307.9	(85.2)	-27.7%	**0.6%**	0.8%
Communication	**83.4**	108.1	(24.7)	-22.8%	**0.2%**	0.3%
Professional fees	**18.8**	32.4	(13.6)	-41.9%	**0.1%**	0.1%
Representation and entertainment	**12.0**	28.9	(16.9)	-58.5%	**0.0%**	0.1%
Delivery costs, insurance and others	**1,258.4**	1,268.9	(10.4)	-0.8%	**3.6%**	3.2%
	28,234.9	34,591.4	(6,356.5)	-18.4%	**81.5%**	87.7%
Cost of Services						
Advertising expense	**508.1**	633.2	(125.1)	-19.8%	**1.5%**	1.6%
	28,743.0	35,224.6	(6,481.6)	-18.4%	**82.9%**	89.3%

Consolidated cost of inventories decreased, primarily as a result of the following interventions in the Group's supply chain: permanent closure of four commissaries in the Philippines, improvement in productivity, favorable product mix and other cost saving initiatives. Inventory levels have also been improved so that there are less lapsing and less actual stocks in storage. In addition, selling price adjustments have also been implemented in the fourth quarter of 2020 and first quarter of 2021 to mitigate the impact of higher inflation. As a percentage of revenues, consolidated cost of inventories decreased by 3.8% YoY primarily due to the foregoing factors.

Consolidated store and manufacturing costs decreased, primarily as a result of the business transformation program implemented in 2020, which covered: (a) closure of non-performing stores; (b) headcount reduction in stores that remain open; (c) closure of four commissaries in the Philippines; (d) downsizing of commissary operations which started in April 2020, including headcount reduction. As a percentage of revenues, consolidated store and manufacturing costs decreased by 2.6% YoY primarily due to the foregoing factors.

The following discussion details the components of store and manufacturing costs, for the quarters ended March 31, 2021 and 2020:

Personnel Costs, Depreciation and Amortization, Contracted Services, Electricity, Rent, Supplies, Repairs and Maintenance, Security and Janitorial and Communication Expenses decreased as a result of: (a) permanent closure of company-owned stores; (b) permanent closure of 4 commissaries in the Philippines; and (c) headcount reduction in existing stores and commissaries in the Philippines and abroad.

Professional fees decreased, primarily as a result of postponement or cancellation of some projects due to the COVID-19 pandemic.

Representation and entertainment expenses decreased, primarily as a result of limited mobility and reduced activities due to the COVID-19 pandemic.

Delivery costs, insurance and others slightly increased, primarily as a result of increased delivery costs as a result of increased sales contribution of the delivery channel offset by decrease in transportation, insurance and other store and manufacturing costs.

Cost of services – advertising decreased, primarily as a result of reduced advertising spending due to the COVID-19 pandemic.

Gross Profit

As a result of the foregoing, gross profit increased by ₱1,711.6 million or 40.8% from ₱4,200.1 million for the first quarter of 2020 to ₱5,911.7 million for the first quarter of 2021. Gross profit margin improved from 10.7% for the first quarter of 2020 to 17.1% for the first quarter of 2021.

General and Administrative Expenses

Consolidated general and administrative expenses decreased by ₱766.7 million or 16.7%, from ₱4,589.2 million for the first quarter of 2020 to ₱3,822.5 million for first quarter of 2021, primarily as a result of savings generated from the JFC Group's business transformation program and the implementation of work from home arrangement in the corporate headquarters and other countries where the JFC Group operates for the safety of employees. General and administrative expenses declined faster than revenues. As a percentage of revenues, general and administrative expenses decreased by 0.6% YoY primarily due to the foregoing factors.

The following table summarizes the breakdown of the JFC Group's general and administrative expenses for the quarters ended March 31, 2021 and 2020 and the percentage of each component to consolidated revenues:

	Quarters Ended March 31		Change		Pct to Rev	
	2021	**2020**	Amount	Pct	**2021**	2020
	Unaudited	**Unaudited**				
Personnel costs:						
Salaries, wages and other employee benefits	**2,043.0**	2,408.0	(365.0)	-15.2%	**5.9%**	6.1%
Stock options expense	**39.2**	67.8	(28.6)	-42.2%	**0.1%**	0.2%
Pension expense	**36.6**	44.7	(8.0)	-17.9%	**0.1%**	0.1%
Taxes and licenses	**365.8**	418.7	(52.8)	-12.6%	**1.1%**	1.1%
Professional fees	**298.7**	385.4	(86.7)	-22.5%	**0.9%**	1.0%
Depreciation and amortization	**152.2**	151.8	0.4	0.3%	**0.4%**	0.4%
Transportation and travel	**122.4**	164.0	(41.6)	-25.4%	**0.4%**	0.4%
Impairment in value of:						
Inventories	**1.2**	6.5	(5.2)	-80.9%	**0.0%**	0.0%
Receivables	**20.8**	-	20.8	100.0%	**0.1%**	0.0%
Contracted services	**117.5**	129.8	(12.2)	-9.4%	**0.3%**	0.3%
Repairs and maintenance	**105.5**	63.9	41.6	65.1%	**0.3%**	0.2%
Rent	**100.7**	134.9	(34.1)	-25.3%	**0.3%**	0.3%
Reversals of provision for impairment on:						
Inventories	**-**	(3.6)	3.6	-100.0%	**0.0%**	0.0%
Property, plant & equipment	**(37.7)**	(22.1)	(15.6)	70.3%	**-0.1%**	-0.1%
Receivables	**(6.7)**	-	(6.7)	-100.0%	**0.0%**	0.0%
Membership and subscriptions	**80.8**	57.8	22.9	39.8%	**0.2%**	0.1%
Communication	**54.7**	58.7	(4.0)	-6.9%	**0.2%**	0.1%
Insurance	**29.3**	31.0	(1.7)	-5.6%	**0.1%**	0.1%
Training	**23.2**	34.1	(10.9)	-31.9%	**0.1%**	0.1%
Supplies	**22.5**	36.5	(13.9)	-38.1%	**0.1%**	0.1%
Loss (gain) on retirements and disposals of property, plant and equipment, intangibles and other assets	**21.7**	23.4	(1.7)	-7.1%	**0.1%**	0.1%
Corporate events	**15.1**	89.9	(74.8)	-83.2%	**0.0%**	0.2%
Association dues	**10.1**	9.8	0.3	3.1%	**0.0%**	0.0%
Electricity and other utilities	**10.0**	15.8	(5.8)	-36.8%	**0.0%**	0.0%
Representation and entertainment	**9.5**	16.6	(7.1)	-42.6%	**0.0%**	0.0%
Security and janitorial	**3.1**	6.8	(3.7)	-54.8%	**0.0%**	0.0%
Donations	**0.6**	37.7	(37.1)	-98.3%	**0.0%**	0.1%
Research and development and others	**182.5**	221.5	(39.0)	-17.6%	**0.5%**	0.6%
Total General and Administrative Expenses	**3,822.5**	4,589.2	(766.7)	-16.7%	**11.0%**	11.6%
Advertising and promotions	**619.8**	778.5	(158.8)	-20.4%	**1.8%**	2.0%
	4,442.2	5,367.7	(925.5)	-17.2%	**12.8%**	13.6%

The following discussion details the components of general and administrative expenses for the quarters ended March 31, 2021 and 2020:

Personnel costs decreased, primarily as a result of: (1) headcount reduction in relation to the business transformation program; and (2) higher personnel costs in 2020, particularly due to separation packages given to employees affected by the business transformation program.

Taxes and licenses expenses decreased, primarily as a result of a decrease in business taxes due to lower sales arising from the permanent closure of significant number of stores in 2020.

Professional fees decreased on account of higher expenses in 2020 driven by: (a) consulting fees paid by CBTL in relation to organizational restructuring, (b) expenses relating to the issuance of Senior Perpetual Securities in January 2020.

Transportation and travel expenses decreased, primarily as a result of travel restrictions imposed by the JFC Group and the government as well.

Contracted services decreased, primarily as a result of headcount reduction in relation to the business transformation program.

Repairs and maintenance expenses increased, primarily as a result of the rollout of the new Point of Sale (POS) system in North America.

Rent expenses decreased, primarily as a result of a reduction in rental space in the corporate headquarters.

The JFC Group recognized a net reversal of ₱22.4 million on previously recognized provisions for impairment on receivables, inventories and property, plant and equipment in 2021 following certain assessments performed by the Group. See Note 22 of the accompanying Unaudited Interim Condensed Consolidated Financial Statements for details.

Membership and subscription expenses increased, primarily as a result of an increase in cloud subscriptions.

Communication expenses decreased, primarily as a result of a decrease in headcount and the implementation of work from home arrangement for office-based employees, particularly in the Philippines.

Insurance expenses decreased, primarily as a result of reduction in premium due to permanent closure of stores and four commissaries in 2020.

Training expenses decreased, primarily as a result of postponement of some training programs due to the COVID-19 pandemic.

The JFC Group incurred loss on retirements and disposals of property, plant and equipment amounting to ₱21.7 million as a result of change in store ownership, store closures and fixed asset disposals.

Corporate events decreased, primarily as a result of reduced activities due to the COVID-19 pandemic.

Supplies, Electricity, Representation and Entertainment and Security and Janitorial Expenses decreased primarily as a result of the implementation of work from home arrangements for all office-based employees in the Philippines and in some countries where the JFC Group operates for the safety of its employees.

Donations decreased, primarily as a result of a higher base as the JFC Group distributed food aid to health workers and health care institutions and lower income sectors of the society at the onset of the COVID-19 pandemic in March 2020.

Research and development and others decreased primarily as a result of higher 2020 expenses pertaining to settlement of tax-related cases and other miscellaneous expenses.

Advertising and Promotions

Advertising and promotions decreased, primarily as a result of a decline in system wide sale arising from the COVID-19 pandemic. As a percentage of revenues, consolidated advertising and promotion decreased by 0.2%.

	Quarters Ended March 31		Change		Pct to Rev	
	2021	**2020**	Amount	Pct	**2021**	2020
	Unaudited	Unaudited				
Advertising and promotion	**619.8**	778.5	(158.8)	-20.4%	1.8%	2.0%

Operating Income

As a result of the foregoing, operating income increased by ₱2,637.1 million or 225.8%, from an operating loss of ₱1,167.6 million for the first quarter of 2020 to an operating income of ₱1,469.4 million for the first quarter of 2021. Operating income margin improved from -3.0% for the first quarter of 2020 to 4.2% for the first quarter of 2021.

Interest Income (Expense)

	Quarters Ended March 31		Change		Pct to Rev	
	2021	**2020**	Amount	Pct	**2021**	2020
	Unaudited	Unaudited				
Interest income	**26.7**	70.9	(44.3)	-62.4%	**0.1%**	0.2%

Interest Expense:						
Financing	**(594.4)**	(344.0)	(250.4)	-72.8%	**-1.7%**	-0.9%
PFRS-16 Leases and Others	**(398.0)**	(441.6)	43.6	9.9%	**-1.1%**	-1.1%
	(965.7)	(714.7)	(251.1)	-35.1%	**-2.8%**	-1.8%

Interest income decreased primarily as a result of lower interest rates.

Interest expense increased, primarily as a result of an increase in interest expense on financing from bank loans and senior bond securities for working capital, capital expenditures relating to on-going projects and other general corporate purposes, partly offset by the decrease in impact of PFRS 16—Leases and others, which amounted to ₱398.0 million for the first quarter of 2021 compared to ₱441.6 million for the first quarter of 2020. See Note 23 to the accompanying Unaudited Interim Condensed Consolidated Financial Statements for details.
As a percentage of revenues, consolidated net interest expenses increased by 1.0%.

Equity in Net Earnings (Losses) of Joint Ventures and Associates — Net

	Quarters Ended March 31		Change		Pct to Rev	
	2021	**2020**	Amount	Pct	**2021**	2020
	Unaudited	**Unaudited**				
Equity in net earnings (losses) of joint ventures and associates – net	**(0.4)**	8.9	(9.3)	-104.2%	**0.0%**	0.0%

Equity in net losses of joint ventures and an associate for the first quarter of 2021 pertains primarily to the equity in net losses of Titan Dining LP (Titan). See Note 11 to the accompanying Unaudited Consolidated Financial Statements for details.

Other Income

	Quarters Ended March 31		Change		Pct to Rev	
	2021	**2020**	Amount	Pct	**2021**	2020
	Unaudited	**Unaudited**				
Write-off of liabilities	**545.9**	135.3	410.6	303.6%	**1.6%**	0.3%
Unrealized loss from financial assets at FVTPL - net	**(178.6)**	-	(178.6)	-100.0%	**-0.5%**	0.0%
Rebates, suppliers' incentives and government subsidi	**114.3**	100.5	13.8	13.7%	**0.3%**	0.3%
Bank charges	**(99.9)**	(111.6)	11.8	-10.5%	**-0.3%**	-0.3%
Pre-termination of lease agreements	**44.8**	70.7	(26.0)	-36.7%	**0.1%**	0.2%
Penalties and charges	**9.7**	16.4	(6.7)	-41.0%	**0.0%**	0.0%
Foreign exchange gain (loss) - net	**6.2**	(40.4)	46.6	115.4%	**0.0%**	-0.1%
Other rentals	**2.0**	5.4	(3.4)	-62.5%	**0.0%**	0.0%
Charges to franchisees	**1.3**	3.1	(1.8)	-58.9%	**0.0%**	0.0%
Insurance claims and others	**41.3**	60.8	(19.5)	-32.0%	**0.1%**	0.2%
	487.0	240.1	246.9	102.8%	**1.4%**	0.6%

Consolidated other income – net increased, primarily as a result of reversal of prior years' accruals partly offset by net unrealized loss on financial assets at fair value through profit or loss arising from the excess funds from the senior perpetual and debt securities which are invested in money market and fixed income funds. Rebates and government subsidies from Singapore, China and Europe amounting to ₱40.6 million and ₱73.7 million, respectively also contributed to the increase. As a percentage of revenues, consolidated other income increased by 0.8% as a result to the foregoing factors.

Provision for Income Tax

	Quarters Ended March 31		Change		Pct to Rev	
	2021	**2020**	Amount	Pct	**2021**	2020
	Unaudited	**Unaudited**				
Current	**347.9**	490.2	(142.3)	-29.0%	**1.0%**	1.2%
Deferred	**534.3**	(171.5)	705.8	411.6%	**1.5%**	-0.4%
	882.2	318.7	563.6	176.9%	**2.5%**	0.8%

Provision for income tax increased, primarily as a result of an unfavorable adjustment in the provision for income tax – deferred. Changes in income tax rates, brought about by the Corporate Recovery and Tax Incentives for Enterprises Act or CREATE Act increased the provision for income tax – deferred by ₱561.1 million.

Net Income

As a result of the foregoing, the JFC Group generated a net income of ₱108.1 million for the first quarter of 2021 compared to a net loss of ₱1,952.0 million for the first quarter of 2020. Net income margin improved from -5.0% for the first quarter of 2020 to 0.3% for the first quarter of 2021.

Net Income Attributable to Equity Holders of the Parent Company

Net income attributable to the equity holders of the Parent Company amounted to ₱211.9 million compared to a net loss of ₱1,676.1 million for the first quarter of 2020. Basic earnings per share for the first quarter of 2021 amounted to ₱0.192, compared to a basic loss per share of ₱1.532 for the first quarter of 2020. Net income attributable to equity holders of the parent company improved from -4.3% for the first quarter of 2020 to 0.6% for the first quarter of 2021.

Financial Condition

Causes for any material variances
(Increase or decrease of 5% or more in the Balance Sheet)

As at March 31, 2021 (Unaudited) Versus December 31, 2020 (Audited)

The JFC Group ended the first quarter of 2021 with consolidated total assets of ₱205,669.0 million, 2.4% lower than the ₱210,810.1 million balance as at the end of the 2020. The following explain the significant movements in the asset accounts:

- The JFC Group's consolidated cash and cash equivalents increased to ₱21,764.6 million, ₱403.1 million or 1.9% higher than the balance at year-end 2020. The movements in the JFC Group's cash will be explained further in the cash flow discussion.

- Short-term investments decreased by ₱116.7 million or 26.5% to ₱324.3 million. Short -term investments that matured were primarily as a result of the reclassification of placements with maturities less 90 days to cash and cash equivalents.

- Financial assets at fair value through profit and loss (FVTPL) pertain to unused proceeds from the issuance of Senior Perpetual Securities and senior debt securities in January 2020 and June 2020, respectively, which were invested by the JFC Group in portfolio investments. The decline was primarily due to redemptions made in the first quarter of 2021.

- Consolidated receivables and contract assets decreased by ₱1,067.0 million or 15.1% to ₱5,982.9 million as of March 31, 2021, primarily as a result of collection from franchisees of royalty payments and commissary purchases.

- Consolidated inventories decreased by ₱426.0 million or 5.1% to ₱7,869.8 million as of March 31, 2021, primarily as a result of the permanent and temporary closure of stores and four commissaries in the Philippines due to the COVID-19 pandemic.

The Company has a current ratio of 1.39:1.00 as at March 31, 2021, compared to 1.36:1.00 as at December 31, 2020.

- Consolidated deferred tax assets decreased by ₱513.1 million or 8.4% to ₱5,601.2 million, as of March 31, 2021, primarily as a result of the impact of CREATE on deferred tax assets. See Note 24 to the accompanying Unaudited Consolidated Financial Statements for details.

Consolidated current liabilities amounted to ₱54,880.9 million, as of March 31, 2021, ₱4,047.6 million or 6.9% lower than the 2020 year-end balance of ₱58,928.5 million. The following explain the significant movements in current liabilities:

- Consolidated trade payables and other current liabilities and contract liabilities decreased by ₱3,821.2 million or 12.2% to ₱27,544.8 million as of March 31, 2021, primarily as a result of a decrease in local business taxes, trade payables, customer deposits, dividends payable and store accruals.

- Consolidated income tax payable decreased by ₱44.3 million or 22.5% to ₱152.4 million, as of March 31, 2021, primarily as a result of lower taxable income covering for just a quarter in 2021; compared to a full year in 2020.

Consolidated noncurrent liabilities amounted to ₱82,822.1 million, as of March 31, 2021, a decrease of 1.2% or ₱1,027.7 million compared to the December 31, 2020 audited balance of ₱83,849.8 million. The following explain the significant movements in noncurrent liabilities:

- Consolidated noncurrent portion of long-term debt decreased by ₱838.1 million or 5.8% to ₱13,700.0 million, as of March 31, 2021, primarily as a result of reclassification to current portion of loans maturing within one year. See Notes 18, 31 and 32 to the accompanying Unaudited Interim Condensed Consolidated Financial Statements for details.

- The derivative liability pertains to the interest rate swap (IRS) entered into by the JFC Group on November 20, 2015 with a bank to convert its exposure in variable interest rate of Loan 1 to a fixed interest rate. The IRS had a both negative but lower negative in 2021 resulting to a comprehensive income of ₱29.4 million as for the three-month period ended March 31, 2021. See Note 18 to the accompanying Unaudited Consolidated Financial Statements for details.

Consolidated total equity amounted to ₱67,966.1 million, as of March 31, 2021, a decrease of 0.1% or ₱65.8 million compared to ₱68,031.9 million as at December 31, 2020.

- The change of ₱72.9 million in cumulative translation adjustment was due to the depreciation of the Philippine Peso versus the RMB for the first quarter of 2021 (Peso to RMB: 7.37) compared to December 31, 2020 (Peso to RMB: 7.35) and the appreciation of the Philippine Peso versus the USD for first quarter of 2021 (Peso to USD: 48.53) compared to December 31, 2020 (Peso to USD: 48.02) which increased the value of the JFC Group's net assets.

- The decrease in consolidated other comprehensive loss on derivative liability of ₱29.4 million for the three-month period ended March 31, 2021 or 20.8% to ₱112.1 million was primarily due to the recognition of unrealized gain in the interest rate swap resulting from higher fixed rate compared to current floating rate.

- The decrease in consolidated retained earnings by ₱71.2 million or 0.2% to ₱29,798.6 million as of March 31, 2021 pertains to the consolidated net income attributable to equity holders of the Parent Company of ₱211.9 million for the first quarter offset by ₱283.1 million accrual of coupon payment for the Senior Perpetual Securities.

Liquidity and Capital Resources

The Group's primary source of liquidity is from its cash flows from operations generated from revenues coming from store operations, franchising, and commissary sales to stores.

The Group's liquidity is managed by ensuring the Group's subsidiaries have a healthy cash conversion cycle and a conservative balance sheet. The Group's current ratio is healthy at 1.39x as of March 31, 2021, while it also maintained a conservative leverage profile wherein its total liabilities to total equity ratio was at 2.03x.

The cash reserves of the Group in the form of financial assets at fair value through profit and loss was at ₱32.6 billion, as of March 31, 2021, and has been sufficient in providing the liquidity needed to service its USD-denominated debt and financing obligations, and to fund its working capital and capital expenditures, especially for the Group's North America and Europe store expansion as their respective economies continue to recover from the pandemic. The Group has also posted a strong earnings recovery in the first quarter of 2021 compared to second quarter of 2020. As a result, EBITDA improved to ₱5,185.3 million as of March 31, 2021, which is 1.8x compared to the same period in 2020. Given the level of cash reserves and the continued recovery in earnings and cash generation, the Group believes it has sufficient liquidity to weather over twenty-seven (27) quarters of muted business performance (see *"The Company" – Recent Developments*).

Overall, the Group has financed operations and capital expenditures of its business units primarily through its cash generated from its operations and from its cash reserves (reflected in the balance sheet as financial assets at fair value through profit and loss). The capital expenditures spent as of the first quarter of 2021, amounting to ₱1,599.9 million were primarily related to new stores and renovations.

JFC plans to issue ₱8.0 billion to ₱12.0 billion worth of perpetual preferred shares by September 2021. The preferred shares issuance is subject to the approval by the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE). In addition, JFC plans to buy back about USD250 million of its USD600 million Perpetual Securities issued in January 2020, using a portion of the net proceeds of the preferred shares issuance

Consolidated net cash provided by operating activities amounted to ₱2,699.4 million for the three-month period ended March 31, 2021, an increase of ₱4,313.1 million or 267.3% compared to the consolidated net cash used in operating activities of ₱1,613.6 million for the three-month period ended March 31, 2020. The increase resulted primarily from an increase net income and a decrease in inventories.

Consolidated net cash provided by investing activities amounted to ₱1,846.1 million for the three-month period ended March 31, 2021, an increase of ₱3,360.9 million or 221.9% compared to the net cash used in investing activities for the three-month period ended March 31, 2020 of ₱1,514.9 million. This was primarily a result of a redemption of ₱3,330.7 million in financial assets at FVPTL, partly offset by capital expenditures for the first quarter of 2021 which amounted to ₱1,599.9 million.

Consolidated net cash used in financing activities amounted to ₱4,149.2 million as at March 31, 2021, primarily as a result of payments of lease liabilities and long-term debt which amounted to ₱1,908.5 million and ₱1,179.1 million, respectively.

Cash and cash equivalents at the end of March 2021 stood at ₱21,764.6 million, ₱403.1 million or 19.0% higher than the December 31, 2020 balance of ₱21,361.5 million.

Discussion and Analysis of Material Events and Uncertainties

1. The group has benefitted from its diversification into international markets where it's restaurants' sales and profit performance have gone back to pre-pandemic levels helped in large part by the broader economic recovery of the respective countries such as effective containment and management of infections, and vaccine roll-outs resulting to lifting of restrictions. Favorable socio-economic conditions also played a vital part in their economic recovery, particularly on countries with strong broad-based economic and fiscal policy support from their governments. Some of their programs are social safety nets, such as stimulus checks for families and unemployed as well as support for businesses helped open up employment and have thus resulted to a recovery in business and consumer confidence and consumer spending. Restaurant sales have a high correlation to consumer spending and spending growth. The Group believes that as countries and societies learn to live with the new normal, that the sector will be among the beneficiaries of the recovery. This is already being manifested in the group's performance in North America, China, Singapore and other parts of the world. It continues to improve quarter on quarter. The group's business transformation and the investments made so far places its business well to cope with the evolving consumer and competitive landscape for it come out stronger and more resilient.

2. Any known trends or any know demands commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way. The following conditions shall be indicated: whether or not the registrant is having or anticipates having within

the next twelve (12) months any cash flow or liquidity problems; whether or not the registrant is in default or breach of any note, loan, lease, or other indebtedness or financing arrangement requiring it to make payments; whether or not a significant amount of the registrant's trade payables have not been paid within the stated terms.

The Group does not expect any liquidity problems in the next twelve (12) months. As of March 31, 2021, the Group has a total of ₱32.6 billion of financial assets at fair value through profit and loss (FVPTL) which were the unused proceeds from the Senior Perpetual Securities and Senior Debt Securities issued in 2020. The Group believes it has sufficient liquidity to weather over twenty-seven (27) quarters of muted business performance.

The cash reserves are currently invested largely in a portfolio of investment grade fixed income funds. Such funds are traded publicly and hence can be redeemed anytime for the Group's liquidity requirements. The yield on the portfolio helps reduce the negative carry from the coupon obligations arising from its bond issuances. The Group is not in default or breach of any of its financing obligations that would require it to make payments and it ensures that it settles its trade payables within the stated terms as agreed with vendors and suppliers.

3. Any event that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

   There were no events during the period that will trigger direct or contingent financial obligation that is material to the JFC Group.

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

   There were no material off-balance sheet transactions, arrangements, obligations created during the reporting period.

5. Any material commitments for capital expenditures, the general purpose such commitments, and the expected sources of funds for such expenditures.

   The Group has provided for capital expenditures of ₱12.2 billion for 2021 to fund the opening of about 450 stores. These will be primarily funded through the Group's cash from operations and cash reserves invested as financial assets at fair value through profit and loss.

6. Any seasonal aspects that had a material effect on the financial condition or results of operations.

   Food service operations have both peak and lean seasons. Historically, sales in the second and fourth quarters are strong due to the summer and the Christmas seasons, respectively. Demand during the first and third quarters usually slackens. The material financial impact of this seasonality has been considered in the JFC Group's consolidated financial forecast.

7. Any know trends events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations should be described.

   The resurgence of the COVID-19 infections poses a risk for the group as with other businesses broadly if restrictions are reimposed thereby affecting business operations.

   In 2020, the Group implemented the Business Transformation Program which involved permanent closures of unprofitable stores worldwide, rationalization of supply chain (four commissaries were closed in the Philippines), and restructuring of general and administrative expenses. The Business Transformation Program translated to improved store profitability, reduction in operating and G&A expenses. As a result, the Group delivered a remarkable recovery back to profits this 2021 from the losses incurred a year ago despite revenues in the Philippines still below pre-pandemic levels. The Group's brands have also adapted and continues to assess its store formats to enable off-premise capabilities due to the changing consumer behavior as well as regulatory safety requirements.

8. Any significant elements of income or loss that did not arise from the registrant's continuing operations.

All of the Group's income arose from its continuing operations.

9. Events after the Reporting Period:

Dividend Declaration
On April 8, 2021, the Board of Directors of the Parent Company approved a cash dividend of ₱0.78 per share of common stock to all stockholders of record as at April 26, 2021. Consequently, the cash dividend is expected to be paid out on May 12, 2021. The cash dividend is 25.8% higher than the ₱0.62 cash dividend per share declared on April 7, 2020.

Planned Issuance of Preferred Shares and Buy-Back of Senior Perpetual Securities
On May 11, 2021, the Board of Directors of the Parent Company approved the amendment to the Seventh Article of the Articles of Incorporation of the Parent Company to reclassify twenty million (20,000,000) unissued common shares, with par value of ₱1.00 per share, out of the authorized capital stock of the Parent Company, into twenty million (20,000,000) cumulative, non-voting, non-participating, and non-convertible, redeemable, perpetual preferred shares, with a par value of ₱1.00 per share.

The Parent Company plans to issue the preferred shares and to buy back some of its Senior Perpetual Securities through a cash tender offer within 2021. The amount of the planned preferred shares issuance is estimated at ₱8,000.0 million. The amount of the buy-back of senior perpetual securities could reach up to USD250.0 million.

The issuance of the preferred shares was approved by the Parent Company's shareholders during the Parent Company's annual stockholders' meeting on June 25, 2021, and is subject to the approval of the Philippine SEC.

Amendments of the Articles of Incorporation of the Parent Company and its Subsidiaries
On June 1, 2021, the Board of Directors of the Parent Company approved the amendments to the Second Article of the Articles of Incorporation of the Parent Company to ensure, for avoidance of doubt that the primary purpose clause expressly sets forth the authority of the Parent Company and its subsidiaries, in pursuit of its primary business purpose can invest in, acquire, own, use, or dispose of real and personal properties, of every kind and description, to strengthen the Company's core business.

The amendments to the Articles of Incorporation of the Parent Company were approved by the Parent Company's shareholders during the Parent Company's annual stockholders' meeting on June 25, 2021, and is subject to the approval of the Philippine SEC.

Incorporation of Yoshinoya Jollibee Foods, Inc.
On June 18, 2021, the Philippine SEC approved the incorporation of Yoshinoya Jollibee Foods, Inc., a 50/50 joint venture of the Parent Company with Yoshinoya International Philippines, Inc. to operate and expand the "Yoshinoya" brand in the Philippines.

Approval of Super Magnificent Coffee Company Pte. Ltd. (Singapore) (SMCC-SG) application as an International Headquarters
On June 23, 2021, SMCC-SG was granted a Development and Expansion Incentive under the International Headquarters Award by the Minister for Trade and Industry of Singapore, entitling SMCC-SG to a concessionary tax rate of 10% instead of 17%.

License Agreement with Milkshop International Co., Ltd.
On June 24, 2021, the Parent Company and its subsidiaries, Fresh N' Famous (FNF) and Mang Inasal Philippines Inc. (MIPI) have entered into a license agreement with Milkshop International Co., Ltd. ("Milkshop"), a popular Taiwanese bubble tea brand. The license agreement grants the Parent Company, FNF and MIPI the exclusive rights to sell and market products under the Milksha brand in JFC Group's stores starting with Chowking stores.

Discussion of the JFC Group's Top Five (5) Key Performance Indicators

The following sets forth the key performance indicators of the Group.

System Wide Sales

System Wide Sales is a measure of all sales to consumers both from company-owned and franchised stores.

	Quarter Ended March 31, 2021 (Unaudited)	Quarter Ended March 31, 2020 (Unaudited)
System Wide Sales	**₱47,782.3 million**	₱55,151.4 million
% Growth vs LY	**-13.4%**	1.6%

Revenues

Revenues is a measure of (1) all sales made by the JFC Group's company-owned stores (both food and novelty sales); (2) Commissary sales to franchised stores; (3) fees from stores operated by franchisees; (4) rental revenues of the JFC Group's investment properties; and (5) revenues from services rendered by the in-house Construction.

	Quarter Ended March 31, 2021 (Unaudited)	Quarter Ended March 31, 2020 (Unaudited)
Revenues	**₱34,654.7 million**	₱39,424.7 million
% Growth vs LY	**-12.1%**	-2.3%

Net Income Margin

Net Income Margin is the ratio of the JFC Group's earnings after interest and tax. This is computed by dividing consolidated net income by consolidated revenues. The quotient is expressed in percentage. This measures the JFC Group's return for every peso of revenue earned, after deducting cost of sales, operating expenses, interests and taxes.

	Quarter Ended March 31, 2021 (Unaudited)	Quarter Ended March 31, 2020 (Unaudited)
Net Income (Loss)	**₱108.1 million**	(₱1,952.0) million
% to Revenues	**0.3%**	-5.0%

Basic Earnings Per Share (EPS)

EPS is the portion of the JFC Group's profit allocated to each outstanding share of common stock. This is computed by dividing the net income for the period attributable to the equity holders of the Parent Company by the weighted average outstanding shares during the same period. This serves as an indicator of the JFC Group's profitability.

	Quarter Ended March 31, 2021 (Unaudited)	**Quarter Ended March 31, 2020 (Unaudited)**
EPS (Basic)	**₱0.192**	(₱1.532)
% Growth vs LY	**112.5%**	-222.7%

Return on Equity (ROE)

ROE is the ratio of the JFC Group's net income attributable to equity holders of the Parent Company to equity. It is computed by dividing annualized net income attributable to equity holders of the Parent Company (computed as net income attributable to equity holders of the Parent Company for the three months ended March 31, 2021 multiplied by 4) by average equity attributable to equity holders of the Parent Company (average means average of the amounts as of the beginning and end of the same period). ROE is a measure of return for every peso of invested equity. The JFC Group also uses ROE for comparing its profitability with other firms in the same industry.

Annualized	**Quarter Ended March 31, 2021**
Return on Equity	**2.2%**

Financial Ratios

Jollibee Foods Corporation and Subsidiaries

	Formula	**Mar-21****	Dec-20
Liquidity Ratios			
Current Ratio	Current Assets / Current Liabilities	**1.39**	1.36
Financial Leverage Ratios			
Asset to Equity Ratio	Total Assets / Total Equity Attributable to Equity Holders of the Parent Company	**5.33**	5.47
Debt Ratio	Total Debt* / Total Debt + Equity Attributable to Equity Holders of the Parent Company	**78.1%**	78.7%
Net Debt Ratio	Total Debt* - Cash and Cash Equivalents - Short-term Investments - Financial Assets at FVTPL / (Total Debt* - Cash and Cash Equivalents - Short-term Investments - Financial Assets at FVTPL) + Equity Attributable to Equity Holders of the Parent Company	**68.3%**	75.8%
Financial Leverage Ratios			
Interest Coverage Ratio	Earnings before Interest and Taxes** / Interest Expense**	**2.0**	(2.5)
Solvency Ratio	Net Income** + Depreciation and Amortization** / Total Liabilities	**0.10**	0.01

Debt Service Coverage Ratio	Net Income** / Total Liabilities		**0.00**	(0.09)

* *Including both total current and total noncurrent liabilities*

** *Annualized, computed as amount for the three months ended March 31, 2021 multiplied by 4.*

Results of Operations

Causes for any material variances
(Increase or decrease of 5% or more in the Income Statement)

For the Year Ended December 31, 2020 vs. December 31, 2019
(All Amounts are in Million Pesos)

The 2019 Audited Consolidated Financial Statements of JFC was restated to reflect the additional gain of ₱1,104.5 million (₱883.6 million of which was attributable to the Parent Company) resulting from the finalization of the fair values of the assets acquired and liabilities assumed, relative to the acquisition of The Coffee Bean & Tea Leaf®.

Revenues and System Wide Sales (SWS)

Consolidated revenues decreased by ₱50,313.2 million or 28.0% to ₱129,313.0 million for the year 2020, primarily as a result of permanent closure of stores and lower sales per store due to the COVID-19 pandemic. The negative impact of foreign currency translation was less than 1%.

	Year Ended December		Change	
	2020	2019	Amount	**Pct**
System Wide Sales (Unaudited)	**175,970.3**	243,792.2	(67,821.9)	-27.8%
Revenues (Audited)	**129,313.0**	179,626.2	(50,313.2)	-28.0%

SWS is the Group's measure for all sales to consumers, both from Group-owned and franchised stores. Consolidated SWS decreased by ₱67,821.9 million or 27.8 per cent, from ₱243,792.2 million for 2019 to ₱175,970.3 million for 2020.

The table below shows a breakdown of the growth of the Group's SWS for the following categories for the years ended December 31, 2020 and 2019.

(Unaudited)	**For the year 2020**	**For the Year 2019**
	Percent	
Same store sales growth	(28.3)	2.8
New store contribution	1.3	9.3
Acquisition-drive growth	-	3.8
Foreign exchange rate changes	(0.8)	(1.0)

(1) Same store sales growth refers to food sales (gross of discount and net of returns and taxes) of Group-owned and franchised stores that have been in operation for at least 15 months. It excludes sales from new store openings.

(2) New store contribution refers to sales of stores opened from January 1 to December 31, 2020 and from January 1 to December 31, 2019.

(3) Acquisition-driven growth refers to the incremental sales contributed by a newly acquired majority-owned business during the period.

(4) Foreign exchange rate changes refer to the impact of currency fluctuations. To eliminate the impact of currency

fluctuations, the Group utilizes constant currencies by converting current SWS using prior period's average exchange rate.

As at March 31, 2020, the Group had 5,974 JFC Group-owned and franchised stores globally, of which 50% were temporarily closed due to the COVID-19 pandemic. As COVID-19 pandemic-related lockdowns and restrictions were gradually lifted in April, May, June, and July 2020, JFC reopened more stores and the percentage of stores that were temporarily closed was reduced to 40%, 26%, 12% and 10% as of April 30 and May 30, 2020, June 30, 2020 and July 31, 2020, respectively. On August 4 to 18, 2020, some parts of the Philippines went back to Modified Enhanced Community Quarantine resulting in higher temporary closure of domestic stores from 8% as of July 31, 2020 to 10% as of August 31, 2020. In September, October, November and December 2020, JFC reopened more stores and the percentage of stores that were temporarily closed was reduced to 7%, 6%, 5% and 4%, respectively.

	Month end (Unaudited)											
	Jan	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sept**	**Oct**	**Nov**	**Dec**
Philippines	-	-	69%	53%	30%	10%	8%	10%	7%	5%	3%	2%
China	19%	12%	6%	2%	2%	2%	1%	1%	1%	0%	0%	0%
North America (ex-CBTL)	-	-	16%	18%	13%	10%	7%	6%	6%	6%	6%	6%
EMEAA (ex-SuperFoods)	-	-	23%	8%	9%	3%	2%	2%	0%	0%	0%	0%
CBTL	-	-	32%	40%	35%	24%	20%	15%	14%	12%	12%	10%
SuperFoods			34%	14%	9%	8%	11%	11%	7%	6%	5%	5%
	1%	1%	50%	40%	26%	12%	10%	10%	7%	6%	5%	4%

As the JFC Group's stores are resuming operations all over the world, the speed of recovery in same store sales varied across different countries and territories. In general, same store sales recovered faster in developed countries than in developing countries. For example, some of the brands' stores in North America recorded positive same store sales growth since mid-April 2020, primarily due to the high purchasing power which was fueled by the stimulus package and unemployment pay. In China, JFC's businesses have started to recover with most brands registering positive same store sales growth in the fourth quarter of 2020. In EMEAA, Jollibee in Singapore, Brunei and Oman registered positive same store sales growth in the fourth quarter of 2020. In the Philippines, recovery has been slow because of higher level of restrictions and lack of public transportation.

The table below shows a breakdown of the growth of the Group's SWS by region for the years ended December 31, 2020 and 2019.

FY 2020 (Unaudited)	**SWS**	**Same Store Sales Growth**	**New Store Contribution**	**Newly Acquired Business Contribution**	**Impact of FOREX on SWS**
			Percent		
Philippines	(40.8)	(34.4)	(6.4)	-	-
People's Republic of China	(20.7)	(17.9)	0.6	-	(3.4)
North America	(11.4)	(7.4)	(0.1)	-	(4.0)
Europe, Middle East, Asia (EMEAA)	(10.1)	(12.7)	6.8	-	(4.1)
Coffee Bean & Tea Leaf	139.4	-	142.8	-	(3.3)
SuperFoods	(13.9)	(15.3)	5.9	-	(4.4)
Total worldwide	(27.8)	(28.3)	1.3	-	(0.8)

FY 2020 (Unaudited)	**SWS**	**Same Store Sales Growth**	**New Store Contribution**	**Newly Acquired**

FY 2019 (Unaudited)	SWS	Same Store Sales Growth	New Store Contribution	Business Contribution	Impact of FOREX on SWS
			Percent		
Philippines	10.5	3.3	7.2	-	-
People's Republic of China	(3.8)	2.6	(0.4)	-	(6.0)
North America	22.7	(1.9)	27.2	-	(2.5)
Europe, Middle East, Asia (EMEAA)	14.9	3.0	14.7	-	(2.8)
Coffee Bean & Tea Leaf	-	-	-	100.0	-
SuperFoods	22.9	7.6	19.6	-	(4.3)
Total worldwide	14.9	2.8	9.3	3.8	(1.0)

The JFC Group opened 338 stores worldwide (Philippines 81; Foreign 257) and closed 486 stores (Philippines 181; Foreign business 305) in 2020. It ended the year 2020 with 5,824 stores, 2.5% lower compared to the number of stores at the end of December 2019.

Direct Costs

Consolidated direct costs for the year 2020 decreased to ₱115,726.3 million, which is ₱34,531.5 million or 23.0% lower than the consolidated direct costs for the year 2019, primarily as a result of a decrease in: (i) the cost of inventories and (ii) store and manufacturing costs. As a percentage of revenues, direct cost is at 89.5% and 83.7% for the years ended December 31, 2020 and 2019, respectively

The following table summarizes the breakdown of the Jollibee Group's direct costs for the years ended December 31, 2020 and 2019 and the percentage of each component and the consolidated cost of sales to consolidated revenues:

	Year Ended December		Change		Pct to Rev	
	2020	2019	Amount	Pct	**2020**	2019
	Audited	Audited As Restated				
Cost of Sales						
Cost of inventories	**58,999.3**	85,405.0	(26,405.7)	-30.9%	**45.6%**	47.5%
Personnel costs:						
Salaries, wages and other employee benefits	**16,943.8**	17,778.1	(834.3)	-4.7%	**13.1%**	9.9%
Pension expense	**47.4**	189.3	(141.9)	-75.0%	**0.0%**	0.1%
Depreciation and amortization	**13,863.7**	12,877.0	986.8	7.7%	**10.7%**	7.2%
Contracted services	**6,741.9**	9,942.9	(3,201.1)	-32.2%	**5.2%**	5.5%
Electricity and other utilities	**4,096.6**	5,535.8	(1,439.2)	-26.0%	**3.2%**	3.1%
Rent	**2,537.0**	4,466.4	(1,929.4)	-43.2%	**2.0%**	2.5%
Supplies	**2,260.4**	2,963.2	(702.9)	-23.7%	**1.7%**	1.6%
Repairs and maintenance	**1,934.2**	2,001.4	(67.2)	-3.4%	**1.5%**	1.1%
Security and janitorial	**955.6**	1,103.8	(148.3)	-13.4%	**0.7%**	0.6%
Communication	**377.8**	341.0	36.7	10.8%	**0.3%**	0.2%
Professional fees	**107.3**	162.5	(55.2)	-34.0%	**0.1%**	0.1%
Representation and entertainment	**81.2**	125.5	(44.3)	-35.3%	**0.1%**	0.1%
Delivery costs, insurance and others	**5,179.3**	4,364.7	814.6	18.7%	**4.0%**	2.4%
	114,125.5	147,256.8	(33,131.3)	-22.5%	**88.3%**	82.0%
Cost of Services						
Advertising expense	**1,600.8**	3,001.1	(1,400.3)	-46.7%	**1.2%**	1.7%
	115,726.3	150,257.9	(34,531.5)	-23.0%	**89.5%**	83.7%

Consolidated cost of inventories decreased relative to the decrease in revenues. As a percentage of revenues, cost of inventories decreased by 1.9% year-on-year (YoY).

Consolidated store and manufacturing costs decreased by 12.5% to ₱56,727.0 million resulting from: (a) closure of non-performing stores; (b) headcount reduction in stores that remain open; (c) closure of some commissaries in the Philippines; (d) downsizing of commissary operations which started in April, including headcount reduction.

The following discussion details the components of store and manufacturing costs, for the year ended December

31, 2020 compared to December 31, 2019:

Personnel costs decreased primarily as a result of: (a) permanent closure of 343 company-owned stores; (b) permanent closure of 4 commissaries in the Philippines; (c) headcount reductions in existing stores and commissaries and main offices in the Philippines and abroad.

Depreciation and amortization expenses increased primarily as a result of the full year impact of the consolidation of CBTL compared to only three months depreciation expense for the year 2019.

Contracted services expenses decreased primarily as a result of the factors discussed above (see discussion on Consolidated store and manufacturing costs).

Electricity expenses decreased primarily as a result of: (a) closure of non-performing stores; and, (b) closure of some commissaries in the Philippines.

Rent expenses decreased primarily as a result of: (a) closure of non-performing stores; (b) closure of some commissaries in the Philippines; and, (c) reprieve on rent given by mall operators and some non-mall lessors.

Supplies expenses decreased primarily as a result of: (a) closure of non-performing stores; and, (b) closure of some commissaries in the Philippines.

Security and janitorial expenses decreased primarily as a result of: (a) closure of non-performing stores; and, (b) closure of some commissaries in the Philippines.

Communication expenses increased primarily as a result of higher call center charges and interest charges.

Delivery costs, insurance and others include lease pre-termination costs amounting to ₱1,042.5 million in 2020.

Gross Profit

As a result of the foregoing, gross profit decreased by ₱15,781.6 million or 53.7% from ₱29,368.3 million for year 2019 to ₱13,586.7 million for the year 2020. Gross profit margin declined from 16.3% in 2019 to 10.5% in 2020.

General and Administrative Expenses

Consolidated expenses increased by ₱3,508.8 million or 15.3%. from ₱22,889.3 million for the year 2019 to ₱26,398.1 million for the year 2020, primarily as a result of: (a) expenses related to the JFC Group's business transformation program; and (b) the full year impact of the consolidation of CBTL compared to only three months operating expenses for the year 2019. The increase in consolidated operating expenses was partially offset by a decrease in other business units expenses as employees at support services and main offices in most countries work from home while some restaurant outlets are temporarily closed. As a percentage of revenues, general and administrative expenses increased by 7.7% YoY primarily due to the foregoing factors.

The following table summarizes the breakdown of the Jollibee Group's general and administrative expenses for the years ended December 31, 2020 and 2019 and the percentage of each component to consolidated revenues:

	Year Ended December		Change		Pct to Rev	
	2020	2019	Amount	Pct	**2020**	2019
	Audited	Audited As Restated				
Personnel costs:						
Salaries, wages and other employee benefits	**10,692.4**	9,580.1	1,112.3	11.6%	**8.3%**	5.3%
Stock options expense	**188.3**	262.9	(74.6)	-28.4%	**0.1%**	0.1%
Pension expense	**48.2**	204.8	(156.7)	-76.5%	**0.0%**	0.1%
Impairment in value of:						
Property, plant & equipment	**1,185.5**	399.2	786.3	197.0%	**0.9%**	0.2%
Right-of-use assets	**661.4**	-	661.4	100.0%	**0.5%**	0.0%
Inventories	**332.5**	16.7	315.8	1894.6%	**0.3%**	0.0%
Receivables	**281.9**	25.3	256.5	1012.2%	**0.2%**	0.0%
Taxes and licenses	**1,403.5**	1,854.4	(450.9)	-24.3%	**1.1%**	1.0%
Loss (gain) on retirements and disposals of property, plant and equipment, intangibles and other assets	**1,489.2**	(278.3)	1,767.5	-635.1%	**1.2%**	-0.2%
Professional fees	**1,432.5**	1,213.1	219.4	18.1%	**1.1%**	0.7%
Contracted services	**1,252.4**	597.2	655.1	109.7%	**1.0%**	0.3%
Depreciation and amortization	**705.0**	618.4	86.6	14.0%	**0.5%**	0.3%
Rent	**492.3**	522.2	(29.9)	-5.7%	**0.4%**	0.3%
Transportation and travel	**412.1**	836.5	(424.4)	-50.7%	**0.3%**	0.5%
Repairs and maintenance	**313.3**	323.3	(10.0)	-3.1%	**0.2%**	0.2%
Communication	**303.5**	186.0	117.4	63.1%	**0.2%**	0.1%
Membership and subscriptions	**275.8**	222.8	53.0	23.8%	**0.2%**	0.1%
Donations	**260.7**	120.6	140.2	116.2%	**0.2%**	0.1%
Corporate events	**230.9**	215.4	15.5	7.2%	**0.2%**	0.1%
Reversals of provision for impairment on:						
Inventories	**(82.4)**	(26.5)	(55.9)	211.2%	**-0.1%**	0.0%
Property, plant & equipment	**(76.2)**	(29.2)	(47.0)	161.1%	**-0.1%**	0.0%
Receivables	**-**	(91.4)	91.4	-100.0%	**0.0%**	-0.1%
Insurance	**101.2**	80.0	21.2	26.5%	**0.1%**	0.0%
Training	**107.8**	279.5	(171.8)	-61.4%	**0.1%**	0.2%
Supplies	**102.6**	106.8	(4.2)	-4.0%	**0.1%**	0.1%
Electricity and other utilities	**46.3**	71.7	(25.5)	-35.5%	**0.0%**	0.0%
Representation and entertainment	**43.2**	94.2	(51.0)	-54.2%	**0.0%**	0.1%
Association dues	**42.2**	42.3	(0.2)	-0.4%	**0.0%**	0.0%
Security and janitorial	**12.0**	34.1	(22.1)	-64.8%	**0.0%**	0.0%
Research and development and others	**1,496.4**	1,424.4	72.0	5.1%	**1.2%**	0.8%
Total General and Administrative Expenses	**23,754.2**	18,906.7	4,847.5	25.6%	**18.4%**	10.5%
Advertising and promotions	**2,643.9**	3,982.6	(1,338.7)	-33.6%	**2.0%**	2.2%
	26,398.1	22,889.3	3,508.8	15.3%	**20.4%**	12.7%

The following discussion details the components of general and administrative expenses for the year ended December 31, 2020 compared to December 31, 2019:

Personnel costs increased primarily as a result of expenses (i.e., separation packages for affected employees) related to JFC's business transformation program.

Taxes and licenses expenses decreased primarily as a result of a decrease in business taxes due to lower sales arising from the temporary closure of significant number of stores.

Professional fees increased primarily as a result of: (a) consulting fees paid by CBTL in relation to organizational restructuring, (b) expenses relating to the issuance of Senior Perpetual Securities in January 2020, and (c) expenses relating to the issuance of senior debt securities in June 2020.

Contracted services increased primarily as a result of financial assistance given to employees of third-party service providers who were affected by the COVID-19 pandemic.

Depreciation and amortization increased primarily as a result of the full year impact of the consolidation of CBTL compared to only three months operating expenses for the year 2019.

Rent expenses decreased primarily as a result of reprieve on rent given by lessors and landlords.

Transportation and travel expenses decreased primarily as a result of travel restrictions imposed by the JFC Group and the government as well.

Repairs and maintenance expenses decreased primarily as a result of closure of main offices due to the implementation of work from home arrangements for all office-based employees in the Philippines effective March 16, 2020 and other countries where the Group operates for the safety of employees and to comply with the restrictions imposed by government authorities to reduce the spread of COVID19.

Communication expenses increased primarily as a result of an increase in telephone and internet-related expenses.

Membership and subscription expenses increased primarily as a result of an increase in cloud subscriptions.

Donations increased primarily as a result of donations provided to people most affected by COVID-19 in various countries. JFC, through its social responsibility arm, the Jollibee Group Foundation, Inc. donated ₱220 million worth of food from JFC Group brands. ₱100 million was used to provide meals for 1.3 million health and checkpoint front liners throughout the country. ₱120 million was used to provide 2.5 million food packs to more than 500 thousand indigent families and to make food donations to 27 community kitchens serving front liners and other communities. This was done in coordination with various public and private institutions to distribute food aid to lower-income sectors of the society. JFC was giving similar assistance to hospitals and health care institutions in China and the United States where it operates.

Corporate events increased driven by increased spending on events before the lockdowns such as annual conventions, Food, Service, Cleanliness (FSC) Awards and Presidential Awards for Performance Excellence (PAPE) of business units as well as other employee programs.

Insurance expenses for increased primarily as a result of the consolidation of CBTL.

Training expenses decreased primarily as a result of postponement of training programs due to the COVID-19 pandemic.

Supplies expenses decreased primarily as a result of the implementation of work from home arrangements for all office-based employees in the Philippines effective March 16, 2020 and other countries where the Group operates for the safety of employees and to comply with the restrictions imposed by government authorities to reduce the spread of COVID19.

Electricity expenses decreased primarily as a result of the implementation of work from home arrangements for all office-based employees in the Philippines effective March 16, 2020 and other countries where the Group operates for the safety of employees and to comply with the restrictions imposed by government authorities to reduce the spread of COVID19.

Representation and entertainment expenses decreased primarily as a result of the implementation of work from home arrangements for all office-based employees in the Philippines effective March 16, 2020 and other countries where the Group operates for the safety of employees and to comply with the restrictions imposed by government authorities to reduce the spread of COVID19.

Security and janitorial expenses decreased primarily as a result of: (a) temporary closure of some of the Group's offices arising from lockdowns imposed by government authorities due to the COVID-19 pandemic.

The Group reversed previously recognized provisions for impairment on property, plant and equipment and inventories amounting to ₱158.5 million. The Group also incurred loss on retirements and disposals of property, plant and equipment amounting to ₱1,489.2 million as a result of change in store ownership, store closures and fixed asset disposals. In addition, the Group recognized provisions for impairment in the value of property, plant and equipment, right-of use assets, inventories and receivables amount to ₱1,185.5 million, ₱661.4 million, ₱332.5 million and ₱281.9 million, respectively, following certain assessments performed by the Group.

Research and development and others include costs (gain) on lease pre-termination and derecognition of unfavorable leases amounting to ₱332.5 million and (₱233.1 million), respectively, in 2020.

Advertising and Promotions

Advertising and promotions decreased primarily as a result of the significant decline in system wide sales. As a percentage of revenues consolidated advertising and promotions decreased by 0.2%.

	Year Ended December		Change		Pct to Rev	
	2020	2019	Amount	Pct	**2020**	2019
	Audited	Audited As Restated				
Advertising and promotion	**2,643.9**	3,982.6	(1,338.7)	-33.6%	**2.0%**	2.2%

Operating Income

As a result of the foregoing, operating income decreased by ₱19,290.5 million or 297.7% from an operating profit of ₱6,479.0 million (as restated) for year 2019 to an operating loss of ₱12,811.5 million for the year 2020. Operating income margins decreased from 3.6% for the year 2019 to -9.9% for the year 2020.

Interest Income (Expense)

	Year Ended December		Change		Pct to Rev	
	2020	2019	Amount	Pct	**2020**	2019
	Audited	Audited As Restated				
Interest income	**226.6**	400.7	(174.0)	-43.4%	**0.2%**	0.2%
Interest expense	**(3,787.7)**	(3,187.3)	(600.4)	-18.8%	**-2.9%**	-1.8%
	(3,561.0)	(2,786.6)	(774.4)	-27.8%	**-2.8%**	-1.6%

Interest income decreased primarily as a result of decrease in short-term investments due to matured placements and lower interest rates.

Interest expense increased primarily as a result of (a) increased bank loans for working capital, capital expenditures relating to on-going operations and other general corporate purposes, (b) impact of PFRS 16—Leases, which amounted to ₱1,938.5 million in 2020 and ₱1,824.3 million in 2019.

As a percentage of revenues, consolidated net interest expenses increased by 1.2%.

Equity in Net Earnings (Losses) of Joint Ventures and Associates — Net

	Year Ended December		Change		Pct to Rev	
	2020	2019	Amount	Pct	**2020**	2019
	Audited	Audited As Restated				
Equity in net earnings (losses) of joint ventures and associates - net	**(1,081.3)**	23.4	(1,104.7)	-4720.9%	**-0.8%**	0.0%

Equity in net losses of joint ventures and an associate for 2020 pertains primarily to the equity in net losses of C-Joy Poultry Meats Production, Inc., partly offset by the equity in net earnings of Titan Dining LP and Entrek (Jollibee Brunei). See Note 11 to the accompanying Audited Consolidated Financial Statements for details.

Other Income

	Year Ended December		Change		Pct to Rev	
	2020	2019	Amount	Pct	**2020**	2019
	Audited	Audited As Restated				
Write-off of liabilities	**2,102.1**	2,290.5	(188.4)	-8.2%	**1.6%**	1.3%
Unrealized gain (loss) from financial assets at FVTPL - net	**1,317.7**	(1.6)	1,319.4	100.0%	**1.0%**	0.0%
Pre-termination of lease agreements	**886.3**	400.4	486.0	121.4%	**0.7%**	0.2%
Rebates, suppliers' incentives and government subsidies	**600.6**	339.1	261.5	77.1%	**0.5%**	0.2%
Bank charges	**(542.9)**	(405.0)	(137.9)	34.1%	**-0.4%**	-0.2%
Provisions - net	**(501.6)**	-	(501.6)	-100.0%	**-0.4%**	0.0%
Foreign exchange loss - net	**(142.4)**	(268.2)	125.8	46.9%	**-0.1%**	-0.1%
Penalties and charges	**47.1**	65.8	(18.7)	-28.4%	**0.0%**	0.0%
Other rentals	**18.5**	6.3	12.2	194.9%	**0.0%**	0.0%
Charges to franchisees	**7.0**	24.6	(17.6)	-71.7%	**0.0%**	0.0%
Gain from acquisition of a business	**-**	4,255.3	(4,255.3)	-100.0%	**0.0%**	2.4%
Insurance claims and others	**368.7**	143.0	225.7	157.8%	**0.3%**	0.1%
	4,161.1	6,850.2	(2,689.1)	-39.3%	**3.2%**	3.8%

The decrease in consolidated other income - net was primarily a result of higher base arising from the gain from acquisition of CBTL which amounted to ₱4,255.3 million , partially offset by other income from (a) net unrealized gain on financial assets at fair value through profit or loss arising from the excess funds from the senior perpetual and debt securities which are invested in bond funds (b) government subsidies from Singapore, Canada, China and Europe, and (3) pre-termination of lease agreements.

Other income for the year 2019 was restated to reflect the additional gain of by ₱1,104.5 million resulting from the finalization of the fair values of the assets acquired and liabilities assumed, relative to the acquisition of The Coffee Bean & Tea Leaf®.

Provision for Income Tax

	Year Ended December		Change		Pct to Rev	
	2020	2019	Amount	Pct	**2020**	2019
	Audited	Audited As Restated				
Current	**1,546.6**	3,255.7	(1,709.0)	-52.5%	**1.2%**	1.8%
Deferred	**(2,205.6)**	(200.5)	(2,005.1)	-1000.1%	**-1.7%**	-0.1%
	(659.0)	3,055.2	(3,714.2)	-121.6%	**-0.5%**	1.7%

Provision for income tax decreased resulting from lower taxable income in 2020 brought about by the pandemic and recognition of Net Operating Loss Carry Over (NOLCO) for USA-, Philippine- and China- based entities.

Net Loss

As a result of the foregoing, the JFC Group incurred a net loss of ₱12,633.6 million for the year 2020, a decrease of ₱20,144.4 million or -268.2% compared to the net income of ₱7,510.8 million (*as restated*) for the year 2019. Net loss margins decreased from 4.2% in 2019 to -9.8% in 2020.

Net Loss Attributable to Equity Holders of the Parent Company

Net loss attributable to the equity holders of the Parent Company amounted to ₱11,510.7 million, a decrease of ₱18,813.5 million or -257.6% compared to the net income of ₱7,302.7 million (*as restated*) for the year 2019. Basic loss per share for the year 2020 amounted to ₱10.445, a decrease of ₱17.129 or -256.3% compared to the basic earnings per share of ₱6.684 (*as restated*) for the year 2019. Net loss attributable to the equity holders of the parent company margins decreased from 4.1% in 2019 to -8.9% in 2020.

Financial Condition

Causes for any material variances
(Increase or decrease of 5% or more in the Balance Sheet)

As at December 31, 2020 Versus December 31, 2019

The Jollibee Group ended the year 2020 with consolidated total assets of ₱210,810.1 million, 12.5% higher than the ₱187,442.8 million balance as at the end of 2019 (as restated). The following explain the significant movements in the asset accounts:

- The Jollibee Group's consolidated cash and cash equivalents increased to ₱21,361.5 million, ₱469.5 million or 2.2% higher than the balance at year-end 2019. The movements in the Jollibee Group's cash will be explained further in the cash flow discussion.

- Short-term investments decreased by ₱1,689.0 million or 79.3% to ₱441.0 million due to reclassification of placements with maturities less than 90 days to cash and cash equivalents.

- Financial assets at fair value through profit and loss (FVTPL) pertain to unused proceeds totaling ₱35,658.6 million (USD742.6 million) from the issuance of Senior Perpetual Securities and senior debt securities in January 2020 and June 2020, respectively, which were invested by the JFC Group in bond funds.

- Consolidated receivables and contract assets increased by ₱1,143.6 million or 19.4% to ₱7,049.9 million primarily due to delays in collection from franchisees.

- Consolidated inventories decreased by ₱1,670.3 million or 16.8% to ₱8,295.8 million as a result of the permanent and temporary closure of stores due to the COVID-19 pandemic.

- Other current asset increased by ₱508.7 million or 7.6% to ₱7,233.7 million due to higher pre-payments for taxes offset by lower prepaid rent.

The Company has a current ratio of 1.36:1.00 as at December 31, 2020, higher than the current ratio of 0.68:1.00 *(based on restated balances)* as at December 31, 2019.

- Interests in joint ventures and associates increased by ₱497.5 million or 7.3% to ₱7,329.6 million primarily due to the additional investment in Titan Dining (Tim Ho Wan) amounting to ₱1,543.2 million. See Note 11 to the accompanying Audited Consolidated Financial Statements for details.

- Consolidated property, plant and equipment decreased by ₱3,908.0 million or 12.0% to ₱28,684.1 million, net of accumulated depreciation, primarily as a result of the permanent closure of stores and four commissaries in relation to JFC's business transformation program. See Note 12 to the accompanying Audited Consolidated Financial Statements for details.

- Consolidated right-of-use assets decreased by ₱8,242.9 million or 19.4% to ₱34,224.1 million primarily due to the permanent closure of stores in relation to JFC's business transformation program.

- Consolidated operating lease receivables decreased by ₱11.5 million or 11.7% to ₱87.2 million, primarily due to collection of rental payments from tenants.

- Consolidated finance lease receivable decreased by ₱91.1 million or 56.3% to ₱70.8 million due to pre-termination of leases.

- Consolidated deferred tax assets increased by ₱1,665.1 million or 37.4% to ₱6,114.4 million, primarily from NOLCO of USA- and Philippine-based entities. See Note 24 to the accompanying Audited Consolidated Financial Statements for details.

Consolidated current liabilities amounted to ₱58,928.5 million, ₱8,416.8 million or 12.5% lower than the 2019 year-end balance of ₱67,345.3 million *(as restated)*. The following explain the significant movements in current liabilities:

- Consolidated trade payables and other current liabilities and contract liabilities decreased by ₱2,951.5 million or 8.6% to ₱31,366.0 million primarily due to decrease in local business taxes, trade payables and other current liabilities partly offset by increase in service fees and others, contract liabilities and freight.

- Consolidated income tax payable decreased by ₱195.3 million or 49.8% to ₱196.7 million due to lower taxable income for 2020.

- Consolidated short-term debt decreased by ₱6,304.9 million or 28.4% to ₱15,875.5 million due to the settlement of USD400.0 million loan, mainly for the CBTL acquisition acquired in September 2019, and favorable translation adjustments, partly offset by new loans availed by the JFC Group during the period. See Note 18 to the accompanying Audited Consolidated Financial Statements for details.

- Consolidated current portion of lease liabilities decreased by ₱557.6 million or 7.9% to ₱6,479.1, million, primarily due to store closures.

- Consolidated current portion of long-term debt increased by ₱1,304.1 million or 38.2% to ₱4,720.1 million primarily due to reclassification of loans maturing within one year from non-current portion to current portion of long-term debt, partly offset by payments made during the period.

- Liability for acquisition of businesses decreased pertains to the remaining balance of re-acquired franchise rights of Smashburger, partially offset by subsequent payments made.

- Current provisions consist mainly of provisions for asserted claims which are normal to the JFC Group's business. These include estimates of legal services, settlement of amounts and other costs of claims made against the JFC Group.

Consolidated noncurrent liabilities amounted to ₱83,849.8 million, 25.7% or ₱17,122.1 million higher than the December 31, 2019 audited balance *(as restated)* of ₱66,727.7 million. The following explain the significant movements in noncurrent liabilities:

- Senior debt securities pertain to the USD300.0 million 5.5-year and a USD300.0 million 10-year Reg S only dual-tranche US dollar-denominated guaranteed senior notes issued on June 24, 2020, with a coupon rate of 4.125% and 4.750%, respectively, and payable semi-annually.

- Consolidated noncurrent portion of lease liabilities decreased by ₱7,666.1 million or 19.0% to ₱32,604.6 million, primarily due to the permanent closure of stores in relation to JFC's Business Transformation Program.

- Consolidated noncurrent portion of long-term debt decreased by ₱4,641.6 million or 24.2% to ₱14,538.1 million mainly due to reclassification to current portion of loans maturing within one year. See Note 18 to the accompanying Audited Consolidated Financial Statements for details.

- Interest in joint ventures and associates pertain to losses in excess of investment in C-Joy Poultry.

- Consolidated pension liability increased by ₱696.2 million or 31.3% to ₱2,917.5 million, primarily due to additional accruals during the period and remeasurement loss on net defined benefit plan.

- The derivative liability pertains to the interest rate swap (IRS) entered into by the JFC Group on November 20, 2015 with a bank to convert its exposure in variable interest rate of Loan 1 to a fixed interest rate. The IRS had a negative fair value of ₱58.2 million as at December 31, 2019 and this increased to ₱141.5 million as at December 31, 2020. See Note 18 to the accompanying Audited Consolidated Financial Statements for details.

- Consolidated deferred tax liabilities decreased by ₱317.1 million or 7.6% to ₱3,855.6 million, mainly coming from ROU assets arising from subsequent amortization and permanent store closures. See Note 24 to the accompanying Audited Consolidated Financial Statements for details.

Consolidated total equity increased by ₱14,662.1 million or 27.5% to ₱68,031.9 million as at December 31, 2020. The following explain the significant movements in Equity:

- Capital Stock and Additional paid-in capital increased due to issuance of new shares pertaining to the JFC Group's stock option program and the related stock option expense accrual.

- The change of ₱1,309.6 million (loss) in cumulative translation adjustment was due to the appreciation of the Philippine Peso versus the RMB for the year 2020 (Peso to RMB: 7.35) compared to December 31, 2019 (Peso to RMB: 7.25) and the appreciation of the Philippine Peso versus the USD for year 2020 (Peso to USD: 48.02) compared to December 31, 2019 (Peso to USD: 50.64) which resulted in the lower value of the JFC Group's net assets.

- The increase in remeasurement loss on net defined benefit plan – net of tax by ₱435.7 million for the year 2020 or 45.1% to ₱1,401.1 million as at December 31, 2020 was primarily as result of actuarial changes arising from changes in financial assumptions, basically due to lower discount rates.

- The decrease in consolidated other comprehensive income on derivative liability by ₱83.2 million for the year 2020 or 142.9% to ₱141.5 million as at December 31, 2020 was primarily due to the recognition of unrealized loss in the interest rate swap resulting from higher fixed rate compared to current floating rate.

- The decrease in consolidated retained earnings by ₱14,009.5 million or 31.9% to ₱29,869.9 million pertains to the consolidated net loss attributable to equity holders of the Parent Company for the year 2020, cash dividends declared in May 2020 and Senior Perpetual Securities' 1st coupon payment on July 23, 2020.

The 2019 Audited Consolidated Financial Statements of JFC was restated to ₱7,302.7 million to reflect the additional gain of ₱883.6 million (attributable to the Parent Company) resulting from the finalization of the fair values of the assets acquired and liabilities assumed, relative to the acquisition of The Coffee Bean & Tea Leaf®.

- Senior Perpetual Securities refer to the perpetual bonds issued by JWPL, a wholly owned subsidiary, and listed in the Singapore Exchange Securities Trading Limited on January 24, 2020. The Securities offered an initial distribution rate of 3.9%, non-call (5 years) and payable semi-annually. Proceeds from the issuance of securities amounted to US$600.0 million or ₱30,588.0 million.

Liquidity and Capital Resources

The Group's primary source of liquidity is from its cash flow from operations which is generated from revenues coming from store operations, franchising, and commissary sales to stores.

In January 2020, before the pandemic that caused unprecedented lockdowns, JFC issued USD600.0 million of Senior Perpetual Securities for the repayment of the USD400.0 million bridge loan obtained in September 2019 that was used for the acquisition of The Coffee Bean & Tea Leaf business. The remaining proceeds were initially earmarked for capital expenditures for the year 2020.

As soon as the pandemic impacted the business with massive closures of stores, JFC announced its decision to reduce its targeted capital expenditures from ₱14.2 billion to ₱5.9 billion. Further, JFC embarked on a Business Transformation Program (see *"Summary" – Recent Developments*). Four commissaries and a total of 486 stores (307 were Group-owned, while 179 were franchised), of which 262 company-owned stores were unprofitable and were closed permanently. Operating and general and administrative expenses were significantly reduced in stores, supply chain facilities and back-office functions. A total of ₱7.0 billion was provided for the Business Transformation in June 2020. ₱6.7 billion or 96% of that provision were utilized during the year, and of which₱2.0 billion represented write-off of book value of assets mainly related to the stores and commissaries that were shutdown. A total of ₱2.6 billion in annualized savings are now being realized with full impact in 2021 and the years ahead.

To support the Business Transformation Program and the impact of the COVID-19 pandemic to the businesses, the Group reallocated the remaining proceeds from the Senior Perpetual Securities as cash buffer to support the Group's working capital requirements especially during the height of the lockdowns around the world. Prior to the pandemic, the Group's leverage ratios, such as Debt-to-EBITDA and gearing ratio (Total Liabilities to Total Equity), were maintained between 1.5x to well below 3.0x. The low levels of leverage and the overall healthy balance sheet afforded the Group enough debt headroom for additional leverage for flexibility to respond quickly to the pandemic. When the pandemic lockdowns affected business operations in early March of 2020, the Group was able to use its available credit lines in the Philippines and in the USA and subsequently tapped the USD capital market in June to build up further its cash reserves to shore up the needed liquidity so its businesses around the world could continue to operate and take advantage of expansion opportunities when the economies gradually recover from the pandemic.

In June 2020, JFC, through JWPL, issued Senior Debt Securities (USD300.0 million with 5.5 year maturity and USD300 million with 10 year maturity). The substantial portion of the proceeds from the Senior Debt Securities and excess of the earlier issued Senior Perpetual Securities, net of the USD400.0 million payment of the short-term debt for the acquisition of CBTL, were utilized for the balance of 2020 for working capital support, spending for the Business Transformation Program, and gradual capital expenditure investments for markets that were quicker to recover from the pandemic. The unused funds were reinvested in the form of financial assets at fair value through profit and loss (FVTPL) in USD-denominated fixed income funds portfolio worth ₱35.7 billion or about USD742.6 million as of December 31, 2020. A total of ₱1.3 billion was recognized as unrealized gains from such investments, at FVTPL, contributing to JFC's consolidated profit by the end of the year.

Consolidated net cash used in operating activities amounted to ₱505.3 million for the year ended December 31, 2020, ₱20,568.7 million or 102.5% lower compared to the consolidated net cash provided by operating activities of ₱20,063.4 million for the year ended December 2019. The decrease in funds from operations was mainly due to the loss incurred in 2020 due to the impact of the COVID-19 pandemic.

Consolidated net cash used in investing activities amounted to ₱40,002.8 million for the year ended December 31, 2020, ₱10,949.1 million or 37.7% higher compared to the net cash used in investing activities for the year ended

December 31, 2019 primarily as a result of financial assets at FVPTL which amounted to ₱37,857.1 million. Capital expenditures for the year 2020 decreased to ₱5,922.0 million compared to the capital expenditures of ₱10,041.9 million for the year 2019.

Consolidated net cash provided by financing activities amounted to ₱41,119.5 million for the year ended December 31, 2020, primarily due to proceeds from (a) the issuance of guaranteed Senior Perpetual Securities in January 2020 amounting to ₱30,588.0 million; (b) the issuance of senior debt securities in June 2020 amounting to ₱29,499.0 million; and (c) short-term debt of ₱14,327.3 million, partly offset by payments of short-term debt, lease liabilities, long-term debt, interest, cash dividends, and coupons for Senior Perpetual Securities with a combined amount of ₱34,960.4 million.

Cash and cash equivalents at the end of December 2020 stood at ₱21,361.5 million, ₱469.5 million or 2.2% higher than the December 31, 2019 balance.

Discussion and Analysis of Material Events and Uncertainties

1. Any known trends or any know demands commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way. The following conditions shall be indicated: whether or not the registrant is having or anticipates having within the next twelve (12) months any cash flow or liquidity problems; whether or not the registrant is in default or breach of any note, loan, lease, or other indebtedness or financing arrangement requiring it to make payments; whether or not a significant amount of the registrant's trade payables have not been paid within the stated terms.

   The JFC Group was able to mitigate potential liquidity issues as it was able to build sufficient cash reserves from the short-term credit facilities from partner banks in the Philippines and in the USA and from the issuance of USD Perpetual and Senior Debt Securities. As part of the prudent financial management by the Group to address the impact of the COVID-19 pandemic, the Group coordinated closely with relevant lenders with respect to its bank debt facilities to, where necessary, waive compliance with, or extend the existing waiver for, certain financial covenants under such financing agreements. Despite the reduction in the cash received from revenues and operations, the Group was able to continue to settle its trade payables within the terms agreed with its vendors and suppliers.

2. Any event that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

   Since the Group was able to collaborate with its lenders to secure a waiver of the financial covenants in its bank loans, there were no events during the period that will trigger direct or contingent financial obligation that is material to the JFC Group.

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

   There were no material off-balance sheet transactions, arrangements, obligations created during the reporting period.

4. Any material commitments for capital expenditures, the general purpose such commitments, and the expevted sources of funds for such expenditures.

   In response to the disruption in the operations of the business brought by the COVID-19 epidemic, JFC postponed about ₱9,000.0 million worth of capital expenditures from 2020 to 2021 since the pandemic limited mobility and commercial activity which affected construction activity for stores and the low volume and uncertainty. Capital expenditures for 2020 were reduced from the planned ₱14.2 billion to ₱5.9 billion.

5. Any seasonal aspects that had a material effect on the financial condition or results of operations.

   Food service operations have both peak and lean seasons. Historically, sales in the second and fourth quarters are strong due to the summer and the Christmas seasons, respectively. Demand during the first and third

quarters usually slackens. The material financial impact of this seasonality has been considered in the JFC Group's consolidated financial forecast.

6. Any know trends events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations should be described.

   The JFC group aims for very strong sales and profit recovery in 2021 versus 2020. JFC's sales and profit growth will be driven by the international business and from the lower base effects from the pandemic in 2020. The profit growth will also be driven by the savings generated from the business transformation program.

7. Any significant elements of income or loss that did not arise from the registrant's continuing operations.

   All of the JFC Group's income arose from its continuing operations.

8. Events after the Reporting Period:

   Dividend Declaration

   On April 8, 2021, the Board of Directors of the Parent Company approved a cash dividend of ₱0.78 per share of common stock to all stockholders of record as at April 26, 2021. Consequently, the cash dividend is expected to be paid out on May 12, 2021. The cash dividend is 25.8% higher than the ₱0.62 cash dividend per share declared on April 7, 2020.

   Corporate Recovery and Tax Incentives for Enterprises Act

   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 to the JFC Group:

   - Effective July 1, 2020, regular corporate income tax (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.

   - The 10% special income tax rate enjoyed by regional operating headquarters will end on December 31, 2021.

   - For investments prior to effectivity of CREATE:

     - Registered business enterprises granted only an income tax holiday (ITH) – can continue with the availment of the ITH for the remaining period of the ITH.

   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 at 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 income taxes as at and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as at December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Discussion of the Jollibee Group's Top Five (5) Key Performance Indicators

System Wide Sales

The following sets forth the key performance indicators of the JFC group.

System Wide Sales is a measure of all sales to consumers both from company-owned and franchised stores.

	As at end Dec 2020 (Unaudited)	As at end Dec 2019 (Unaudited)
System Wide Sales	**₱175,970.3 million**	₱243,792.2 million
% Growth vs LY	**-27.8%**	14.9%

Revenues

Revenues is a measure of (1) all sales made by the Jollibee Group's company-owned stores (both food and novelty sales); (2) Commissary sales to franchised stores; (3) fees from stores operated by franchisees; (4) rental revenues of the Jollibee Group's investment properties; and (5) revenues from services rendered by the in-house Construction.

	For the year ended December 31, 2020 (Audited)	For the year ended December 31, 2019 (Audited)
Revenues	**₱129,313.0 million**	₱179,626.2 million
% Growth vs LY	**-28.0%**	11.5%

Net Income Margin

Net Income Margin is the ratio of the Jollibee Group's earnings after interest and tax. This is computed by dividing consolidated net income by consolidated revenues. The quotient is expressed in percentage. This measures the Jollibee Group's return for every peso of revenue earned, after deducting cost of sales, operating expenses, interests and taxes.

	For the year ended December 31, 2020 (Audited)	For the year ended December 31, 2019 (Audited)
Net Income (Loss)	**(₱12,633.6) million**	₱7,510.8 million
% to Revenues	**-9.8%**	4.2%

Basic Earnings (Loss) Per Share (EPS)

EPS is the portion of the Jollibee Group's profit allocated to each outstanding share of common stock. This is computed by dividing the net income (loss) for the period attributable to the equity holders of the Parent Company by the weighted average outstanding shares during the same period. This serves as an indicator of the Jollibee Group's profitability.

	For the year ended December 31, 2020 (Audited)	For the year ended December 31, 2019 (Audited)
EPS (Basic)	**(₱10.445)**	₱6.684
% Growth vs LY	**-256.3%**	-11.5%

Return on Equity (ROE)

ROE is the ratio of the JFC Group's net income attributable to equity holders of the Parent Company to equity. It is computed by dividing net income attributable to equity holders of the Parent Company by average equity attributable to equity holders of the Parent Company (average means average of the amounts as of the beginning and end of the same period). ROE is a measure of return for every peso of invested equity. The JFC Group also uses ROE for comparing its profitability with other firms in the same industry.

	As at end Dec 2020	As at end Dec 2019
Return on Equity	**-19.0%**	14.3%

Financial Ratios

Jollibee Foods Corporation and Subsidiaries

	Formula	Year Ended December 2020	2019As Restated
Liquidity Ratios			
Current Ratio	Current Assets / Current Liabilities	**1.36**	0.68
Financial Leverage Ratios			
Asset to Equity Ratio	Total Assets / Total Equity Attributable to Equity Holders of the Parent Company	**5.47**	3.51
Debt Ratio	Total Debt* / Total Debt + Equity Attributable to Equity Holders of the Parent Company	**78.7%**	71.5%
Net Debt Ratio	Total Debt* - Cash and Cash Equivalents - Short-term Investments - Financial Assets at FVTPL / (Total Debt* - Cash and Cash Equivalents - Short-term Investments - Financial Assets at FVTPL) + Equity Attributable to Equity Holders of the Parent Company	**75.8%**	67.5%
Interest Coverage Ratio	Earnings before Interest and Taxes / Interest Expense	**(2.5)**	4.3
Solvency Ratio	Net Income + Depreciation and Amortization / Total Liabilities	**0.01**	0.16
Debt Service Coverage Ratio	Net Income / Total Liabilities	**(0.09)**	0.06

***** *Including both total current and total noncurrent liabilities*

Results of Operations

Causes for any material variances
(Increase or decrease of 5% or more in the Income Statement)

For the Year Ended December 31, 2019 vs. December 31, 2018
(All Amounts are in Million Pesos)

On September 24, 2019, Jollibee Foods Corporation included The Coffee Bean and Tea Leaf® (CBTL) in its financial consolidation. – See Note 11 to the accompanying Audited Consolidated Financial Statements for details.

The 2019 Audited Consolidated Financial Statements of JFC was restated to reflect the additional gain of ₱1,104.5 million (₱883.6 million of which was attributable to the Parent Company) resulting from the finalization of the fair values of the assets acquired and liabilities assumed, relative to the acquisition of The Coffee Bean & Tea Leaf®.

Revenues and System Wide Sales

Consolidated revenues increased by ₱18,458.4 million or 11.5% to ₱179,626.2 million for the year 2019, primarily as a result of: (a) the addition of new stores; (b) the consolidation of CBTL; and, (c) an increase in same store sales. This increase was partially offset by the negative impact of foreign currency translation.

The addition of franchised stores in the Philippines to sustain growth also had an impact on the Group's revenues as Group-owned stores require more expenses on the part of the Group. For 2019, franchised stores comprised 83%. of the total number of stores that were opened. This resulted in lower revenue growth for the Group's domestic businesses as well as lower increase in store operating expenses, particularly, rent, depreciation, electricity, supplies and communication expenses.

	Year Ended December		Change	
	2019	2018	Amount	**Pct**
System Wide Sales (Unaudited)	**243,792.2**	212,185.4	31,606.7	14.9%
Revenues (Audited, As Restated)	**179,626.2**	161,167.8	18,458.4	11.5%

SWS is the Group's measure for all sales to consumers, both from Group-owned and franchised stores. Consolidated SWS increased by ₱31,606.7 million or 14.9 per cent. from ₱212,185.4 million for 2018 to ₱243,792.2 million for 2019.

The table below shows a breakdown of the growth of the Group's SWS for the following categories for the years ended December 31, 2019 and 2018 (Unaudited).

Unaudited	**For the year 2019**	**For the Year 2018**
	Percent	
Same store sales growth	2.8	6.2
New store contribution	9.3	6.9
Acquisition-drive growth	3.8	8.3
Foreign exchange rate changes	(1.0)	2.1

(1) Same store sales growth refers to food sales (gross of discount and net of returns and taxes) of Group-owned and franchised stores that have been in operation for at least 15 months. It excludes sales from new store openings.
(2) New store contribution refers to sales of stores opened from January 1 to December 31, 2019 and from January 1 to December 31, 2018.
(3) Acquisition-driven growth refers to the incremental sales contributed by a newly acquired majority-owned business during the period.
(4) Foreign exchange rate changes refer to the impact of currency fluctuations. To eliminate the impact of currency fluctuations, the Group utilizes constant currencies by converting current SWS using prior period's average exchange rate.

The table below shows a breakdown of the growth of the Group's SWS by region for the years ended December 31, 2019 and 2018 (Unaudited).

FY 2019 (Unaudited)	SWS	Same Store Sales Growth	New Store Contribution	Newly Acquired Business Contribution	Impact of FOREX on SWS
			Percent		
Philippines	10.5	3.3	7.2	-	-
People's Republic of China	(3.8)	2.6	(0.4)	-	(6.0)
North America	22.7	(1.9)	27.2	-	(2.5)
Europe, Middle East, Asia (EMEAA)	14.9	3.0	14.7	-	(2.8)
Coffee Bean & Tea Leaf	-	-	-	100.0	-
SuperFoods	22.9	7.6	19.6	-	(4.3)
Total worldwide	14.9	2.8	9.3	3.8	(1.0)

FY 2018 (Unaudited)	SWS	Same Store Sales Growth	New Store Contribution	Newly Acquired Business Contribution	Impact of FOREX on SWS
			Percent		
Philippines	15.1	6.9	8.2	-	-
People's Republic of China	9.3	4.4	(2.2)	-	6.9
North America	161.1	6.2	20.5	129.1	5.3
Europe, Middle East, Asia (EMEAA)	28.6	(1.7)	24.7	-	5.6
SuperFoods	91.2	2.7	83.8	-	4.7
Total worldwide	23.5	6.2	6.9	8.3	2.1

Direct Costs

Consolidated direct costs for the year 2019 increased to ₱150,257.9 million, which is ₱17,837.3 million or 13.5% higher than the consolidated direct costs for the year 2018, primarily as a result of an increase in: (i) the cost of inventories and (ii) store and manufacturing costs. Direct costs increased faster than revenues. As a percentage of revenues, direct cost is at 83.7% and 82.2% for the years ended December 31, 2019 and 2018, respectively.

The following table summarizes the breakdown of the Jollibee Group's direct costs for the years ended December 31, 2019 and 2018 and the percentage of each component to consolidated revenues:

	Year Ended December		Change		Pct to Rev	
	2019	2018	Amount	Pct	**2019**	2018
	Audited (As Restated)	Audited				
Cost of Sales						
Cost of inventories	**85,405.0**	74,995.4	10,409.6	13.9%	**47.5%**	46.5%
Personnel costs:						
Salaries, wages and other employee benefits	**17,778.1**	14,878.1	2,900.0	19.5%	**9.9%**	9.2%
Pension expense	**189.3**	190.3	(0.9)	-0.5%	**0.1%**	0.1%
Depreciation and amortization	**12,877.0**	11,343.8	1,533.1	13.5%	**7.2%**	7.0%
Contracted services	**9,942.9**	8,847.5	1,095.5	12.4%	**5.5%**	5.5%
Electricity and other utilities	**5,535.8**	5,247.5	288.3	5.5%	**3.1%**	3.3%
Rent	**4,466.4**	4,700.2	(233.8)	-5.0%	**2.5%**	2.9%
Supplies	**2,963.2**	3,150.1	(186.9)	-5.9%	**1.6%**	2.0%
Repairs and maintenance	**2,001.4**	1,578.6	422.8	26.8%	**1.1%**	1.0%
Security and janitorial	**1,103.8**	983.3	120.5	12.3%	**0.6%**	0.6%
Communication	**341.0**	289.7	51.4	17.7%	**0.2%**	0.2%
Professional fees	**162.5**	169.5	(7.0)	-4.2%	**0.1%**	0.1%
Representation and entertainment	**125.5**	131.9	(6.3)	-4.8%	**0.1%**	0.1%
Others	**4,364.7**	3,391.3	973.5	28.7%	**2.4%**	2.1%
	147,256.8	129,897.1	17,359.7	13.4%	**82.0%**	80.6%
Cost of Services						
Advertising expense	**3,001.1**	2,523.5	477.6	18.9%	**1.7%**	1.6%
	150,257.9	132,420.6	17,837.3	13.5%	**83.7%**	82.2%

Consolidated cost of inventories increased at a faster rate driven by higher cost of raw materials and increased freight cost. As a percentage of revenues, cost of inventories increased by 1.0% year-on-year (YoY).

Consolidated store and manufacturing costs increased by 12.9% to ₱64,852.8 million resulting from (a) the acquisition of CBTL; (b) the full impact of the consolidation of Smashburger; and (c) increase in number of company-owned stores. The adoption of PFRS 16 – Leases also had an impact on store and manufacturing costs, details of which are presented below (please see discussion on rent and depreciation expenses). As a percentage of revenues, consolidated store and manufacturing costs increased by 0.5% YoY primarily due to the foregoing factors.

The following discussion details the components of store and manufacturing costs, for the year ended December 31, 2019 compared to December 31, 2018:

Personnel costs increased primarily as a result of an increase in: (a) store and commissary headcount and (b) basic pay of existing employees as a result of employee performance or promotion.

Depreciation and amortization expenses increased primarily as a result of (a) the impact of PFRS 16, which amounted to ₱7,128.5 million in 2019 compared to ₱5,989.9 million in 2018 and, (b) increase in the JFC Group's fixed asset base resulting from new stores and additional commissaries.

Contracted services expenses increased primarily as a result of an increase in store and commissary headcount in the Philippines and overseas.

Electricity expenses increased primarily as a result of the factors discussed above (see discussion on Consolidated store and manufacturing costs).

Rent expenses decreased primarily as a result of higher store closures in 2019 compared to 2018. In 2019, 116 owned stores were closed compared to 43 in 2018. The impact of PFRS 16 was a reduction of ₱8,442.5 million in 2019 and ₱7,451.0 million in 2018 in rent expenses under Direct Costs - Store and manufacturing expenses and General and administrative expenses.

Supplies expenses decreased primarily as a result of a decrease in the usage of store and janitorial supplies of the domestic business, particularly the Jollibee business.

Repairs and maintenance expenses increased primarily as a result of an increase in: (a) store equipment preventive maintenance expenses of the Group and (b) service fees for the maintenance of the point of sale system and hardware of Smashburger.

Security and janitorial expenses increased primarily as a result of the expansion of the Group's store network and the establishment of new commissary facilities.

Communication expenses increased primarily as a result of the expansion of the Group's store network.

Other expenses increased primarily as a result of an increase in delivery expenses as well as transportation and travel expenses.

Gross Profit

As a result of the foregoing, gross profit increased by ₱621.1 million or 2.2% from ₱28,747.2 million for year 2018 to ₱29,368.3 million for the year 2019. Gross profit margin declined from 17.8% in 2018 to 16.3% in 2019.

General and Administrative Expenses

Consolidated expenses increased by ₱3,446.1 million or 22.3% from ₱15,460.6 million for the year 2018 to ₱18,906.7 million (restated) for the year 2019, primarily as a result of (a) the acquisition on and consolidation of CBTL in the Company's financials starting September 24, 2019 and (b) the full nine months impact of the consolidation of Smashburger. The adoption of PFRS 16 – Leases also had an impact on general and administrative expenses, particularly depreciation expense - ₱36.3 million for 2019 and ₱31.5 million for 2018.

As a percentage of revenues, general and administrative expenses increased by 0.7% YoY primarily due to the foregoing factors.

The following table summarizes the breakdown of the Jollibee Group's general and administrative expenses for the years ended December 31, 2019 and 2018 and the percentage of each component and the consolidated general and administrative expenses to consolidated revenues:

	Year Ended December		Change		Pct to Rev	
	2019	2018	Amount	Pct	**2019**	2018
	Audited (As Restated)	Audited				
Personnel costs:						
Salaries, wages and other employee benefits	**9,580.1**	8,027.2	1,552.9	19.3%	**5.3%**	5.0%
Stock options expense	**262.9**	312.0	(49.1)	-15.7%	**0.1%**	0.2%
Pension expense	**204.8**	208.5	(3.7)	-1.8%	**0.1%**	0.1%
Taxes and licenses	**1,854.4**	1,561.7	292.7	18.7%	**1.0%**	1.0%
Professional fees	**1,213.1**	1,018.3	194.7	19.1%	**0.7%**	0.6%
Transportation and travel	**836.5**	748.9	87.7	11.7%	**0.5%**	0.5%
Depreciation and amortization	**618.4**	541.9	76.5	14.1%	**0.3%**	0.3%
Contracted services	**597.2**	565.3	32.0	5.7%	**0.3%**	0.4%
Rent	**522.2**	587.0	(64.8)	-11.0%	**0.3%**	0.4%
Impairment in value of:						
Property, plant & equipment	**399.2**	-	399.2	100.0%	**0.2%**	0.0%
Receivables	**25.3**	10.2	15.2	148.7%	**0.0%**	0.0%
Inventories	**16.7**	8.3	8.4	101.4%	**0.0%**	0.0%
Repairs and maintenance	**323.3**	279.9	43.4	15.5%	**0.2%**	0.2%
Training	**279.5**	151.8	127.8	84.2%	**0.2%**	0.1%
Loss (gain) on retirements and disposals of property, plant and equipment	**(278.3)**	45.5	(323.9)	-711.2%	**-0.2%**	0.0%
Membership and subscriptions	**222.8**	160.4	62.4	38.9%	**0.1%**	0.1%
Corporate events	**215.4**	234.9	(19.5)	-8.3%	**0.1%**	0.1%
Communication	**186.0**	158.4	27.6	17.4%	**0.1%**	0.1%
Reversals of provision for impairment on:						
Receivables	**(91.4)**	(23.7)	(67.7)	286.1%	**-0.1%**	0.0%
Property, plant & equipment	**(29.2)**	(408.2)	379.0	-92.9%	**0.0%**	-0.3%
Inventories	**(26.5)**	(6.1)	(20.3)	330.5%	**0.0%**	0.0%
Donations	**120.6**	101.1	19.5	19.2%	**0.1%**	0.1%
Supplies	**106.8**	96.2	10.6	11.0%	**0.1%**	0.1%
Representation and entertainment	**94.2**	121.3	(27.1)	-22.3%	**0.1%**	0.1%
Insurance	**80.0**	41.2	38.9	94.4%	**0.0%**	0.0%
Electricity and other utilities	**71.7**	72.1	(0.3)	-0.5%	**0.0%**	0.0%
Association dues	**42.3**	69.6	(27.2)	-39.1%	**0.0%**	0.0%
Security and janitorial	**34.1**	26.1	8.0	30.7%	**0.0%**	0.0%
Others	**1,424.4**	751.0	673.3	89.7%	**0.8%**	0.5%
Total General and Administrative Expenses	**18,906.7**	15,460.6	3,446.1	22.3%	**10.5%**	9.6%
Advertising and promotions	**3,982.6**	4,027.6	(45.0)	-1.1%	**2.2%**	2.5%
	22,889.3	19,488.2	3,401.1	17.5%	**12.7%**	12.1%

The following discussion details the components of general and administrative expenses for the year ended December 31, 2019 compared to December 31, 2018:

Personnel costs increased primarily as a result of an increase in: (a) the corporate headquarters' headcount, (b) basic pay of existing employees as a result of employee performance or promotion and (c) fringe benefits tax resulting from an increase in the number of stock options that were exercised.

Taxes and licenses expenses increased primarily as a result of an increase in business-related taxes and license fees resulting from higher revenues arising from the expansion of the Group's store network and an increase in same store sales.

Professional fees increased primarily as a result of an increase in: (a) accounting, consultancy and legal fees in relation to acquisitions and (b) other professional fees relating to digital marketing.

Transportation and travel expenses increased primarily as a result of an increase in lodging, mileage and per diem expenses resulting from: (a) the Group's various activities relating to acquisition projects and the expansion of the Group's store network such as site visit/evaluation and sourcing and (b) various projects in the Philippines and overseas.

Depreciation and amortization increased primarily as a result of the Group's fixed asset base resulting from the growth of the Group's businesses and the impact of PFRS 16—Leases, which amounted to ₱36.3 million in 2019 compared to ₱31.5 million in 2018

Contracted services expenses increased primarily as a result of an increase in outsourced services for the conduct of the various training programs of the Group.

Rent expenses decreased primarily as a result of the impact of PFRS 16—Leases.

Repairs and maintenance expenses increased primarily as a result of an increase in system maintenance expenses of a subsidiary of the Parent Company.

Training expenses increased primarily as a result of an increase in the number of leadership programs such as the Leadership Summit.

Membership and subscription expenses increased primarily as a result of: (a) an increase in cloud subscriptions and (b) new memberships in various organizations.

Corporate events decreased on account of higher base as JFC's 2018 expenses for events were higher due to its 40th year celebration.

Communication expenses increased primarily as a result of an increase in telephone and internet-related expenses.

Reversal of impairment was recognized after the Jollibee Group's re-assessment of the recoverable amount of receivables, inventories and store and food processing equipment.

Donations increased primarily as a result of an increase in the Group's 2018 net income on which donations are computed at a certain percentage.

Supplies expenses increased as a result of an increase in office and general supplies expenses of the foreign businesses.

Representation and entertainment expenses decreased primarily as a result of a higher base in 2018 resulting from the higher representation and entertainment expenses of Smashburger.

Insurance expenses increased primarily as a result of an increase in (a) the value of the Group's properties resulting from a higher asset appraisal, (b) increase in number of commissaries.

Association dues decreased due to change in account used when building charges are billed to various departments. In 2018, the account being credited was Miscellaneous expenses (Building charges), this has been changed to Association dues in 2018.

Security and janitorial expenses increased primarily as a result of (a) an increase in manpower at JWS and (b) additional office spaces of the Mang Inasal business.

Other expenses increased primarily as a result of an increase in various expenses such as: (a) research and development expenses of the Group, (b) penalties due to pre-termination of lease contracts for Group-owned stores that were closed, (c) an increase in the number of transactions exempt from value added tax such as sales to persons with disabilities and to senior citizens, (d) settlement of tax-related cases and (e) miscellaneous expenses.

Advertising and Promotions

Advertising and promotions decreased primarily as a result of lower advertising spending of domestic businesses. As a percent of revenues, consolidated advertising and promotions decreased by 0.3%.

	Year Ended December		Change		Pct to Rev	
	2019	2018	Amount	Pct	**2019**	2018
	Audited (As Restated)	Audited				
Advertising and promotions	**3,982.6**	4,027.6	(45.0)	1.1%	**2.2%**	2.5%

Operating Income

As a result of the foregoing, operating income decreased by ₱2,780.0 million or 30.0% from ₱9,259.0 million for year 2018 to ₱6,479.0 million for year 2019. Operating income margin decreased from 5.7% in 2018 to 3.6% in 2019.

Interest Income (Expense)

	Year Ended December		Change		Pct to Rev	
	2019	2018	Amount	Pct	**2019**	2018
	Audited (As Restated)	Audited				
Interest income	**400.7**	424.4	(23.8)	-5.6%	**0.2%**	0.3%
Interest expense	**(3,187.3)**	(2,617.5)	(569.8)	-21.8%	**-1.8%**	-1.6%
	(2,786.6)	(2,193.0)	(593.6)	-27.1%	**-1.6%**	-1.4%

Interest income decreased primarily as a result of lower money market placements and lower cash balance.

Interest expense increased primarily as a result of (a) increased bank loans for working capital, capital expenditures relating to on-going operations and other general corporate purposes, (b) impact of PFRS 16—Leases, which amounted to ₱1,824.3 million in 2019 and ₱1,728.6 million in 2018.

Equity in Net Earnings (Losses) of Joint Ventures and Associates — Net

	Year Ended December		Change		Pct to Rev	
	2019	2018	Amount	Pct	**2019**	2018
	Audited (As Restated)	Audited				
Equity in net earnings (losses) of joint ventures and associates - net	**23.4**	(86.8)	110.1	127.0%	**0.0%**	-0.1%

The Consolidated equity in net losses of joint ventures and an associate for 2019 pertains to the JFC Group's equity share in the net earnings of Golden Bee Foods Restaurants LLC (Jollibee UAE), Tortazo, LLC (formerly known as Tortas Frontera LLC) (Tortazo), and Entrek (Jollibee Brunei), partially offset by the equity share in the net losses of Titan Dining and JBPX Foods, Inc. (Panda Express). See Note 11 to the accompanying Audited Consolidated Financial Statements for details.

Other Income

	Year Ended December		Change		Pct to Rev	
	2019	2018	Amount	Pct	**2019**	2018
	Audited (As Restated)	Audited				
Gain from acquisition of a business and re-measurement of previously held interest	**4,255.3**	754.8	3,500.5	463.8%	**2.4%**	0.5%
Write-off of liabilities	**2,290.5**	2,343.3	(52.8)	-2.3%	**1.3%**	1.5%
Bank charges	**(405.0)**	(317.8)	(87.2)	27.4%	**-0.2%**	-0.2%
Pre-termination of operating leases	**400.4**	193.2	207.1	107.2%	**0.2%**	0.1%
Rebates and suppliers' incentives	**339.1**	194.9	144.2	74.0%	**0.2%**	0.1%
Foreign exchange gain (loss) - net	**(268.2)**	(34.6)	(233.6)	675.1%	**-0.1%**	0.0%
Penalties and charges	**65.8**	62.5	3.4	5.4%	**0.0%**	0.0%
Charges to franchisees	**24.6**	24.7	(0.1)	-0.5%	**0.0%**	0.0%
Other rentals	**6.3**	8.7	(2.4)	-27.8%	**0.0%**	0.0%
Net unrealized gain of financial assets at FVTPL	**(1.6)**	10.0	(11.6)	-116.4%	**0.0%**	0.0%
Marked-to-market gain (loss) ong derivatives	**-**	(49.8)	49.8	-100.0%	**0.0%**	0.0%
Reversal of impairment loss on interest in an associate	**-**	16.7	(16.7)	-100.0%	**0.0%**	0.0%
Insurance claims and others	**143.0**	136.0	7.0	5.2%	**0.1%**	0.1%
	6,850.2	**3,342.5**	3,507.7	104.9%	**3.8%**	2.1%

Other income increased primarily as a result of the: (a) gain from the acquisition of CBTL and (b) pre-termination of operating leases, partly offset by higher foreign exchange loss and higher bank charges. As a percentage of revenues, consolidated other income increased by 1.7% as a result of the foregoing factors.

Provision for Income Tax

	Year Ended December		Change		Pct to Rev	
	2019	2018	Amount	Pct	**2019**	2018
	Audited (As Restated)	Audited				
Current	**3,255.7**	2,822.1	433.6	15.4%	**1.8%**	1.8%
Deferred	**(200.5)**	(142.0)	(58.5)	-41.2%	**-0.1%**	-0.1%
	3,055.2	2,680.1	375.1	14.0%	**1.7%**	1.7%

Provision for income tax increased primarily as a result of higher (a) final tax withheld on royalty income and (b) regular and minimum corporate income tax.

Net Income

As a result of the foregoing, net income decreased by ₱130.8 million or 1.7%, from ₱7,641.6 million for the year 2018 to ₱7,510.8 million (as restated) for the year 2019. Net income margin decreased from 4.7% in 2018 to 4.2% in 2019.

Net Income Attributable to Equity Holders of the Parent Company

Net income attributable to the equity holders of the Parent Company decreased by ₱909.9 million or 11.1% from ₱8,212.6 million for the year 2018 to ₱7,302.7 million (as restated) for the year 2019. Basic earnings per shares decreased by 11.5% to ₱6.684. Net income attributable to equity holders of the parent company margin decreased from 5.1% in 2018 to 4.1% in 2019.

Financial Condition

Causes for any material variances
(Increase or decrease of 5% or more in the Balance Sheet)

As at December 31, 2019 Versus December 31, 2018

The Company adopted PFRS 16, Leases using the full retrospective approach of adoption with the initial date of application of January 1, 2019. Amounts presented in the audited consolidated statement of financial position as at December 31, 2018 were adjusted as if PFRS 16 had always been applied.

The Jollibee Group ended the 2019 with consolidated total assets of ₱187,442.8 million, 24.5% higher than the ₱150,512.9 million as at the end of 2018 (as restated). The following explain the significant movements in the asset accounts:

- The Jollibee Group's consolidated cash and cash equivalents decreased to ₱20,892.0 million, ₱2,393.9 million or 10.3% lower than the balance at year-end 2018, primarily due to payment of: (a) trade payables, (b) bank loans and (c) the acquisition of CBTL, which was completed on September 24, 2019. The movements in the Jollibee Group's cash will be explained further in the cash flow discussion.

- Short-term investments increased by ₱1,246.8 million or 141.2% to ₱2,130.0 million representing placements in money market of the China-based subsidiaries.

- Consolidated receivables and contract assets increased by ₱1,043.5 million or 21.5% to ₱5,906.3 million primarily due to the consolidation of CBTL, with 71.4% of its stores are franchised.

- Consolidated inventories increased by ₱1,153.9 million or 13.1%, mainly due to the consolidation of CBTL.

- Other current asset increased due to higher pre-payments for rent and taxes and higher deposits to suppliers and consolidation of CBTL.

The Company has a current ratio of 0.68:1.00 as at December 31, 2019, lower than the current ratio of 1.07:1.00 as at December 31, 2018 (as restated).

- Interests in joint ventures and associates increased to ₱6,832.1 million, ₱3,319.9 million or 94.5% primarily due to advances to C-Joy Poultry amounting to ₱1,240.6 million and additional investment to Titan Dining (Tim Ho Wan) amounting to ₱2,108.8 million.

- Consolidated property, plant and equipment increased by ₱5,919.6 million or 22.2% to ₱32,592.1 million, net of accumulated depreciation, primarily due to investments in new stores, renovation of existing stores and investments in commissaries. See Note 12 to the accompanying Audited Consolidated Financial Statements for details.

- Right-of-use assets increased by ₱5,902.7 million or 16.1% to ₱42,467.0 million primarily due to the consolidation of CBTL, partly offset by the decrease in right-of-use assets from the closure of Smashburger stores.

- Trademarks, goodwill and other intangible assets increased by ₱19,273.5 million or 61.1% to ₱50,815.3 million, primarily due to the acquisition of CBTL.

- Consolidated operating lease receivables decreased by ₱34.4 million or 53.6% to ₱98.7 million, which is the cumulative difference of rent income recognized under the straight-line method and the rent amounts in accordance with the terms of the lease agreements.

- Consolidated finance lease receivable decreased by ₱22.9 million or 12.4% to ₱161.9 million due to payments received from lessees, partly offset by recognition of new lease receivables and finance income.

- The change in consolidated derivative asset ₱82.9 million pertains to the unrealized loss on the fair value of the Interest Rate Swap (IRS) as at end of 2019 compared to the unrealized gain as at end of 2018. The floating interest rates as at end of 2018 were higher than the floating interest rates as at 2019. See Note 18 to the accompanying Audited Consolidated Financial Statements for details.

- Consolidated deferred tax assets decreased by ₱262.5 million or 5.6% to ₱4,449.3 million, primarily due to decrease in deferred tax assets on lease liabilities and share-based payments partly offset by increase in NOLCO of US-based subsidiary and decrease in deferred tax liabilities on rights-of-use assets. See Note 24 to the accompanying Audited Consolidated Financial Statements for details.

Consolidated current liabilities amounted to ₱67,345.3 million, ₱27,718.7 million or 69.9% higher than the 2018 year-end balance of ₱39,626.6 million (as restated). The following explain the significant movements in current liabilities:

- Consolidated trade payables and other current liabilities and contract liabilities increased by ₱5,600.8 million or 19.5% to ₱34,317.6 million primarily due to significant increase in employee-related and store-related accruals, mainly arising from the consolidation of CBTL.

- Consolidated income tax payable increased by ₱128.4 million or 48.7% to ₱391.9 million due to higher taxable income for 2019.

- Consolidated short-term debt pertains to the USD20.0 million loan of SJBF on March 22, 2019, payable on March 21, 2020 and the USD400.0 million loan, mainly for the CBTL acquisition acquired in September 2019. See Note 18 to the accompanying Audited Consolidated Financial Statements for details.

- Consolidated current portion of lease liabilities increased by ₱1,293.7 million or 22.5% to ₱7,036.8 million, primarily due to reclassification of leases payable within one year from non-current portion to current portion of lease liabilities partly offset by payments made.

- Consolidated current portion of long-term debt decreased by ₱1,476.1 million or 30.2% to ₱3,416.0 million primarily due to payments made during the period, partly offset by reclassification of loans maturing within

one year from non-current portion to current portion of long-term debt.

- Liability for acquisition of businesses decreased pertains to the remaining balance of re-acquired franchise rights of Smashburger, partially offset by subsequent payments made.

Consolidated noncurrent liabilities amounted to ₱66,727.7 million, 7.8% or ₱4,837.6 million higher than the December 31, 2018 audited balance (as restated) of ₱61,890.1 million. The following explain the significant movements in noncurrent liabilities:

- Consolidated noncurrent portion of lease liabilities increased by ₱5,383.0 million or 15.4% to ₱40,270.7 million, primarily due to the consolidation of CBTL and additional leases arising from the increase in company-owned stores.

- Consolidated noncurrent portion of long-term debt decreased by ₱2,192.5 million to ₱19,179.7 million mainly due to reclassification to current portion of loans maturing within one year. See Notes 18, 30 and 31 to the accompanying Audited Consolidated Financial Statements for details.

- Consolidated pension liability increased by ₱900.7 million or 68.0% to ₱2,221.3 million, primarily due to additional accruals during the period.

- The consolidated derivative liability pertains to the IRS entered into by the Jollibee Group on November 20, 2015 with a bank to convert its exposure in variable interest rate of Loan 1 to a fixed interest rate. The IRS had a negative fair value of ₱58.2 million as at December 31, 2019 versus a fair value of ₱82.9 million (Derivative asset) as at December 31, 2018. See Note 18 to the accompanying Audited Consolidated Financial Statements for details.

- Consolidated deferred tax liabilities increased by ₱691.1 million or 19.9% to ₱4,172.6 million, mainly coming from the trademarks of CBTL. See Note 24 to the accompanying Audited Consolidated Financial Statements for details.

Consolidated total equity increased by ₱4,373.6 million or 8.9% to ₱53,369.7 million. The following explain the significant movements in Equity:

- Capital Stock and Additional paid-in capital increased due to issuance of new shares pertaining to the company's stock option program and the related stock option expense accrual.

- Other reserve pertains to JFC Group's dilution gain from investment in SMCC-SG computed as the difference between the value of SMCC-SG's ordinary shares purchased, USD100.0 million, and the subscription price of USD136.0 million amounting to USD36.0 million (₱1,877.4 million). See Note 11 to the accompanying Audited Consolidated Financial Statements for details.

- The change of ₱244.7 million in cumulative translation adjustment was partly due to translation attributable to foreign operations based on the relevant foreign currency exchange rates at reporting date.

- The decrease in consolidated other comprehensive income on derivative liability by ₱141.1 million was due to the recognition of unrealized loss in the interest rate swap resulting from higher fixed rate compared to current floating rate.

- The increase in consolidated retained earnings of ₱4,487.8 million pertains to the consolidated net income (attributable to equity holders of the Parent Company) for 2019 partly offset by cash dividends declared during the period.

Liquidity and Capital Resources

The Group's primary source of liquidity is from its cash flow from operations which is generated from revenues coming from store operations, franchising, and commissary sales to stores.

On September 24, 2019, the JFC Group, through its 80%-owned subsidiary, Super Magnificent Coffee Company Hungary Kft., acquired a 100% interest over The Coffee Bean & Tea Leaf (CBTL). The JFC Group recognized a

gain on the bargain purchase of ₱4,255.3 million *(as restated)* and trademark of ₱18,484.7 million based on the provisional purchase price allocation performed. The Company considered the accounting for this acquisition to be a key audit matter because it required a significant amount of management judgment and estimation in identifying the underlying acquired assets and liabilities and in determining their fair values, specifically the acquired property and equipment and trademark. To finance the acquisition, JFC's wholly owned subsidiary, Jollibee Worldwide Pte Ltd (JWPL), obtained a total of USD400.0 million bridge loans from several financial institutions.

To support the turnaround and refurbishments of the stores of Smashburger after the completion of its acquisition in 2018, the Group set up credit facilities through its partner banks. Smashburger entered into credit facility agreements onshore with some of the largest banks in the United States of America. This allowed the group to borrow at a lower cost, avoiding friction costs associated to cross border fund flows from its parent.

The Group has financed operations, capital expenditures and financing obligations primarily through strong cash generation from the respective operating units and additional liquidity through bank loans. JFC's CAPEX for 2019 and 2018 amounted to ₱10,041.9 million and ₱9,520.7 million, respectively. JFC's capital expenditures are largely for new store development.

Consolidated net cash provided by operating activities amounted to ₱20,063.4 million for the year ended December 31, 2019, ₱409.2 million or 2.0% lower compared to the consolidated net cash provided by operating activities of ₱20,472.7 million for the year ended December 31, 2018. The decrease in funds from operations was mainly due to lower Earnings before income tax generated in 2019 compared to 2018. Income taxes paid in 2019 was also higher compared to those paid in 2018.

Consolidated net cash used in investing activities amounted to ₱29,053.7 million for the year ended December 31, 2019, ₱15,078.7 million or 107.9% higher compared with the net cash used in investing activities for the year ended December 31, 2018, mainly due to acquisition of CBTL in September 2019. Capital expenditures for 2019 was higher by ₱410.0 million compared with the capital expenditures for 2018. JFC also provided advances to C-Joy Poultry amounting to ₱1,236.7 million.

Consolidated net cash provided by financing activities amounted to ₱6,718.8 million for the year ended December 31, 2019, mainly coming from proceeds from short-term bank loans partly offset by payments of bank loans, interests, lease liabilities and cash dividends.

Cash and cash equivalents at the end of December 2019 stood at ₱20,892.0 million, ₱2,393.9 million or 10.3% lower than the December 31, 2018 balance.

Discussion and Analysis of Material Events and Uncertainties

1. Any known trends or any know demands commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way. The following conditions shall be indicated: whether or not the registrant is having or anticipates having within the next twelve (12) months any cash flow or liquidity problems; whether or not the registrant is in default or breach of any note, loan, lease, or other indebtedness or financing arrangement requiring it to make payments; whether or not a significant amount of the registrant's trade payables have not been paid within the stated terms.

   The Group did not expect any liquidity problems, nor any potential default or breach in its financial obligations. The Group continued to settle its trade payables within the terms agreed with the vendors and suppliers.

2. Any event that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

   There were no events during the period that will trigger direct or contingent financial obligation that is material to the JFC Group.

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

There were no material off-balance sheet transactions, arrangements, obligations created during the reporting period.

4. Any material commitments for capital expenditures, the general purpose such commitments, and the expected sources of funds for such expenditures.

   The Group spent a total of ₱10.0 billion of capital expenditures in 2019, wherein a total of 234 company-owned stores were opened.

5. Any seasonal aspects that had a material effect on the financial condition or results of operations.

   Food service operations have both peak and lean seasons. Historically, sales in the second and fourth quarters are strong due to the summer and the Christmas seasons, respectively. Demand during the first and third quarters usually slackens. The material financial impact of this seasonality has been considered in the JFC Group's consolidated financial forecast.

6 Any know trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations should be described.

   There were no trends, events, or uncertainties that have had or that were reasonably expected to have a material favorable or unfavorable impact on operations of the Group.

7. Any significant elements of income or loss that did not arise from the registrant's continuing operations.

   All of the JFC Group's income arose from its continuing operations.

8. Events after the Reporting Period:

   Dividend Declaration

   On April 7, 2020, the Board of Directors of the Parent Company approved a cash dividend of ₱0.62 per share of common stock to all stockholders of record as at April 27, 2020. Consequently, the cash dividend is expected to be paid out on May 22, 2020. The cash dividend is 50.0% lower than the ₱1.23 cash dividend per share declared on April 8, 2019.

   Issuance of Guaranteed Senior Perpetual Capital Securities

   Guaranteed Senior Perpetual Capital Securities (Senior Perpetual Securities) was issued by JWPL, a wholly owned subsidiary, and listed in the Singapore Exchange Securities Trading Limited on January 24, 2020. The Securities offered an initial distribution rate of 3.9%, non-call (5 years) and payable semi-annually.

   Prepayment of Short-term Debt

   On February 3 and February 6, 2020, JWPL prepaid its USD400.0 million short-term debt amounting to USD170.0 million and USD230.0 million, respectively, from the proceeds of the issuance of the Guaranteed Senior Perpetual Capital Securities.

   Impact of COVID-19 Outbreak

   The JFC Group of Companies operates restaurants in 34 countries, the largest of which in terms of contribution to system wide sales (SWS), a measure of all sales to consumers- both from company-owned and franchised stores are the Philippines, the United States/Canada, China and Vietnam. The impact of the COVID-19 to the operations of restaurants varies quite significantly at different countries and changing on a daily basis.

   In China, the epicenter of the epidemic and which accounts for 6.1% of JFC's global SWS, the decline in sales was abrupt. All the 14 restaurant outlets of Yonghe King (YHK) brand in and near Wuhan, believed to be the origin of the epidemic were temporarily closed down mainly due to the restriction of movement of people imposed by the government in order to contain the virus. At its worst time, in the week of February

10, 2020 - Yonghe King had 107 stores temporarily closed, representing 31% of its total store network, to ensure the safety of its employees and in view of the very low level of customer visits due to restriction of movement of people. The number of temporarily closed stores had declined to 22 representing 6% of Yonghe King's total store network as of the week of March 30, 2020. Meanwhile, sales in China have been improving as the number of new infections have been declining.

In the Philippines, in a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for period of six (6) months and imposed an enhanced community quarantine throughout the island of Luzon until April 12, 2020, unless earlier lifted or extended. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve. About 70% of JFC Group's domestic stores have been temporarily closed, resulting to a decline in system wide sales by about 40%.

In North America, Smashburger has suspended its Dine-In services, but continued serving its customers through on-line Delivery to Homes and Take-Out business. Philippine brands Jollibee, Chowking and Red Ribbon also continued to operate with Drive-Thru and Take-Out and has started operating its on-line Delivery to Homes in April 2020.

In Singapore, the Delivery business grew by 256% in the crisis period versus year ago, increasing its sales contribution from 7% to 22%, enabling total same store sales to grow by about 4%.

The JFC Group considers the events surrounding the outbreak as non-adjusting subsequent events, which do not impact its financial position and performance as of and for the year ended December 31, 2019. However, the outbreak could have a material impact on the JFC Group's 2020 financial results and even periods thereafter. Considering the evolving nature of this outbreak, the JFC Group cannot determine at this time the impact to its financial position, performance and cash flows. The JFC Group will continue to monitor the situation.

To manage the risks or uncertainties brought about by the outbreak, the JFC Group has implemented the following measures, among others:

(1) **Restaurant Operations** – Prioritizing the protection of health and safety of its employees and preservation of cash in the business to ensure sustainability and long-term growth and profitability by temporarily closing losing outlets.

(2) **Product Supply** – To ensure adequate supply, the Philippine business had identified alternative sources of supply and has also spread its inventories in different parts of the country in various warehouses and depots. The JFC Group also has commissaries located in different parts of the country. This dispersion of supply chain facilities, warehouses and restaurant outlets reduces the probability that the **pandemic** will have significant impact and magnitude, all at the same time, on the different parts of the JFC Group's business.

(3) **Safety and Health of Customers, Employees and Workers and Business Partners** – Implementation of the following: observing social distancing in the stores and buildings; travel restrictions; and work from home arrangements.

(4) **Dispersion and Diversification** – The nature and structure of the JFC Group's business have created physical dispersion and diversification into different brands, countries, sites, facilities and locations which make the business strong against event risks.

(5) **Overall Business –** To preserve cash, the JFC Group will delay some capital expenditures this year to next year. It will also aggressively cut costs in response to the reduction in revenues due to constraints brought about by the lockdowns.

Discussion of the Jollibee Group's Top Five (5) Key Performance Indicators

System Wide Sales

The following sets forth the key performance indicators of the Group.

System Wide Sales is a measure of all sales to consumers both from company-owned and franchised stores.

	As at end Dec 2019 (Unaudited)	As at end Dec 2018 (Unaudited)
System Wide Sales	**₱243,792.2 million**	₱212,185.4 million
% Growth vs LY	**14.9%**	23.5%

Revenues

Revenues is a measure of (1) all sales made by the Jollibee Group's company-owned stores (both food and novelty sales); (2) Commissary sales to franchised stores; (3) fees from stores operated by franchisees; (4) rental revenues of the Jollibee Group's investment properties; and (5) revenues from services rendered by the in-house Construction.

	For the year ended December 31, 2019 (Audited, as restated)	For the year ended December 31, 2018 (Audited)
Revenues	**₱179,626.2 million**	₱161,167.8 million
% Growth vs LY	**11.5%**	20.6%

Net Income Margin

Net Income Margin is the ratio of the Jollibee Group's earnings after interest and tax. This is computed by dividing consolidated net income by consolidated revenues. The quotient is expressed in percentage. This measures the Jollibee Group's return for every peso of revenue earned, after deducting cost of sales, operating expenses, interests and taxes.

	For the year ended December 31, 2019 (Audited, as restated)	For the year ended December 31, 2018 (Audited)
Net Income (Loss)	**₱7,510.8 million**	₱7,641.6, million
% to Revenues	**4.2%**	4.7%

Basic Earnings Per Share (EPS)

EPS is the portion of the Jollibee Group's profit allocated to each outstanding share of common stock. This is computed by dividing the net income for the period attributable to the equity holders of the Parent Company by the weighted average outstanding shares during the same period. This serves as an indicator of the Jollibee Group's profitability.

	For the year ended December 31, 2019 (Audited, as restated)	For the year ended December 31, 2018 (Audited)
EPS (Basic)	**₱6.684**	₱7.555
% Growth vs LY	**-11.5%**	17.6%

Return on Equity (ROE)

ROE is the ratio of the JFC Group's net income attributable to equity holders of the Parent Company to equity. It is computed by dividing net income attributable to equity holders of the Parent Company by average equity attributable to equity holders of the Parent Company (average means average of the amounts as of the beginning and end of the same period). ROE is a measure of return for every peso of invested equity. The JFC Group also uses ROE for comparing its profitability with other firms in the same industry.

	For the year ended December 31, 2019	For the year ended December 31, 2018
Return on Equity	**4.3%**	6.2%

Financial Ratios

Jollibee Foods Corporation and Subsidiaries

	Formula	Year Ended December 2019 As Restated	2018
Liquidity Ratios			
Current Ratio	Current Assets / Current Liabilities	**0.68**	1.07
Financial Leverage Ratios			
Asset to Equity Ratio	Total Assets / Total Equity Attributable to Equity Holders of the Parent Company	**3.51**	3.17
Debt Ratio	Total Debt* / Total Debt + Equity Attributable to Equity Holders of the Parent Company	**71.5%**	68.1%
Financial Leverage Ratios			
Net Debt Ratio	Total Debt* - Cash and Cash Equivalents - Short-term Investments - Financial Assets at FVTPL / (Total Debt* - Cash and Cash Equivalents - Short-term Investments - Financial Assets at FVTPL) + Equity Attributable to Equity Holders of the Parent Company	**67.5%**	62.0%
Interest Coverage Ratio	Earnings before Interest and Taxes / Interest Expense	**4.3**	4.9
Solvency Ratio	Net Income + Depreciation and Amortization / Total Liabilities	**0.16**	0.19
Debt Service Coverage Ratio	Net Income / Total Liabilities	**0.06**	0.08

***** *Including both total current and total noncurrent liabilities*

Results of Operations

Causes for any material variances
(Increase or decrease of 5% or more in the Income Statement)

For the Year Ended December 31, 2018 vs. December 31, 2017
(All Amounts are in Million Pesos)

The Company adopted PFRS 16, *Leases*, using the full retrospective approach of adoption with the initial date of application of January 1, 2019. Amounts presented in the audited consolidated statement of financial position and audited consolidated statement of comprehensive income as at and for the year ended December 31, 2017 were adjusted as if PFRS 16 had always been applied. The balances for the year ended December 31, 2017 were lifted from the 2019 audited consolidated financial statements in the Group's 2019 annual report.

Revenues and System Wide Sales

	Year Ended December		Change	
	2018 (As Restated)	2017 (As Restated)	Amount	Pct
System Wide Sales (Unaudited)	**212,185.4**	171,761.0	40,424.4	23.5%
Revenues (Audited)	**161,167.8**	133,583.1	27,584.7	20.6%

System wide sales (SWS), a measure of all sales to consumers, both from company owned and franchised stores grew by 23.5% for the entire year of 2018. Of this growth rate, global store network expansion, including the impact of Smashburger accounted for 15.2%, same store sales contributed 6.2% and currency exchange rate changes added 2.1%. JFC opened a total of 502 stores in 2018, the highest number of new stores opened in a year in JFC's 40-year history.

In the Philippines, sales of its restaurant chains grew by 15.1% for the entire year driven by an 8.2% store network expansion and a 6.9% same store sales growth. Same store sales growth pertains to restaurants that were already open for at least 15 months, and excludes sales growth from new store opening. Sales of stores abroad rose by 55.5% led by the North America business which grew by 161.1% due to the consolidation of Smashburger (21.7% ex-Smashburger), Europe, Middle East and Asia ex-Philippines (EMEAA) business grew by 42.7% (28.6% ex-SuperFoods) and the China business by 9.1%.

Consolidated revenues, which consist of sales by company-owned stores, fees from stores operated by franchisees and commissary sales to stores operated by franchisees grew by 20.6% in 2018 compared with 2017. Sales discounts increased by 83.1%, from 1.2% in 2017 to 1.9% in 2018, driven mostly by promotional discounts of Smashburger and our China entities.

The JFC Group opened 502 stores (Philippines 317; Foreign 185) and closed 131 stores (Philippines 66; Foreign business 65) in 2018. Smashburger increased JFC's store network by 349 stores. JFC ended 2018 with 4,521 stores, 19.1% higher compared to the number of stores at the end of 2017.

Direct Costs

Consolidated direct costs increased to ₱132,420.6 million, which is ₱23,856.7 million or 22.0% higher than consolidated direct costs for the year 2017.

The following table summarizes the breakdown of the JFC Group's direct costs for the years ended December 31, 2018 and 2017 and the percentage of each component and the consolidated direct costs to consolidated revenues:

	Year Ended December		Change		Pct to Rev	
	2018 Audited (As Restated)	2017 Audited (As Restated)	Amount	Pct	**2018**	2017
Cost of inventories	**74,995.4**	62,725.5	12,269.9	19.6%	**46.5%**	47.0%
Personnel costs:						
Salaries, wages and other employee benefits	**14,878.1**	11,021.8	3,856.3	35.0%	**9.2%**	8.3%
Pension expense	**190.3**	168.1	22.2	13.2%	**0.1%**	0.1%
Depreciation and amortization	**11,343.8**	8,467.4	2,876.5	34.0%	**7.0%**	6.3%
Contracted services	**8,847.5**	7,305.0	1,542.4	21.1%	**5.5%**	5.5%
Electricity and other utilities	**5,247.5**	4,587.2	660.3	14.4%	**3.3%**	3.4%
Rent	**4,700.2**	4,429.6	270.6	6.1%	**2.9%**	3.3%
Supplies	**3,150.1**	2,570.0	580.1	22.6%	**2.0%**	1.9%
Repairs and maintenance	**1,578.6**	1,218.6	360.0	29.5%	**1.0%**	0.9%
Security and janitorial	**983.3**	795.8	187.5	23.6%	**0.6%**	0.6%
Communication	**289.7**	227.2	62.5	27.5%	**0.2%**	0.2%
Professional fees	**169.5**	57.6	112.0	194.5%	**0.1%**	0.0%
Representation and entertainment	**131.9**	39.2	92.7	236.5%	**0.1%**	0.0%
Others	**3,391.3**	2,914.5	476.7	16.4%	**2.1%**	2.2%
	129,897.1	106,527.4	23,369.7	21.9%	**80.6%**	79.7%
Cost of Services						
Advertising expense	**2,523.5**	2,036.5	487.0	23.9%	**1.6%**	1.5%
	132,420.6	108,563.9	23,856.7	22.0%	**82.2%**	81.3%

Consolidated cost of inventories increased by 19.6% year-on-year (YoY), slower than the revenue growth. The increase was driven by new store additions, higher raw material prices and the consolidation of Smashburger. As a percentage of revenues, cost of inventories decreased by 0.5% year-on-year (YoY).

Consolidated store and manufacturing costs increased much faster than revenues. All cost items increased driven by new stores added during the year and the consolidation of Smashburger starting April 17, 2018.

Aside from the consolidation of Smashburger, other factors that drove the change in store and manufacturing costs are as follows:

- Consolidated personnel costs increased due to increase in store and commissary headcount, wage increase, performance-related increases in basic pay, employee promotions, and upgrades in employee benefits.

- Increase in consolidated rent expenses due to annual rent escalation and the impact of PFRS-related adjustments on operating leases.

- Increase in consolidated contracted services due to an increase in headcount and rate per hour, both for the domestic and China businesses. The increase was partly offset by the decrease in expenses related to Project SEEDS*. Following are the details:

	Year Ended December		Change		Pct to Rev	
	2018 Audited (As Restated)	2017 Audited (As Restated)	Amount	Pct	**2018**	2017
Personnel costs	**15,068.4**	11,189.9	3,878.5	34.7%	**9.3%**	8.4%
Contracted services	**8,847.5**	7,305.0	1,542.4	21.1%	**5.5%**	5.5%
Project SEEDS*	**85.9**	194.9	(109.0)	-55.9%	**0.1%**	0.1%
	24,001.7	18,689.8	5,311.9	28.4%	**14.9%**	14.0%

*SEEDS stands for Skills Enhancement and Educational Development for Students, a joint project of JFC and the Department of Labor and Employment. The program aims to pursue post-secondary education through the provision of financial assistance to enable students to acquire job competencies --- skills, attitudes and work values through in-store training, thus help qualified students enhancing employability upon completion of post-secondary education. Expenses related to the Project SEEDS are booked under the account Cost of sales - Others.

- Increase in consolidated depreciation expense due to higher investment in new stores especially those outside the Philippines.

- Consolidated electricity and other utilities increased due to increase in power rates and usage driven by store network growth.

- Consolidated repairs and maintenance increased due to reclassification of repairs and maintenance expenses related to Engineering and Information Management from general and admin expenses to cost of sales – repairs and maintenance.

- Increase in consolidated professional fees due to higher legal fees and professional fees related to recruitments, store design, etc. arising from increase in store network and higher legal fees.

- Increase in representation and entertainment expenses was mainly due to the consolidation of Smashburger.

- Increase in other expenses mainly due to higher disallowed input VAT for senior citizens.

As a percentage of consolidated revenues, consolidated direct costs was higher by 0.9% YoY driven by higher store and manufacturing costs, as discussed above.

Gross Profit

	Year Ended December		Change	
	2018 Audited (As Restated)	2017 Audited (As Restated)	Amount	Pct
GROSS PROFIT	**28,747.2**	25,019.2	3,728.0	14.9%
Gross Profit Margin	**17.8%**	18.7%		

Due to the factors discussed above, gross profit for the year 2018 increased at a much slower rate than revenues. Gross profit margin also contracted YoY resulting from higher store operating expenses (% of revenues) of the newly-consolidated Smashburger due to lower same store sales. The impact of rising inflation rate and the peso depreciation also negatively affected JFC's gross profit margins for the year. Gross profit margin declined from 18.7% in 2017 to 17.8% in 2018.

General and Administrative Expenses

Consolidated expenses for the year 2018 increased at a slower rate than revenues despite the consolidation of Smashburger and SuperFoods. This was due to the lower increase in the Philippine business' consolidated expenses. As a percentage of revenues, general and administrative expenses decreased by 0.8% YoY primarily due to the foregoing factors.

The following table summarizes the breakdown of the JFC Group's consolidated expenses for the years ended December 31, 2018 and 2017 and the percentage of each component to consolidated revenues:

	Year Ended December		Change		Pct to Rev	
	2018 Audited (As Restated)	2017 Audited (As Restated)	Amount	Pct	**2018**	2017
Personnel costs:						
Salaries, wages and other employee benefits	**8,027.2**	6,850.4	1,176.8	17.2%	**5.0%**	5.1%
Stock options expense	**312.0**	227.5	84.5	37.1%	**0.2%**	0.2%
Pension expense	**208.5**	194.8	13.8	7.1%	**0.1%**	0.1%
Taxes and licenses	**1,561.7**	1,394.4	167.3	12.0%	**1.0%**	1.0%
Professional fees	**1,018.3**	825.3	193.1	23.4%	**0.6%**	0.6%
Transportation and travel	**748.9**	577.4	171.5	29.7%	**0.5%**	0.4%
Rent	**587.0**	516.7	70.3	13.6%	**0.4%**	0.4%
Contracted services	**565.3**	474.6	90.6	19.1%	**0.4%**	0.4%
Depreciation and amortization	**541.9**	460.9	81.0	17.5%	**0.3%**	0.3%
Reversals of provision for impairment on:						
Property, plant & equipment	**(408.2)**	(2.1)	(406.1)	-19338.1%	**-0.3%**	0.0%
Receivables	**(23.7)**	(20.7)	(3.0)	14.5%	**0.0%**	0.0%
Inventories	**(6.1)**	(53.8)	47.7	-88.7%	**0.0%**	0.0%
Repairs and maintenance	**279.9**	157.5	122.4	77.7%	**0.2%**	0.1%
Corporate events	**234.9**	192.2	42.7	22.2%	**0.1%**	0.1%
Membership and subscriptions	**160.4**	139.6	20.9	15.0%	**0.1%**	0.1%
Communication	**158.4**	116.1	42.3	36.4%	**0.1%**	0.1%
Training	**151.8**	134.4	17.3	12.9%	**0.1%**	0.1%
Representation and entertainment	**121.3**	70.3	51.0	72.5%	**0.1%**	0.1%
Donations	**101.1**	93.3	7.8	8.4%	**0.1%**	0.1%
Supplies	**96.2**	89.6	6.6	7.3%	**0.1%**	0.1%
Electricity and other utilities	**72.1**	55.8	16.3	29.2%	**0.0%**	0.0%
Association dues	**69.6**	52.0	17.6	33.8%	**0.0%**	0.0%
Loss (gain) on retirement and disposals of:						
Property, plant and equipment	**45.5**	174.5	(129.0)	-73.9%	**0.0%**	0.1%
Investment properties	**-**	(231.0)	231.0	-100.0%	**0.0%**	-0.2%
Insurance	**41.2**	21.2	20.0	94.4%	**0.0%**	0.0%
Security and janitorial	**26.1**	24.4	1.7	7.0%	**0.0%**	0.0%
Impairment in value of:						
Receivables	**10.2**	143.8	(133.6)	-92.9%	**0.0%**	0.1%
Inventories	**8.3**	7.4	0.8	11.2%	**0.0%**	0.0%
Property, plant & equipment	**-**	431.9	(431.9)	-100.0%	**0.0%**	0.3%
Other assets	**-**	122.8	(122.8)	-100.0%	**0.0%**	0.1%
Others	**751.0**	688.3	62.7	9.1%	**0.5%**	0.5%
Total General and Administrative Expenses	**15,460.6**	13,929.4	1,531.2	11.0%	9.6%	10.4%
Advertising and promotions	**4,027.6**	3,342.9	684.7	20.5%	2.5%	2.5%
	19,488.2	17,272.3	2,215.9	12.8%	12.1%	12.9%

- Consolidated personnel costs increased due to increase in the Corporate Office's headcount, performance-related increases in basic pay, employee promotions, upgrades in employee benefits and fringe benefit tax on stock options exercised. The consolidation of the Smashburger's personnel costs also contributed to the increase in operating expenses.

- Consolidated taxes and licenses expense increased due to higher business-related taxes and license fees resulting from higher revenues.

- Consolidated professional fees increased primarily driven by higher legal fees related to M&A projects, market research, digital marketing projects and training-related consultancy fees.

- Consolidated transportation and travel expenses increased due to higher lodging, mileage and per diem expenses for activities related to store expansion (e.g. site visits for store construction and renovation, site evaluation and sourcing, etc.) and various projects in the Philippines and foreign markets.

- Consolidated rent expense increased due to annual rent escalation and additional office spaces for the Corporate Offices in the Philippines, China and the United States due to the JFC Group's growing organization and the inclusion of the SuperFoods Group's and Smashburger's rent expenses.

- Consolidated contracted services increased due to increase in outsourced services for JFC Group's information management and network development.

- Consolidated depreciation and amortization increased due to the growing fixed asset base of the JFC Group including the newly-consolidated subsidiaries.

- Loss on retirement and disposals of property, plant and equipment pertains to loss incurred from change in store ownership, store closures and fixed asset disposals.

- Consolidated repairs and maintenance increased due to the consolidation of Smashburger and SuperFoods (full year operation in 2018 vs 8 months in 2017) repairs and maintenance expenses. 2018 repairs and maintenance also include expenses related to the implementation of SAP Business Warehouse. The increase was also due to lower base due to capitalization of 2017 SAP Technology Upgrade.

- Consolidated corporate events increased driven by higher expenses incurred for conventions, corporate awards and corporate program launches due to higher number of participants arising from increase in headcount.

- Consolidated membership and subscription increased due to increase in rates and increase in headcount.

- Consolidated communication expenses increased due to higher telephone and internet charges, Office 365 implementation particularly for the Philippine business and the consolidation of the SuperFood Group's and Smashburger's expenses.

- Consolidated training expenses increased as more training programs were launched in 2018 such as talent development programs (Leadership Enhancement and Acceleration Program), coaching programs as well as the JFC University training programs for store management team.

- Consolidated representation and entertainment expenses increased due to the consolidation of the SuperFood Group's and Smashburger's expenses.

- Consolidated donations increased due to donations made to the Jollibee Group Foundation based on certain percentage of 2018 Audited Consolidated Net Income.

- Consolidated supplies expenses increased due to higher office and janitorial supplies expenses.

- Consolidated electricity and other utilities expenses increased due to increase in usage and power rates.

- Consolidated association dues increased relative to increase in number of office units of JFC and increase in rate per square meter for building units.

- The JFC Group also reversed previously recognized provisions for impairment loss on property, plant and equipment, receivables and inventories.

- Consolidated insurance expense increased due to increase in value of properties as a result of higher asset appraisal.

- Provision for impairment loss on receivables was recognized as a result of specific and collective impairment assessments performed by the JFC Group.

- Provision for inventory obsolescence was recognized after the JFC Group's assessment that the net realizable value for some inventories is lower than cost.

- Consolidated other expenses increased due to expenses related to market research and increase in disallowed input VAT for exempt sales classified under OPEX for Minimum Corporate Tax (MCIT) calculation purposes.

- The increase in consolidated advertising and promotions expense was driven by marketing campaigns for new products and flagship products, both for the Philippine business and the foreign business and the consolidation of Smashburger and SuperFoods.

Interest Income (Expense)

	Year Ended December		Change		Pct to Rev	
	2018 Audited (As Restated)	2017 Audited (As Restated)	Amount	Pct	**2018**	2017
Interest income	**424.4**	269.4	155.0	57.5%	**0.3%**	0.2%
Interest expense	**(2,617.5)**	(1,793.4)	(824.1)	46.0%	**-1.6%**	-1.3%
	(2,193.0)	(1,523.9)	(669.1)	43.9%	**-1.4%**	-1.1%

Consolidated interest income increased primarily due to higher interest rates on short-term deposits and short-term investments versus the same period last year.

Consolidated interest expense increased due to increased bank loans and higher loan interest rates.

Equity in Net Losses of Joint Ventures and Associates

	Year Ended December		Change		Pct to Rev	
	2018 Audited (As Restated)	2017 Audited (As Restated)	Amount	Pct	**2018**	2017
Equity in net losses of joint ventures and associates - net	**(86.8)**	(282.6)	195.9	69.3%	**-0.1%**	-0.2%

Consolidated equity in net losses of joint ventures and associates pertains to JFC Group's share in the net losses of Smashburger (Full year 2017; January – April 16, 2018) and C-Joy Poultry Meats Production, Inc. offset by the net earnings of Entrek - the Company that operates Jollibee stores in Brunei and Golden Bee - the Company that operates Jollibee stores in the UAE.

Other Income

	Year Ended December		Change		Pct to Rev	
	2018 Audited (As Restated)	2017 Audited (As Restated)	Amount	Pct	**2018**	2017
Write-off of liabilities	**2,343.3**	1,547.2	796.1	51.5%	**1.5%**	1.2%
Gain from re-measurement of previously held interest	**754.8**	1,328.7	(573.9)	-43.2%	**0.5%**	1.0%
Bank charges	**(317.8)**	(165.3)	(152.4)	92.2%	**-0.2%**	-0.1%
Rebates and suppliers' incentives	**194.9**	189.5	5.5	2.9%	**0.1%**	0.1%
Pre-termination of operating leases	**193.2**	52.8	140.5	266.1%	**0.1%**	0.0%
Penalties and charges	**62.5**	69.6	(7.1)	-10.2%	**0.0%**	0.1%
Marked-to-market loss on derivatives	**(49.8)**	(129.4)	79.6	-61.5%	**0.0%**	-0.1%
Foreign exchange loss	**(34.6)**	(63.5)	28.9	45.5%	**0.0%**	0.0%
Charges to franchisees	**24.7**	19.0	5.7	30.0%	**0.0%**	0.0%
Reversal of impairment loss on interest in an associate	**16.7**	-	16.7	0.0%	**0.0%**	0.0%
Gain on available-for-sale financial assetss	**10.0**	-	10.0	0.0%	**0.0%**	0.0%
Other rentals	**8.7**	17.5	(8.8)	-50.3%	**0.0%**	0.0%
Provisions	**-**	(794.6)	794.6	-100.0%	**0.0%**	-0.6%
Divestment of subsidiaries and interest in a joint venture	**-**	(116.2)	116.2	-100.0%	**0.0%**	-0.1%
Insurance claims and others	**136.0**	180.5	(44.5)	-24.7%	**0.1%**	0.1%
	3,342.5	2,135.6	1,206.9	56.5%	**2.1%**	1.6%

Consolidated other income increased year-on-year, mainly due to reversal of long outstanding accruals and liabilities and no provisions made in 2018 versus 2017, partly offset by decrease in gains from re-measurement of previously held interest and bank charges. As a percentage of revenues, consolidated other income increased by 0.5% as a result to the foregoing factors.

Income Taxes

	Year Ended December		Change		Pct to Rev	
	2018 Audited (As Restated)	2017 Audited (As Restated)	Amount	Pct	**2018**	2017
Current	**2,822.1**	2,310.6	511.5	22.1%	**1.8%**	1.7%
Deferred	**(142.0)**	(727.7)	585.7	-80.5%	**-0.1%**	-0.5%
	2,680.1	1,582.9	1,097.2	69.3%	**1.7%**	1.2%

The increase in provision for income tax was due to higher taxable income, write-off and utilization of Net Operating Loss Carryover (NOLCO) and minimum corporate income tax (MCIT) of some subsidiaries

Net Income

	Year Ended December		Change	
	2018 Audited (As Restated)	2017 Audited (As Restated)	Amount	Pct
Net Income	**7,641.6**	6,493.0	1,148.6	17.7%
Net Income Margin	**4.7%**	4.9%		

As a result of the factors discussed above, consolidated net income for 2018 increased compared to 2017. However, net income margin for 2018 declined by 0.2% over 2017.

Net Income Attributable to Equity Holders of the Parent Company

	Year Ended December		Change	
	2018 Audited (As Restated)	2017 Audited (As Restated)	Amount	Pct
Net Income Attributable to Equity Holders of the Parent Company	**8,212.6**	6,939.6	1,273.0	18.3%

Consolidated net income attributable to equity holders of the Parent Company increased by 18.3% YoY, higher than the 17.7% increase in consolidated net income as share in losses of non-controlling interests increased due to Smashburger. Basic earnings per share for 2018 grew by 17.6% to ₱7.555. `

Financial Condition

Causes for any material variances
(Increase or decrease of 5% or more in the Balance Sheet)

As at December 31, 2018 Versus December 31, 2017

The Company adopted PFRS 16, *Leases*, using the full retrospective approach of adoption with the initial date of application of January 1, 2019. Amounts presented in the audited consolidated statement of financial position as at December 31, 2017 were adjusted as if PFRS 16 had always been applied. The December 31, 2017 consolidated statement of financial position here is the January 1, 2018 consolidated financial statement of financial position presented in the 2019 audited consolidated financial statements in the Group's 2019 annual report.

The JFC Group ended 2018 with consolidated total assets of ₱150,512.9 million, 30.2% higher than the ₱115,619.4 million consolidated total assets as at the end of 2017. The following explain the significant movements in the asset accounts:

- The Jollibee Group's consolidated cash and cash equivalents increased to ₱23,285.9 million, as of December 31, 2018, ₱2,178.4 million or 10.3% higher than the balance at year-end 2017, mainly due to proceeds from

loans availed partly offset by uses of funds to settle loans and other payables. The movements in the JFC Group's cash will be explained further in the cash flow discussion.

- Short-term investments decreased by ₱530.2 million or 37.5% due to reclassification to cash and cash equivalents of deposits that have matured.

- Consolidated receivables increased by ₱921.7 million or 23.4% to ₱4,862.7 million primarily due to higher receivables from franchisees for their commissary purchases and royalty fees, relative to increase in sales. Average collection period was maintained at 10 days.

- Consolidated inventories increased by ₱1,976.7 million or 28.9% due to commodity price increases as well as the impact of the depreciation of the Philippine Peso. The increase in average diesel price also contributed to the higher cost of inventories.

- Consolidated other current assets increased mainly due to increase in prepaid taxes, prepaid rent, prepaid insurance, prepaid advertising and deposits to suppliers and other third parties.

The Company has a current ratio of 1.07:1.00 as at December 31, 2018, lower than the current ratio of 1.20:1.00 as at December 31, 2017.

- Consolidated financial assets at fair value through profit or loss increased due to increase in fair value of investments, reported in accordance with PFRS 9.

- Consolidated interests in and advances to joint ventures, co-venturers and associates decreased by ₱3,980.5 million or 53.1% to ₱3,512.2 million due to the acquisition of non-controlling interest in Smashburger amounting to ₱5,345.5 million.
- Consolidated property, plant and equipment increased by ₱5,802.8 million or 27.8% to ₱26,672.5 million, net of accumulated depreciation, primarily due to investments in new stores and renovation of existing stores and investments in commissaries.

- The increase in trademarks, goodwill and other intangible assets pertains to the trademarks of ₱10,414.0 million and goodwill of ₱5,345.5 million arising from the acquisition of the Smashburger. The acquisition of the remaining 10% stake in Smashburger was completed on December 14, 2018. Other intangibles likewise increased by ₱52.1 million, partly offset by decrease in computer software.

- Consolidated operating lease receivables decreased by ₱93.5 million or 59.2% to ₱64.3 million, which is the cumulative difference of rent income recognized under the straight-line method and the rent amounts in accordance with the terms of the lease agreements.

- The increase in consolidated derivative asset pertains to the unrealized gain position on the interest rate swap that amounted to ₱70.9 million. This is due to the lower fixed rate compared to the current floating rate, which is based on the 3 months USD LIBOR.

- Deferred tax assets increased by ₱429.0 million or 10.0% to ₱4,711.8 million, mainly due to the recognition of deferred tax assets on stock options and increase in excess of MCIT over Regular Corporate Income Tax (RCIT).

- Consolidated other noncurrent assets increased by ₱240.5 million or 6.9% to ₱3,751.0 million, mainly from increase in refundable and security deposits for new stores.

Consolidated current liabilities amounted to ₱39,626.6 million as of December 31, 2018, ₱8,693.8 million or 28.1% higher than the 2017 year-end balance of ₱30,932.8 million. The following explain the significant movements in current liabilities:

- Consolidated trade payables and other current liabilities increased by ₱3,462.2 million or 13.7% to ₱28,716.8 million, relative to increase in consolidated inventories, increase in employee-related accruals, customer deposits and store accruals.

- Consolidated income tax payable increased by ₱39.7 million or 17.7% to ₱263.5 million, due to higher taxable income in 2018.

- Current portion of long-term debt increased, from ₱1,216.2 million to ₱4,892.1 million, due to reclassification of loans maturing within one year from non-current portion to current portion of long-term debt, partly offset by payments made during the quarter.

- Liability for acquisition of businesses pertains to the remaining balance of re-acquired franchise rights of Smashburger, partially offset by subsequent payments made.

Consolidated noncurrent liabilities amounted to ₱61,890.1 million as of December 31, 2018, 44.3% or ₱18,993.8 million higher than the December 31, 2017 audited balance of ₱42,896.3 million. The following explain the significant movements in noncurrent liabilities:

- Consolidated noncurrent portion of long-term debt increased by ₱6,471.2 million to ₱21,372.3 million, due to bank loans of ₱11,127.1 million, availed in February to August 2018, partly offset by reclassification to current portion of loans maturing within one year.

- Consolidated pension liability decreased by ₱168.9 million to ₱1,320.6 million, due to additional contributions to plan assets and actuarial changes arising from changes in financial assumptions.

- The deferred tax liabilities as of December 31, 2018 increased by ₱2,296.6 million or 193.8% to ₱3,481.5 million compared to the 2017 year-end audited balance of ₱1,184.9 million. The increase was due to taxable temporary differences pertaining substantially to excess of fair value over book value of property, plant and equipment and other intangibles of Smashburger.

Consolidated total equity increased by ₱7,205.8 million or 17.2% to ₱48,996.1 million primarily due to the income for 2018 that amounted to ₱8,212.6 million, increase in cumulative translation adjustments and additional paid-in capital, partly offset by cash dividend payments. The following explain the significant movements in Equity:

- The change of ₱248.7 million (income) in cumulative translation adjustment was due to the depreciation of the Philippine Peso versus the RMB for end of December 2018 (Peso to RMB: 7.68) compared to December 31, 2017 (Peso to RMB: 7.64) and the depreciation of the Philippine Peso versus the USD for end of December 2018 (Peso to USD: 52.58) compared to December 31, 2017 (Peso to USD: 49.93) which resulted to the increase in value of the JFC Group's net assets.

- The improvement in consolidated other comprehensive income on derivative liability by ₱70.9 million was due to the recognition of derivative asset for the interest rate swap compared to a derivative liability last year.

- The increase in consolidated retained earnings of ₱5,527.6 million pertains to the consolidated net income (attributable to equity holders of the Parent Company) for 2018 amounting to ₱8,212.6 million, partly offset by cash dividends paid during the year amounting to ₱2,667.1 million. JFC also disclosed in Q3 2018 the release of previously appropriated retained earnings amounting to ₱18,200.0 million as at September 30, 2018 related to the completed projects in 2013 to 2018 and the appropriation of retained earnings amounting to ₱20,000.0 million. Details are as follows:

Projects	Timeline	Amount
Capital Expenditures	2019 - 2024	₱12,000,000
Acquisition of Businesses	2019 - 2024	8,000,000
		₱20,000,000

Liquidity and Capital Resources

The Group's primary source of liquidity is from its cash flow from operations which is generated from revenues coming from store operations, franchising, and commissary sales to stores.

JFC kept investment at high level, spending in 2018 ₱9.6 billion on capital expenditures for new stores, renovating of existing stores and supply chain facilities. During the year, JFC opened 74 stores in the Philippines and 143 new stores abroad, ending 2018 with 4,521 stores.

On April 17, 2018, JFC, through Bee Good! Inc (BGI), a wholly owned subsidiary of JFC through JWPL, acquired and increased its ownership of SJBF LLC, the parent company of the entities comprising the Smashburger

business, from 40% to 85% for a transaction value of USD100.0 million. The acquisition was funded through an equity infusion from JFC's available cash to JWPL, and subsequently from JWPL to BGI. To improve Smashburger's leverage structure and reduce its cost of financing, on April 16, 2018 (US time), JFC, through BGI, infused USD80.0 million to SJBF LLC to pay its outstanding loan obligation of the same infused amount plus accrued interest. To finance this payment, JFC obtained a bank loan on March 27, 2018 in the amount of ₱4,200.0 million and infused via equity to JWPL then to BGI.

JFC acquired the remaining 15% stake in SJBF LLC for USD 10.0 million on December 14, 2018. The transaction was financed through an equity infusion from JFC into Bee Good Inc. from a bank loan obtained on August 15, 2018 amounting to ₱2,700.0 million. The remaining cash from such loan proceeds were used for general corporate purposes.

On May 8, 2018, JFC has announced that its wholly owned subsidiary, JWPL, shall invest up to 45% in Titan Dining LP ("Titan"), a private equity fund that owns the Tim Ho Wan brand. For the year 2018, a total of SGD18.9 million was invested by JWPL in Titan.

On, September 7, 2018, JFC has announced that it has entered into a business venture with award-winning Chef Rick Bayless to build a Mexican fast-casual restaurant business in the United States through its wholly owned subsidiary Jollibee Foods Corporation (USA). This partnership was formalized through the investment by JFC of US$12.4 Million in Tortas Frontera LLC ("Tortas Frontera"), which owns the Tortas Frontera business founded by Chef Bayless, in consideration for 47% of the fully diluted membership interests therein.

A long-term loan amounting to ₱3,000.0 million obtained by JFC on May 11, 2018 were used to fund the investment in Titan and Tortas Frontera as well as for other general corporate purposes.

To fund the capital expenditures and working capital of the Group's commissary operations, Zenith Foods Corporation obtained a loan on August 24, 2018 amounting to ₱1,000.0 million.

Consolidated net cash provided by operating activities amounted to ₱20.472.7 million at end of December 2018, ₱2,726.7 million or 15.4% higher compared to the consolidated net cash provided by operating activities of ₱17,746.0 million as at December 2017 mainly from higher income, partly offset by higher inventories and income taxes paid.

Consolidated net cash used in investing activities amounted to ₱13,974.9 million at end of December 2018, ₱3,430.5 million or 32.5% higher compared with the net cash used in investing activities at the end of December 2017. The increase was primarily due the acquisition of additional 45% stake in Smashburger and higher capital expenditures for 2018 compared to 2017.

Consolidated net cash used in financing activities amounted to ₱4,289.1 million at the end of December 2018, mainly from proceeds from bank loans amounting to ₱11,126.5 million, partly offset by payments of bank loans, interest on bank loans and cash dividends.

Cash and cash equivalents at the end of December 2018 stood at ₱23,285.9 million, ₱2,178.4 million or 10.3% higher than the December 31, 2017 audited balance of ₱21,107.5 million.

Discussion and Analysis of Material Events and Uncertainties

1. Any known trends or any know demands commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way. The following conditions shall be indicated: whether or not the registrant is having or anticipates having within the next twelve (12) months any cash flow or liquidity problems; whether or not the registrant is in default or breach of any note, loan, lease, or other indebtedness or financing arrangement requiring it to make payments; whether or not a significant amount of the registrant's trade payables have not been paid within the stated terms.

   The Group did not expect any liquidity problems, nor any potential default or breach in its financial obligations. The Group continued to settle its trade payables within the terms agreed with the vendors and suppliers.

2. Any event that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

There were no events during the period that will trigger direct or contingent financial obligation that is material to the JFC Group.

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

   There were no material off-balance sheet transactions, arrangements, obligations created during the reporting period.

4. Any material commitments for capital expenditures, the general purpose such commitments, and the expected sources of funds for such expenditures.

   The Group spent a total of ₱9.6 billion of capital expenditures in 2018, wherein a total of 217 company-owned stores were opened.

   Consolidated capital expenditures budget for 2019 amounted to ₱17,200.00 million, of which ₱8,000.0 million will be used for new stores and renovations, ₱6,000.0 million for commissary expansion and the rest for head office capital expenditures

5. Any seasonal aspects that had a material effect on the financial condition or results of operations.

   Food service operations have both peak and lean seasons. Historically, sales in the second and fourth quarters are strong due to the summer and the Christmas seasons, respectively. Demand during the first and third quarters usually slackens. The material financial impact of this seasonality has been considered in the JFC Group's consolidated financial forecast.

6. Any know trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations should be described.

   There were no trends, events, or uncertainties that have had or that were reasonably expected to have a material favorable or unfavorable impact on operations of the Group.

7. Any significant elements of income or loss that did not arise from the registrant's continuing operations.

   All of the JFC Group's income arose from its continuing operations.

8. Event after the Reporting Period:

   Dividend Declaration

   On April 8, 2019, the BOD of the Parent Company approved a regular cash dividend of ₱1.23 of common stock to all stockholders of record as of April 26, 2019. Consequently, the cash dividend is expected to be paid out by May 9, 2019. The cash dividend is 7.9% higher than the ₱1.14 regular dividend declared on April 6, 2018.

Discussion of the Jollibee Group's Top Five (5) Key Performance Indicators

The following sets forth the key performance indicators of the Group.

System Wide Sales

System Wide Sales is a measure of all sales to consumers both from company-owned and franchised stores.

	As of end Dec 2018 (Unaudited)	As of end Dec 2017 (Unaudited)
System Wide Sales	**₱212,185.4 million**	₱171,761.0 million
% Growth vs LY	**23.5%**	15.2%

Revenues

Revenues is a measure of (1) all sales made by the JFC Group's company-owned stores (both food and novelty sales); (2) Commissary sales to franchised stores; (3) fees from stores operated by franchisees; (4) rental revenues of the JFC Group's investment properties; and (5) revenues from services rendered by the in-house Construction and Business Support Service Groups.

	As of end Dec 2018 Audited (As Restated)	As of end Dec 2017 Audited (As Restated)
Revenues	**₱161,167.8 million**	₱133,583.1 million
% Growth vs LY	**20.6%**	15.5%

Net Income Margin

Net Income Margin is the ratio of the JFC Group's earnings after interest and tax. This is computed by dividing consolidated net income by consolidated revenues. The quotient is expressed in percentage. This measures the JFC Group's return for every peso of revenue earned, after deducting cost of sales, operating expenses, interests and taxes.

	As of end Dec 2018 Audited (As Restated)	As of end Dec 2017 Audited (As Restated)
Net Income	**₱7,641.6 million**	₱6,493.0 million
% to Revenues	**4.7%**	4.9%

Basic Earnings Per Share (EPS)

EPS is the portion of the JFC Group's profit allocated to each outstanding share of common stock. This is computed by dividing the net income for the period attributable to the equity holders of the Parent Company by the weighted average outstanding shares during the same period. This serves as an indicator of the JFC Group's profitability.

	As of end Dec 2018 Audited (As Restated)	As of end Dec 2017 Audited (As Restated)
EPS (Basic)	**₱7.555**	₱6.423
% Growth vs LY	**17.6%**	11.8%

Return on Equity (ROE)

ROE is the ratio of the JFC Group's net income attributable to equity holders of the Parent Company to equity. It is computed by dividing net income attributable to equity holders of the Parent Company by average equity attributable to equity holders of the Parent Company (average means average of the amounts as of the beginning and end of the same period). ROE is a measure of return for every peso of invested equity. The JFC Group also uses ROE for comparing its profitability with other firms in the same industry.

	As of end Dec 2018 (As Restated)	As of end Dec 2017 (As Restated)
Return on Equity	**18.8%**	**19.0%**

Financial Ratios

Jollibee Foods Corporation and Subsidiaries

	Formula	Year Ended December 2018 (As Restated)	2017 (As Restated)
Liquidity Ratios			
Current Ratio	Current Assets / Current Liabilities	**1.07**	1.20
Financial Leverage Ratios			
Asset to Equity Ratio	Total Assets / Total Equity Attributable to Equity Holders of the Parent Company	**3.17**	2.89
Debt Ratio	Total Debt* / Total Debt + Equity Attributable to Equity Holders of the Parent Company	**68.1%**	64.8%
Financial Leverage Ratios			
Net Debt Ratio	Total Debt* - Cash and Cash Equivalents - Short-term Investments - Financial Assets at FVTPL / (Total Debt* - Cash and Cash Equivalents - Short-term Investments - Financial Assets at FVTPL) + Equity Attributable to Equity Holders of the Parent Company	**62.0%**	56.2%
Interest Coverage Ratio	Earnings before Interest and Taxes / Interest Expense	**4.9**	5.5
Solvency Ratio	Net Income + Depreciation and Amortization / Total Liabilities	**0.19**	0.21
Debt Service Coverage Ratio	Net Income / Total Liabilities	**0.08**	0.09

INDEPENDENT AUDITORS

The consolidated financial statements of the Company as at December 31, 2019 and 2020 and for the years ended December 31, 2018, 2019, and 2020 have been audited by SyCip Gorres Velayo & Co ("**SGV**"), independent auditors, in accordance with Philippine Standards on Auditing as set forth in their report thereon appearing elsewhere in this Prospectus.

The stockholders approve the appointment of the external auditors of the Company. The Audit Committee reviews the audit scope and coverage, strategy and results for the approval of the Board of Directors and ensures that audit services rendered shall not impair or derogate the independence of the external auditors or violate SEC regulations. Likewise, the Audit Committee evaluates and determines any non-audit work performed by external auditors, including the fees therefor, and ensures that such work will not conflict with External Auditors' duties as such or threaten its independence.

The audit and audit-related fees cover professional services related to the performance of the audit or review of the Company's annual financial statements by the external auditor. The Audit Committee reviews and approves the audit and non-audit services rendered by the Company's external auditors to ensure that the Company does not engage the external auditors for certain non-audit services expressly prohibited by regulations of the SEC to be performed by an external auditor for its audit clients. The proposal of external auditors for professional services was submitted to, and reviewed by, the Audit Committee which, in turn, is endorsed to the Board of Directors for approval.

For the 2020 audit, the aggregate fee for professional services rendered by the external auditors for the JFC Group is approximately ₱102.9 million *(including fees of auditors other than SGV)*. For the 2019 audit, the aggregate fee for professional services rendered by the external auditors for the JFC Group is approximately ₱119.8 million *(including fees of auditors other than SGV)*.

Tax Fees: In 2020 and 2019, fees for professional services rendered by the external auditors for tax accounting, compliance, advise and other tax services are included in the external audit fees.

Other Fees: In 2020, the JFC Group incurred fees for the Issuance of Securities – Singapore issuances totaling to about ₱30.1 million. There are no other fees billed for 2019 professional services rendered by external auditors other than those mentioned above.

There were no other fees paid to the independent auditors other than for the above-described services.

Changes in and Disagreements with Accountants

The Company has not had any changes in or disagreements with its independent accountants/auditors on any matter relating to financial or accounting disclosures.

No interest in the Company

There is no arrangement that any of the foregoing experts shall receive a direct or indirect interest in the Company or was a promoter, co-manager, voting trustee, director, officer, or employee of the Company.

LEGAL MATTERS

All legal opinions/matters in connection with the issuance of each Offer will be passed upon by Picazo Buyco Tan Fider & Santos ("**Picazo Law**") for the Company and SyCip Salazar Hernandez & Gatmaitan ("**SyCip Law**") for the Underwriters.

None of the foregoing legal counsels have shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe to the securities of the Company. None of the legal counsels will receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants or rights thereto) pursuant to or in connection with the Offer.

Picazo Law and SyCip Law may from time to time be engaged to advise in the transactions of the Company and perform legal services on the basis that Picazo Law and SyCip Law can provide such services to its other clients.

REGULATIONS

The statements herein are based on the laws in force as of the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all of the regulatory and environmental considerations that may be relevant to the Company or the Offer.

GENERAL BUSINESS REGULATORY FRAMEWORK

Revised Corporation Code

Republic Act No. 11232, also known as the Revised Corporation Code, was signed into law on February 20, 2019 and took effect on February 23, 2019. Among the salient features of the Revised Corporation Code are:

- Corporations are granted perpetual existence, unless the articles of incorporation provide otherwise. Perpetual existence shall also benefit corporations whose certificates of incorporation were issued before the effectivity of the Revised Corporation Code, unless a corporation, upon a vote of majority of the stockholders of the outstanding capital stock notifies the Philippine SEC that it elects to retain its specific corporate term under its current Articles of Incorporation.

- A corporation vested with public interest must submit to its shareholders and to the Philippine SEC an annual report of the total compensation of each of its directors or trustees, and a director or trustee appraisal or performance report and the standards or criteria used to assess each director, or trustee.

- Banks, quasi-banks, pawnshops, non-stock savings and loan associations, and corporations engaged in money service business, preneed trust and insurance companies, and other financial required, must have at least 20.0% independent directors in the Board, in accordance with the Securities and Regulation Code The Philippines is party to the United Nations Convention on Recognition and Enforcement of Foreign Arbitral Awards, though it is not party to any international treaty relating to the recognition or enforcement of foreign judgments. Nevertheless, a judgment or final order of a foreign court is, through the institution of an independent action brought in accordance with the relevant procedures set forth in the Rules of Court of the Philippines to enforce such judgment. This requirement also applies to other corporations engaged in businesses imbued with public interest, as may be determined by the Philippine SEC.

- The Revised Corporation Code allows the creation of a "One Person Corporation". However, it expressly prohibits banks and quasi-banks, preneed, trust, insurance, public and publicly-listed companies, among others, from being incorporated as such. This restriction also applies with respect incorporations as Close Corporation.

- Material contracts between the Corporation and its own directors, trustees, officers, or their spouses and relatives within the fourth civil degree of consanguinity or affinity must be approved by at least two-thirds (2/3) of the entire membership of the Board, with at least a majority of the independent directors voting to approve the same.

- The right of stockholders to vote in the election of directors or trustees, or in shareholders meetings, may now be done through remote communication or in absentia if authorized by the corporate by-laws. However, as to corporations vested with public interest, these votes are deemed available, even if not expressly stated in the corporate by-laws. The shareholders who participate through remote communication or in absentia are deemed present for purposes of quorum. When attendance, participation and voting are allowed by remote communication or in absentia, the notice of meetings to the stockholders must state the requirements and procedures to be followed when a stockholder or member elects either option.

- As to the filing of the by-laws and any amendments made to the by-laws of any bank, banking institution, building and loan association, trust company, insurance company, public utility, and other corporations governed by special laws, the Revised Corporation Code requires that a prior certificate of the appropriate government agency to the effect that such bylaws or amendments are in accordance with law, must be submitted.

- A favourable recommendation by the appropriate government agency is likewise required for banks or banking institutions, building and loan associations, trust companies, insurance companies, public utilities, and other corporations governed by special laws, before the Philippine SEC approves any merger or consolidation; or any voluntary dissolution.

- In case of transfer of shares of listed companies, the Philippine SEC may require that these corporations whose securities are traded in trading markets and which can reasonably demonstrate their capability to do so, to issue their securities or shares of stock in uncertificated or scripless form in accordance with the Rules of the Philippine SEC.

The Revised Corporation Code refers to the Philippine Competition Act in case of covered transactions under said law involving the sale, lease, exchange, mortgage, pledge, or disposition of properties or assets; increase or decrease in the capital stock, incurring creating or increasing bonded indebtedness; or mergers or consolidations covered by the Philippine Competition Act thresholds.

The Philippine Competition Act

Republic Act No. 10667, otherwise known as the Philippine Competition Act, was signed into law on July 21, 2015 and took effect on August 8, 2015. This Act aims to codify anti-trust laws in the Philippines and it provides the competition framework in the country. The Philippine Competition Act was enacted to provide free and fair competition in trade, industry, and all commercial economic activities.

To implement its objectives, the Philippine Competition Act provides for the creation of a Philippine Competition Commission ("**PCC**"), an independent quasi-judicial agency to be composed of five commissioners. Among the PCC's powers are to: conduct investigations, issue subpoenas, conduct administrative proceedings, and impose administrative fines and penalties. To conduct a search and seizure, the PCC must apply for a warrant with the relevant court.

The Philippine Competition Act prohibits anti-competitive agreements between or among competitions, and mergers and acquisitions which have the object or effect of substantially preventing, restricting, or lessening competition. It also prohibits practices which involve abuse of dominant position, such as selling goods or services below cost to drive out competition, imposing barriers to entry or prevent competitors from growing, and setting prices or terms that discriminate unreasonably between customers or sellers or the same goods, subject to exceptions.

The Philippine Competition Act also introduces the pre-notification regime for mergers and acquisitions, which requires covered transactions to be notified to the PCC for its approval.

On June 3, 2016, the PCC issued the implementing rules and regulations of the Philippine Competition Act ("**IRR**"). Under the IRR, as a general rule, parties to a merger or acquisition are required to provide notification when: (a) the aggregate annual gross revenues in, into or from the Philippines, or value of the assets in the Philippines of the ultimate parent entity of the acquiring or the acquired entities exceed ₱1.0 billion; (Size of Party) and (b) the value of the transaction exceeds ₱1.0 billion, as determined in the IRR (Size of Transaction); while Parties to a joint venture transaction shall also be subject to the notification requirement if either (a) the aggregate value of the assets that will be combined in the Philippines or contributed into the proposed joint venture exceeds ₱1.0 billion, or (b) the gross revenues generated in the Philippines by assets to be combined in the Philippines or contributed into the proposed joint venture exceed ₱1.0 billion.

The PCC also has released its "Guidelines on the Computation of Merger Notification Thresholds", providing the method for calculation of the aggregate value of assets and gross revenues from sales for the purposes of determining whether a proposed merger or acquisition is notifiable to the PCC.

On March 1, 2018, the PCC issued Memorandum Circular No. 18-001, which adjusted the thresholds for the compulsory notification of mergers and acquisitions from ₱1.0 billion for both the Size of Person and Size of Transaction tests to ₱5.0 billion for the Size of Person and ₱2.0 billion for the Size of Transaction as defined in the Implementing Rules and Regulations. In addition, parties to a joint venture transaction shall be subject to the notification requirement if either (a) the aggregate value of the assets that will be combined in the Philippines or contributed into the proposed joint venture exceeds ₱2.0 billion; or (b) the gross revenues generated in the Philippines by the assets to be combined in the Philippines or contributed into the proposed joint venture exceed ₱2.0 billion.

The same memorandum circular also provided that unless otherwise modified or repealed by the Commission, the thresholds set out in Rule 4, Section 3 of the Implementing Rules and Regulations, as amended, shall be automatically adjusted commencing on March 1, 2019 and on March 1st of every succeeding year, using as index the Philippine Statistics Authority's official estimate of the nominal Gross Domestic Product ("**GDP**") growth of the previous calendar year rounded up to the nearest hundred millions. The annual nominal GDP from 2017 to 2018 grew by 10.2%.

Based on the nominal GDP growth, in a PCC resolution issued on February 11, 2020 the PCC adjusted the notification thresholds as follows:

Adjusted Thresholds to be Implemented		
Test	**Old Threshold (2019)**	**New Threshold (effective March 1, 2020)**
Size of Person Test	₱5.6 billion	₱6 billion
Size of Transaction Test	₱2.2 billion	₱2.4 billion

This means that the value of the assets or revenues of the Ultimate Parent Entity ("**UPE**") of at least one of the parties must exceed ₱6 billion instead of ₱5.6 billion. The UPE is the entity that, directly or indirectly, controls a party to the transaction, and is not controlled by any other entity. In addition, the value of the assets or revenues of the acquired entity must exceed ₱2.4 billion instead of ₱2.2 billion. Both thresholds must be breached in order for the compulsory notification requirement to apply. As to joint venture transactions, notification is mandatory if either (a) the aggregate value of the assets that will be combined in the Philippines or contributed into the proposed joint venture exceeds ₱2.4 billion; or (b) the gross revenues generated in the Philippines by the assets to be combined in the Philippines or contributed into the proposed joint venture exceed ₱2.4 billion. The new thresholds will not apply to (a) transactions already pending review with the PCC, (b) notifiable transactions consummated before March 1, 2020, and (c) transactions already decided by the PCC.

Violations of the Philippine Competition Act and its IRR carry administrative and criminal penalties. A transaction that meets the thresholds and does not comply with the notification requirements and waiting periods shall be considered void and will subject the parties to an administrative fine of 1 to 5.0% of the value of the transaction. Criminal penalties for entities that enter into these defined anti-competitive agreements include: (i) a fine of not less than ₱50.0 million but not more than ₱250.0 million; and (ii) imprisonment for two to seven years for directors and management personnel who knowingly and wilfully participate in such criminal offenses. Administrative fines of ₱100.0 million to ₱250.0 million may be imposed on entities found violating prohibitions against anti-competitive agreements and abuse of dominant position. Treble damages may be imposed by the PCC or the courts, as the case may be, where the violation involves the trade or movement of basic necessities and prime commodities.

On September 15, 2017, the PCC published the 2017 Rules of Procedure ("**Rules**") which apply to investigations, hearings, and proceedings of the PCC, except to matters involving mergers and acquisitions unless otherwise provided. It prescribes procedures for fact-finding or preliminary inquiry and full administrative investigations by the PCC. The Rules also include non-adversarial remedies such as the issuance of binding rulings, show cause orders, and consent orders.

On September 10, 2019, the Supreme Court of the Philippines approved the Rules on Administrative Search and Inspection under the Philippine Competition Act. The rules govern the application, issuance, and enforcement of inspection orders for administrative investigations of alleged violations of the Philippine Competition Act. Inspection orders will allow the PCC and its deputized agents to enter, search and inspect business premises, offices, land and vehicles to examine, copy, photograph, record or print information in order to prevent their removal, concealment, tampering with or destruction.

On September 11, 2020, in response to the COVID-19 pandemic, President Rodrigo Duterte signed into law Republic Act No. 11494, otherwise known as the "Bayanihan to Recover as One Act" which became effective on September 15, 2020. Under the Bayanihan to Recover as One Act, all mergers and acquisitions entered into within a period of two (2) years from its effectivity, with transaction values below ₱50.0 billion shall be exempt from compulsory notification under the PCA. In addition, the PCC's power to review mergers and acquisitions motu proprio shall be suspended for one (1) year from effectivity of the Bayanihan to Recover as One Act. The PCC issued Memorandum Circular No. 20-003 reiterating the foregoing exemptions and clarified that mergers and acquisitions entered into prior to the Bayanihan to Recover as One Act which exceed the following thresholds:

(a) Size of Party exceeds ₱6.0 billion; and (b) Size of Transaction exceeds ₱2.4 billion, are still subject to compulsory notification under the PCA, and all mergers and acquisitions entered into prior to the effectivity of the Bayanihan to Recover as One Act may still be subject to the motu proprio review of the PCC. On October 5, 2020, the PCC issued the Rules for the Implementation of Section 4 (eee) of Republic Act No. 11494, Otherwise Known as the "Bayanihan to Recover as One Act", Relating to the Review of Mergers and Acquisitions.

Foreign Investments Act of 1991

Republic Act No. 7042, as amended, otherwise known as the Foreign Investments Act of 1991 ("**FIA**"), liberalized the entry of foreign investment into the Philippines. Under the FIA, in domestic market enterprises, foreigners can own as much as 100% equity except in areas specified in the Eleventh Regular Foreign Investment Negative List (the "**Negative List**"). This Negative List enumerates industries and activities which have foreign ownership limitations under the FIA and other existing laws. Nationalized activities include, among others, land ownership, telecommunications, mining and the operation of public utilities.

In connection with the ownership of private land, the Philippine Constitution states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60.0% of whose capital is owned by such citizens. While the Philippine Constitution prescribes nationality restrictions on land ownership, there is generally no prohibition against foreigners owning buildings and other permanent structures. However, with respect to condominium developments, the foreign ownership of units in such developments is limited to 40.0%. A corporation with more than 40.0% foreign equity may be allowed to lease land for a period of 25 years, renewable for another 25 years.

In addition, under the Philippine Constitution, only citizens of the Philippines or corporations or associations organized under the laws of the Philippines at least 60.0% of whose capital is owned by such citizens may engage in activities relating to the exploration, development and utilization of natural resources, which covers the utilization of natural resources for the operation of renewable energy power plants.

For the purpose of complying with nationality laws, the term Philippine National is defined under the FIA as any of the following:

- a citizen of the Philippines;
- a domestic partnership or association wholly-owned by citizens of the Philippines;
- a corporation organized under the laws of the Philippines of which at least 60.0% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines;
- a corporation organized abroad and registered to do business in the Philippines under the Revised Corporation Code, of which 100.0% of the capital stock outstanding and entitled to vote is wholly-owned by Filipinos; or
- a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine National and at least 60.0% of the fund will accrue to the benefit of Philippine Nationals.

In SEC Memorandum Circular No. 08 dated May 20, 2013, or the Guidelines on Compliance with the Filipino-Foreign Ownership Requirements Prescribed in the Constitution and/or Existing Laws by Corporations Engaged in Nationalized and Partly Nationalized Activities, it is provided that for purposes of determining compliance with the nationality requirement, the required percentage of Filipino ownership shall be applied both to (a) the total number of outstanding shares of stock entitled to vote in the election of directors, and (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors. A petition for certiorari questioning the constitutionality of SEC Memorandum Circular No. 8 dated May 20, 2013 was filed in June 2013. In *Jose M. Roy III v. Chairperson Teresita Herbosa* (G.R. No. 207246) dated April 18, 2017, the Supreme Court affirmed the validity of SEC Memorandum Circular No. 08 dated May 20, 2013.

In the 2014 case of *Narra Nickel Mining and Development Corporation, et.al vs. Redmont Consolidated Mines Corp* (G.R. No. 195580) and its corresponding motions for reconsideration (the "**Narra Nickel Case**"), the Supreme Court affirmed that the Grandfather Rule, wherein shares owned by corporate shareholders are attributed either as Filipino or foreign equity by determining the nationality not only of such corporate shareholders, but also such corporate shareholders' own shareholders, until the nationality of shareholder individuals is taken into consideration, is to be used jointly and cumulatively with the Control Test, which merely takes into account the nationality of the listed shareholders of the corporation. Such joint and cumulative application shall be observed as follows: (i) if the corporation's Filipino equity falls below 60.0%, such corporation is deemed foreign-owned, applying the Control Test; (ii) if the corporation passes the Control Test, the corporation will be considered a

Filipino corporation only if there is no doubt as to the beneficial ownership and control of the corporation; and (iii) if the corporation passes the Control Test but there is doubt as to the beneficial ownership and control of the corporation, the Grandfather Rule must be applied.

Retail Trade Liberalisation Act

Republic Act No. 8762, or the Retail Trade Liberalisation Act of 2000 (**R.A. 8762**) liberalised the Philippine retail industry to encourage Filipino and foreign investors to forge an efficient and competitive retail trade sector in the interest of empowering the Filipino consumer through lower prices, high quality goods, better services, and wider choices. It allowed non-Filipino citizens to participate in retail on a limited basis. Prior to the passage of R.A. 8762, retail trade was limited to Filipino citizens or corporations that are 100 per cent. Filipino-owned.

Retail trade is defined by R.A. 8762 to cover any act, occupation, or calling of habitually selling direct to the general public any merchandise, commodities, or goods for consumption. Under R.A. 8762, foreign-owned partnerships, associations and corporations formed and organised under the laws of the Philippines may, upon registration with the Philippine SEC and the Department of Trade and Industry (**DTI**) or in case of foreign- owned single proprietorships, with the DTI, engage or invest in the retail trade business, in accordance with the following categories:

- *Category A*—Enterprises with paid-up capital of the equivalent in Pesos of less than U.S.$2.5 million shall be reserved exclusively for Filipino citizens and corporations wholly owned by Filipino citizens.

- *Category B*—Enterprises with a minimum paid-up capital of the equivalent in Pesos of U.S.$2.5 million but less than U.S.$7.5 million may be wholly owned by foreigners except for the first two years after the effectivity of R.A. 8762 wherein foreign participation shall be limited to not more than 60 per cent. of total equity.

- *Category C*—Enterprises with a paid-up capital of the equivalent in Pesos of U.S.$7.5 million or more may be wholly owned by foreigners: provided, however, that in no case shall the investments for establishing a store in Categories B and C be less than the equivalent in Pesos of U.S.$830,000.00.

- *Category D*—Enterprises specialising in high-end or luxury products with a paid-up capital of the equivalent in Pesos of U.S.$250,000.00 per store may be wholly owned by foreigners.

The implementing rules and regulations of R.A. 8762 provide that foreign investors or foreign retailers may acquire shares in existing and operating retail stores, whether publicly listed or not. A foreign retailer is defined as an individual who is not a Filipino citizen, or a corporation, partnership, association, or entity that is not wholly owned by Filipinos, engaged in retail trade.

Whenever a foreign investor is also engaged in retail trade and such foreign investor acquires 51 per cent. or more of the outstanding capital stock of an existing retail store, the following prequalification requirements must be met:

- a minimum of U.S.$200.0 million net worth in its parent corporation for categories B and C, and U.S.$50.0 million net worth in its parent corporation for category D;

- five retail branches or franchises in operation anywhere around the world unless such retailer has at least one store capitalised at a minimum of U.S.$25.0 million;

- five-year track record in retail; and

- only nationals from, or juridical entities formed or incorporated in, countries which allow the entry of Filipino retailers, shall be allowed to engage in retail trade in the Philippines.

The DTI, through the Board of Investments, is authorised to pre-qualify all foreign retailers, subject to the provisions of R.A. 8762, before they are allowed to conduct business in the Philippines. No transfer of shares to a foreign investor in a retail store shall be recorded in the corporate books unless a Certificate of Compliance with Pre-qualification is presented.

On May 19, 2021, the Senate approved on third and final reading Senate Bill 1840 which reduced the minimum paid-up capital requirement for foreign retailers from U.S.$ 2.5 million to only ₱50.0 million or approximately U.S.$1.0 million. In addition, Foreign retailers who will operate more than one physical store in the country are required to invest at least ₱25.0 million (U.S.$524,000) for each store. The bill also removes the pre-qualification requirements for foreign retailers to have been engaged in the retailing industry for the past five years, or to have at least five retailing branches located anywhere worldwide. As of May 24, 2021, the bill is still pending conference committee action. Thereafter, the bill will require the signature of the President and publication prior to its effectivity.

Data Privacy Act of 2012

Republic Act No. 10173, or the Data Privacy Act, protects all forms of information, be it private, personal, or sensitive. It applies to any natural or juridical persons involved in processing of information (which refers to any operation or any set of operations performed upon personal data including, but not limited to, the collection, recording, organisation, storage, updating or modification, retrieval, consultation, use, consolidation, blocking, erasure or destruction of data), whether in the government or private sector, and whether in or outside the Philippines.

The law defines **personal information** as any information whether recorded in a material form or not, from which the identity of an individual is apparent or can be reasonably and directly ascertained by the entity holding the information, or when put together with other information would directly and certainly identify an individual. On the other hand, sensitive personal information refers to personal information:

(a) About an individual's race, ethnic origin, marital status, age, colour, and religious, philosophical or political affiliations;

(b) About an individual's health, education, genetic or sexual life or a person, or to any proceeding for any offence committed or alleged to have been committed by such person, the disposal of such proceedings, or the sentence of any court in such proceedings;

(c) Issued by government agencies peculiar to an individual which includes, but not limited to, social security numbers, previous or current health records, licences or its denials, suspension or revocation, and tax returns; and

(d) Specifically established by an executive order or an act of the Philippine Congress to be kept classified.

In general, the processing of sensitive personal information and privileged information is prohibited except where: (1) the data subject has given his or her consent, specific to the purpose prior to the processing, or in the case of privileged information, all parties to the exchange have given their consent prior to processing; (2) the processing is provided for by existing laws and regulations; (3) the processing is necessary to protect the life and health of the data subject or another person, and the data subject is not able to give consent; (4) the processing is carried out for limited non-commercial purposes by public organisations and their associations; (5) the processing is necessary for purposes of medical treatment, is carried out by a medical practitioner or a medical treatment institution, and an adequate level of protection of personal information is ensured; or (6) the processing is necessary for court proceedings or legal claims, or is provided to the government or a public authority.

Under the Data Privacy Act, the appointment of a Data Protection Officer (**DPO**) is a legal requirement for all personal information controllers (**PICs**) and personal information processors (**PIPs**). The DPO is accountable for ensuring the company's compliance with all data privacy and security laws and regulations.

A PIC may be a natural or juridical person who exercises control over the processing of personal data and furnishes instructions to another person or entity to process personal data on its behalf. A PIP on the other hand, refers to a person or body instructed or outsourced by a PIC to engage in the processing of the personal data of a data subject. The PIC or PIP that employs fewer than 250 persons shall not be required to register unless the processing it carries out is likely to pose a risk to the rights and freedoms of data subjects, the processing is not occasional, or the processing includes sensitive personal information of at least 1,000 individuals.

Advertising Regulations

The Ad Standards Council, a non-stock, non-profit organisation, established by the Kapisanan ng mga Brodkaster ng Pilipinas, Philippine Association of National Advertisers, and Association of Accredited Advertising Agencies, issues circulars in the Advertising Industry and handles the screening of all broadcast, out-of-home and print advertising and settlement of disputes regarding advertising content.

CONSUMER PROTECTION LAWS

The Consumer Act

Republic Act No. 7394, or Consumer Act of the Philippines (the **Consumer Act**), seeks to: (a) protect consumers against hazards to health and safety, (b) protect consumers against deceptive, unfair and unconscionable sales acts and practices; (c) provide information and education to facilitate sound choice and the proper exercise of rights by the consumer; (d) provide adequate rights and means of redress; and (e) involve consumer representatives in the formulation of social and economic policies. Consumer products and services, as defined by the Consumer Act, means goods, services and credits, debts or obligations which are primarily for personal, family, household or agricultural purposes, which includes, but is not limited to, food, drugs, cosmetics, and devices. The DTI is the implementing agency tasked to promulgate the policies under the Consumer Act.

Furthermore, it regulates the following: (1) consumer product quality and safety; (2) the production, sale, distribution and advertisement of food, drugs, cosmetics and devices as well as substances hazardous to the consumer's health and safety; (3) fair, honest consumer transactions and consumer protection against deceptive, unfair and unconscionable sales acts or practices; (4) practices relative to the use of weights and measures; (5) consumer product and safety warranties; (6) compulsory labeling and fair packaging; (7) liabilities for defective products and services; (8) consumer protection against misleading advertisements and fraudulent promotion practices; and (9) consumer credit transactions.

The Consumer Act establishes quality and safety standards with respect to the composition, contents, packaging, labelling and advertisement of products and prohibits the manufacture for sale, offer for sale, distribution, or importation of products which are not in conformity with applicable consumer product quality or safety standards promulgated thereunder. Under the Consumer Act, it is prohibited to manufacture, import, export, sell, offer to sell, distribute and transfer food products that do not conform to applicable consumer product quality or safety standards.

The minimum labelling requirements for consumer products sold in the Philippines are: (a) the correct and registered trade name or brand name; (b) the duly registered trademark; (c) the duly registered business name; (d) the address of the manufacturer, importer, repacker of the consumer product in the Philippines; (e) the general make or active ingredients; (f) the net quantity of contents, in terms of weight, measure or numerical count rounded off to at least the nearest tenths in the metric system; (g) the country of manufacture, if imported; and (h) if a consumer product is manufactured, refilled or repacked under licence from a principal, the label shall so state the fact.

Violation of the Consumer Act shall warrant administrative penalties and/or imprisonment of not less than one year but not more than five years, or a fine of not less than ₱5,000.00 but not more than ₱10,000.00 or both, at the discretion of the court. Should the offence be committed by a juridical person, the chairman of the board of directors, the president, general manager, or the partners and/or the persons directly responsible therefor shall be penalised.

The Price Act

Republic Act No. 7581, as amended by Republic Act No. 10623, or the Price Act (the **Price Act**), provides that the President of the Philippines may impose a price ceiling on basic necessities and prime commodities in the event of a calamity, an emergency, illegal price manipulation or when the prevailing prices have risen to unreasonable levels. "Basic necessities" are goods vital to the needs of consumers for their sustenance and existence, while "prime commodities" are goods not considered as basic necessities but are essential to consumers in times of any of the following cases: (1) the impendency, existence, or effects of a calamity; (2) the threat, existence, or effect of an emergency; (3) the prevalence or widespread acts of illegal price manipulation; (4) the impendency, existence, or effect of any event that causes artificial and unreasonable increase in the price of the

basic necessity or prime commodity; and (5) whenever the prevailing price of any basic necessity or prime commodity has risen to unreasonable levels.

The Price Act imposes an automatic price control on the prices of basic commodities in areas declared as disaster areas, under emergency or suspension of the privilege of writ of habeas corpus or martial law or in a state of rebellion or war. Unless sooner lifted by the President of the Philippines, prices shall remain frozen for a maximum period of 60 days, except for price control on basic necessities that are wholly imported and deregulated.

The implementing Government agencies of the Price Act are also given the authority thereunder to issue suggested retail prices, whenever necessary, for certain basic necessities and/or prime commodities for the information and guidance of concerned trade, industry and consumer sectors.

FOOD BUSINESS

Health Regulations

The Food and Drug Administration (the **FDA**) administers and enforces the law, and issues any circular, on safety and good quality supply of food, drug and cosmetic to consumers. It also regulates the production, sale, and traffic of the same to protect the health of the people.

Consistent with the mandate to adopt and establish mechanisms and initiatives that are aimed to protect and promote the right to health of every Filipino, the FDA issued the Rules and Regulations on the Licensing of Food Establishments and Registration of Processed Food, which require all food establishments obtain a licence to operate (**LTO**) from the FDA before they can validly engage in the manufacture, importation, exportation, sale, offer for sale, distribution, and transfer of food products in the Philippine market. Such rules cover processed food and food products and exclude fresh or raw food derived from plant, animal, fisheries and aquaculture products or foods in the primary production and post-harvest stages of the supply chain. An initial LTO is valid for a period of two years, while a renewed licence is valid for five years.

In addition to an LTO, the FDA also requires a Certificate of Product Registration (**CPR**) for processed food products, including food additives, food supplements and bottled water, before said products are distributed, supplied, sold or offered for sale or use in the market. A CPR covering a particular health product constitutes *prima facie* evidence of the registrant's marketing authority for said health product in connection with the activities permitted pursuant to the registrant's LTO. In case of initial registration, a CPR is valid for a minimum period of two years to a maximum period of five years. Any renewal thereafter is valid for five years.

The operation of a food business without the proper authorisation from the FDA is prohibited and punishable with a fine. The closure of the establishment may also be imposed as a penalty upon a finding of a commission of a prohibited act.

The DOH is the Government agency tasked to implement the Consumer Act with respect to food products. The DOH also prescribes the Guidelines on Current Good Manufacturing Practice in Manufacturing, Packaging, Repacking, or Holding Food or food manufacturers. Under the Consumer Act, the DOH also has the authority to order the recall, ban or seizure from public sale or distribution of food products found to be injurious, unsafe or dangerous to the general public.

The Food Safety Act

In 2013, Republic Act No. 10611, or the Food Safety Act of 2013 (the **Food Safety Act**) was enacted into law to strengthen the food safety regulatory system in the country. The food safety regulatory system encompasses all the regulations, food safety standards, inspection, testing, data collection, monitoring and other activities carried out by the Department of Agriculture (DA) and the DOH, their pertinent bureaus, and the LGUs. The National Dairy Authority, NMIS, and Bureau of Fisheries and Aquatic Resources under the DA are the government agencies responsible for the development and enforcement of food safety standards and regulations in the primary production and post-harvest stages for milk, meat, and fish, respectively, while the FDA under the DOH is responsible for the safety of processed and pre-packaged foods.

The purpose of the law is to:

- protect the public from food-borne and water-borne illnesses and unsanitary, unwholesome, misbranded or adulterated foods;
- enhance industry and consumer confidence in the food regulatory system; and
- achieve economic growth and development by promoting fair trade practices and sound regulatory foundation for domestic and international trade.

To protect consumer interest, the Food Safety Act seeks to prevent the adulteration, misbranding, fraudulent practices and practices which mislead the consumer, and prevent misrepresentation in the labelling and false advertising in the presentation of food. The DA and the DOH are mandated to set food safety standards, which are the requirements that food or food processors have to comply with to safeguard human health.

The law likewise mandates the use of science-based risk analysis in food safety regulation and prescribes the adoption of precautionary measures when the available relevant information for use in risk assessment is sufficient to show a certain type of food or food product does not pose a risk to consumer health.
In addition, food imported, produced, processed and distributed for domestic and export markets should comply with the following requirements:

- food to be imported into the country must come from countries with an equivalent food safety regulatory system; and
- imported foods shall undergo inspection and clearance procedures by the DA and the DOH at the first port of entry to determine compliance with national regulations and regulations of the importing country.

The Food Safety Act imposes the following responsibilities on food business operators:

- food business operators shall be knowledgeable of the specific requirements of food law with respect to their activities in the food supply chain and the procedures adopted by relevant Government agencies, and adopt, apply and be well informed of codes and principles for good practices;
- in the event a food business operator considers or has reason to believe that food which it produced, processed, distributed or imported is not safe or not in compliance with food safety requirements, it shall immediately initiate procedures to recall the product and inform the regulator;
- food business operators shall allow inspection of their businesses and collaborate with the regulatory authorities to avoid risks posed by the food product/s which they have supplied; and
- where the unsafe or non-compliant food product may have reached the consumer, the food business operators shall have effectively and accurately informed the consumers of the reason for the withdrawal, and if necessary, recall the same from the market.

To enforce the Food Safety Act, food safety regulatory agencies are authorised to perform regular inspection of food business operators taking into consideration the compliance with mandatory safety standards, implementation of the Hazard Analysis at Critical Control Points or the science-based system that identifies, evaluates, and controls hazards for food safety at critical points, good manufacturing practices and other requirements of regulations. It is prohibited to refuse access to pertinent records or entry of inspection officers of the food safety regulatory agencies. It is likewise prohibited, among others, to produce, handle, or manufacture for sale, offer for sale, distribute in commerce, or import any food or food product, which is banned or is not in conformity with applicable quality or safety standard. The commission of any of the prohibited acts under the Food Safety Act may result in imprisonment and/or a fine.

The Livestock and Poultry Feeds Act

The Philippine Livestock and Poultry Feeds Act and its implementing rules and regulations (the **Livestock and Poultry Feeds Act**), regulates and controls the manufacture, importation, labelling, advertising and sale of livestock and poultry feeds. The Bureau of Animal Industry (**BAI**) is the governmental office under the DA tasked to implement and enforce the Livestock and Poultry Feeds Act.

Under the Livestock and Poultry Feeds Act, any entity desiring to engage in the manufacture, importation, exportation, sale, trading or distribution of feeds or other feed products must first register with the BAI. There must be a separate registration for each type and location of feed establishment. Furthermore, the Livestock and Poultry Feeds Act provides that no feeds or feed products may be manufactured, imported or exported, traded, advertised, distributed, sold, or offered for sale, or held in possession for sale in the Philippines unless the same has been registered with the BAI. There must be also a separate registration for each type, kind and form feed of feed product. Feeds and feed products produced through toll manufacturing shall be registered with the company that owns the same. All commercial feeds must comply with the nutrient standards prescribed by the DA. Registration of feed and feed products and feed establishments is required to be renewed on a yearly basis.

The Livestock and Poultry Feeds Act also provides branding, labelling and advertising requirements for feeds and feed products and the establishment of in-house quality control laboratories by manufacturers and traders of feed and feed products. Any person found in violation of the provisions of the Livestock and Poultry Feeds Act shall be subject to administrative penalties or imprisonment or both.

The Meat Inspection Code

Republic Act No. 9296 or The Meat Inspection Code of the Philippines (the **Meat Inspection Code**) establishes quality and safety standards for the slaughter of food animals and the processing, inspection, labelling, packaging, branding and importation of meat (including, but not limited to, pork, beef and chicken meat) and meat products. The NMIS, a specialised regulatory service attached to the DA, serves as the national controlling authority on all matters pertaining to meat and meat product inspection and meat hygiene to ensure meat safety and quality from farm to table. It has the power to accredit meat establishments and exporters, importers, brokers, traders and handlers of meat and meat products. On the other hand, the different LGUs, in accordance with existing laws, policies, rules and regulations and quality and safety standards of the DA, have the authority to regulate the construction, management and operation of slaughterhouses, meat inspection, and meat transport and post-abattoir control within their respective jurisdictions, and to collect fees and charges in connection therewith.

The Meat Inspection Code covers all meat establishments, including, but not limited to, poultry dressing plants and meat processing plants where food are prepared, processed, handled, packed, stored, or sold. It requires the inspection of food animals before it shall be allowed for slaughter in licenced private slaughterhouses in which meat or meat products thereof are to be sold. A post-mortem examination is also required for carcasses and parts thereof of all food animals prepared as articles of commerce which are capable of use as human food. Only meat or meat products from meat establishments that have passed inspection and have been so marked may be sold or offered for sale to the public.

The Meat Inspection Code provides for labelling, branding and packaging requirements for meat and meat products to enable consumers to obtain accurate information and ensure product traceability. The Meat Inspection Code also requires all meat establishments to:

(a) comply with the Animal Welfare Act of 1998 for the adequate protection of food animals awaiting slaughter and all pollution control and environmental laws and regulations relating to the disposal of carcasses and parts thereof; and

(b) adopt Good Manufacturing Practices and Sanitation Standard Operating Procedures programmes for the production, storage and distribution of its meat products.

Further, the DA requires all operators and/or owners of post-harvest meat establishments to subject their facilities for evaluation for the issuance of an LTO by the NMIS.

Any person found in violation of the provisions of the Meat Inspection Code shall be subject to administrative penalties or imprisonment or both. Furthermore, any carcasses, parts of carcasses or products of carcasses found to have been prepared, handled, packed, stored, transported or offered for sale as human food not in accordance with the provisions thereof shall be confiscated and disposed of at the expense of the person found to be in violation thereof.

The Philippine Food Fortification Act

Republic Act No. 8976 or The Philippine Food Fortification Act of 2000 (the **PFF Act**) provides for the mandatory fortification of wheat flour, cooking oil and other staple foods and the voluntary fortification of processed food products or food products for sale or distribution in the Philippines. The fortification of food products is required to be undertaken by manufacturers and processors thereof. The FDA is the Government agency responsible for the implementation the PFF Act with the assistance of the different LGUs which are tasked under the said law to monitor foods mandated to be fortified which are available in public markets, retail stores and food service establishments and to check if the labels of fortified products contain nutrition facts stating the nutrient added and its quantity. Any person in violation of the PFF Act shall be subject to administrative penalties. Furthermore, the FDA may refuse or cancel the registration or order the recall of food products in violation of said law.

The Food, Drug and Cosmetics Act

Republic Act No. 3720 or The Food, Drug and Cosmetics Act, as amended by E.O. 175 and Republic Act No. 9711, or the Food and Drug Administration Act of 2009, seeks to ensure that safe and quality food is available in the Philippines, and regulates the production, sale, and trade of food to protect the health of the citizens. The FDA is the Governmental agency tasked to implement the Food, Drug and Cosmetics Act.

Under the Food, Drug and Cosmetic Act, the following acts, among others, are prohibited:

- the manufacture, importation, exportation, sale, offering for sale, distribution, transfer, non-consumer use, promotion, advertising, or sponsorship of any "health product" that is adulterated, unregistered or misbranded (Health product means food, drugs, cosmetics, devices, biologicals, vaccines, in-vitro diagnostic reagents, and household/urban hazardous substances. On the other hand, food means any processed substance which is intended for human consumption and includes drink for man, beverages, chewing gum and any substances which have been used as an ingredient in the manufacture, preparation or treatment of food.);

- the adulteration or misbranding of any health product;

- the refusal to permit entry to or inspection of premises or vehicles or to allow samples to be collected for the purposes authorised under the Food, Drug and Cosmetics Act;

- the giving of a guaranty or undertaking referred to in section 12(b) of R.A. No. 3720, as amended, which guaranty or undertaking is false, except by a person who relied upon a guaranty or undertaking to the same effect, signed by, and containing the name and address of the person or entity from whom he received in good faith the health products or the giving of a guaranty or undertaking referred to in section 12(b) of R.A. No. 3720, as amended which guaranty or undertaking is false;

- forging, counterfeiting, simulating, or falsely representing or without proper authority using any mark, stamp, tag label, or other identification device authorised or required by regulations promulgated under the provisions of the Food, Drug and Cosmetics Act;

- the using by any person to his own advantage, or revealing, other than to the Secretary or officers and employees of the FDA or to the courts when relevant in any judicial proceeding, any information concerning any method or process which as a trade secret is entitled to protection;

- the alteration, mutilation, destruction, obliteration or removal of the whole or any part of the labelling of, or the doing of any other act with respect to health products if such act is done while the article is held for sale, whether or not the first sale, and results in the article being adulterated or misbranded; provided that a retailer may sell in smaller quantities, subject to guidelines issued by the FDA;

- the use, in labelling, advertising or other sales promotion of any reference to any report or analysis furnished in compliance with section 26 of R.A. No. 3720, as amended;

- the manufacturer, importation, exportation, sale, offering for sale, distribution, transfer, non-consumer use, promotion, advertisement, or sponsorship of any health product which, although requiring registration, is not registered with the FDA;

- the manufacturer, importation, exportation, transfer or distribution of any food, cosmetic or household/urban hazardous substance by any natural or juridical person without the licence to operate from the FDA; and

- the sale, offering for sale, importation, exportation, distribution, or transfer of any health product beyond its expiration or expiry date, if applicable.

Any person who commits any of the prohibited acts stated above shall, upon conviction, suffer the penalty of imprisonment ranging from one year but not more than ten years or a fine of not less than ₱50,000.00 but not more than ₱500,000.00, or both, at the discretion of the court. If the offender is a manufacturer, importer or distributor of any health product, the penalty of at least five years imprisonment but not more than ten years and a fine of at least ₱500,000.00 but not more than ₱5,000,000.00 shall be imposed. Further, an additional fine of one per cent. of the economic value/cost of the violative product or violation, or ₱1,000.00, whichever is higher, shall be imposed for each day of continuing violation.

Furthermore, health products found in violation of the provisions of the Food, Drug and Cosmetics Act and other relevant laws, rules and regulations may be seized and held in custody pending proceedings, without a hearing or court order, when the director general of the FDA has reasonable cause to believe from facts found by him or an authorised officer or employee of the FDA that such health products may cause injury or prejudice to the consuming public.

Designated officers or employees of the DOH, for purposes of enforcing of the Food, Drug and Cosmetics Act, are authorised to enter, at reasonable hours, any factory, warehouse, or establishment in which food, drugs, devices, or cosmetics are manufactured, processed, packed, or held for introduction into domestic commerce and to inspect, in a reasonable manner, such factory, warehouse, establishment, or vehicle and all pertinent equipment, finished or unfinished materials, containers, and labelling therein.

When there is a finding of prohibited actions and determination of the persons liable thereto, after notice and hearing, the director-general may impose one or more of the following administrative penalties: (1) the cancellation of any authorisation which may have been granted by the FDA, or suspension of the validity thereof which shall not exceed one year, (2) a fine of not less than ₱50,000.00 but not more than ₱500,000.00, and (3) the destruction and/or appropriate disposition of the subject health product and/or closure of the establishment for any violation of the Food, Drug and Cosmetics Act.

REAL PROPERTY REGULATION

Land Ownership

The Philippine Constitution and related statutes set forth restrictions on foreign ownership of owning land in the Philippines. Article XII, Section 7 of the Philippine Constitution, in relation to Article XII, Section 2 of the Philippine Constitution, states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organised under the laws of the Philippines at least 60 percent. of whose capital is owned by such citizens.

Investors' Lease Act

Republic Act No. 7652, or the Investors' Lease Act allows any foreign investor investing in the Philippines through actual remittance of foreign exchange, transfer of assets, or other technological rights or processes, upon registration with the Philippine SEC, to lease private lands, subject to the following conditions:

(a) No lease contract shall be for a period exceeding 50 years, renewable once for a period of not more than 25 years;

(b) The leased area shall be used solely for the purpose of the investment upon the mutual agreement of the parties; and

(c) The leased premises shall comprise such area as may reasonably be required for the purpose of the investment, subject however, to the Comprehensive Agrarian Reform Law and the Local Government Code.

The leasehold right acquired under long-term lease contracts entered into pursuant to the Investors' Lease Act may be sold, transferred, or assigned; Provided, that when the buyer, transferee, or assignee is a foreigner or a foreign-owned enterprise, the conditions and limitations in respect to the use of the leased property as provided for under this law shall continue to apply.

However, foreign individuals, corporations, associations, or partnerships not otherwise investing in the Philippines, as described above, may only be allowed to lease private lands at a maximum period of 25 years, renewable for another period of 25 years upon mutual agreement of the parties.

A withdrawal of the approved investments (which means failure to operate the investment project for any three consecutive years, outright abandonment of the investment project at any time during the approved lease period or failure to pay lease rental for three consecutive months coupled with the failure to operate the investment project within the same period) within the period of the lease agreement or use of the leased area for purpose other than that authorised, shall warrant an automatic termination of the lease agreement, without prejudice to the right of the lessor to be compensated for the damages he may have suffered thereby.

The Secretary of Trade and Industry shall terminate any lease contract if the investment project is not initiated within three years from signing of the lease contract. Any contract made or executed in violation of any of the following prohibited acts shall be deemed void and both contracting parties shall be punished by a fine of not less than ₱100,000.00 nor more than ₱1,000,000.00, or imprisonment of six months to six years, or both:

(a) Any provision in the lease agreement stipulating a lease period in excess of 50 years, renewable for a period not more than 25 years;

(b) Use of the leased premises for the purpose contrary to existing laws of the land, public order, public policy, morals or good customs; and

(c) Any agreement or agreements resulting in the lease of land in excess of the area approved by the DTI: Provided, That, where the excess of the totality of the area leased is due to the acts of the lessee, the lessee shall be held solely liable therefor: Provided, further, That, in the case of corporations, associations, or partnerships, the president, manager, director, trustee, or officers responsible for the violation hereof shall bear the criminal liability.

LABOUR AND EMPLOYMENT

Labour Code of the Philippines

The Department of Labour and Employment (**DOLE**) is the Government agency mandated to formulate policies, implement programmes and services, and serves as the policy-coordinating arm of the executive branch of the Government in the field of labour and employment. The DOLE has exclusive authority in the administration and enforcement of labour and employment laws such as the Labour Code of the Philippines (the Labour Code) and the Occupational Safety and Health Standards, as amended, and such other laws as specifically assigned to it or to the Secretary of the DOLE.

On March 15, 2017, Department Order No. 174 (2017) (**D.O. 174**) was issued by the DOLE providing for the guidelines on contracting and subcontracting, as provided for under the Labour Code. It has reiterated the policy that labour-only contracting is absolutely prohibited where: (1) (a) the contractor or subcontractor does not have substantial capital, or does not have investments in the form of tools, equipment, machineries, supervision, work premises, among others; and (b) the contractor's or subcontractor's employees recruited and placed are performing activities which are directly related to the main business operation of the principal; or (2) the contractor or subcontractor does not exercise the right to control over the performance of the work of the employee. Subsequently, DOLE issued Department Circular No. 1 (2017) clarifying that the prohibition under D.O. 174 does not apply to business process outsourcing, knowledge process outsourcing, legal process outsourcing, information technology infrastructure outsourcing, application development, hardware and/or software support, medical transcription, animation services and back office operations or support.

Occupational Safety and Health Standards Law

On August 17, 2018, Republic Act No. 11058 or the Occupational Safety and Health Standards Law was signed into law. It mandates employers, contractors or subcontractors and any person who manages, controls or

supervises the work, to furnish the workers a place of employment free from hazardous conditions that are causing or are likely to cause death, illness or physical harm to the workers. It also requires employers, contractors or subcontractors to give complete job safety instructions or orientation and to inform the workers of all hazards associated with their work, health risks involved or to which they are exposed, preventive measures to eliminate or minimise the risks and steps to be taken in cases of emergency.

An employer, contractor or subcontractor who willfully fails or refuses to comply with the Occupational Safety and Health Standards Law shall be administratively liable for a fine. Further, the liability of the employer, project owner, general contractor, contractor or subcontractor, if any, and any person who manages, controls or supervises the work, shall be solidary.

Social Security System, PhilHealth and the Pag-IBIG Fund

An employer or any person who uses the services of another person in business, trade, industry or any undertaking is required under Republic Act No. 11199, otherwise known as the Social Security Act of 2018, to ensure coverage of employees following procedures set out by the law and the Social Security System (SSS). Under the said law, social security coverage is compulsory for all employees not over 60 years of age. An employer must deduct and withhold from its compulsorily covered employees their monthly contributions based on a given schedule, pay its share of contribution and remit these to the SSS within a period set by law and/or SSS regulations.

Employers are likewise required to ensure enrolment of its employees in a National Health Programme administered by the Philippine Health Insurance Corporation, a Government corporation attached to the Department of Health (**DOH**) tasked with ensuring sustainable, affordable and progressive social health insurance pursuant to the provisions of the National Health Insurance Act of 1995, as amended by the Republic Act No. 11223, otherwise known as the Universal Health Care Act. The registration, accurate and timely deductions and remittance of contributions to the Philippine Health Insurance Corporation is mandatory as long as there is employer-employee relationship.

Under Republic Act No. 9679 or the Home Development Mutual Fund Law of 2009, all employees who are covered by the Social Security System must also be registered with and covered by the Home Development Mutual Fund, more commonly referred to as the Pag-IBIG Fund. It is a national savings programme as well as a fund to provide affordable shelter financing to Filipino employees. The employer is likewise mandated to deduct and withhold, pay and remit to the Pag-IBIG Fund the respective contributions of the employees under the prescribed schedule.

Labour Code Provision on Retirement Pay

The Philippine Labour Code provides that, in the absence of a retirement plan provided by their employers, private sector employees who have reached 60 years of age or more, but not beyond 65 years of age, the compulsory retirement age for private-sector employees without a retirement plan, and who have rendered at least five years of service in an establishment, may retire and receive a minimum retirement pay equivalent to one-half month's salary for every year of service, with a fraction of at least six months being considered as one whole year.

For the purpose of computing the retirement pay, "one-half month's salary" shall include all of the following: 15 days salary based on the latest salary rate; in addition, 1/12 of the thirteenth month pay and the cash equivalent of five days of service incentive leave pay. Other benefits may be included in the computation of the retirement pay upon agreement of the employer and the employee or if provided in a collective bargaining agreement.

DOLE Mandated Work-Related Programmes

Under the Comprehensive Dangerous Drugs Act, a national drug abuse prevention programme implemented by the DOLE must be adopted by private companies with ten or more employees. For this purpose, employers must adopt and establish company policies and programmes against drug use in the workplace in close consultation and coordination with the DOLE, labour and employer organisations, human resource development managers and other such private sector organisations. DOLE Department Order No. 053-03 sets out the guidelines for the implementation of Drug-Free Workplace policies and programmes for the private sector.

The employer or the head of the work-related, educational or training environment or institution also has the duty to prevent or deter the commission of acts of sexual harassment and to provide the procedures for the resolution, settlement or prosecution of such cases. Under the Anti-Sexual Harassment Act, the employer will be solidarily

liable for damages arising from the acts of sexual harassment committed in the workplace if the employer is informed of such acts by the offended party and no immediate action is taken. Notwithstanding this, the victim of sexual harassment is not precluded from instituting a separate and independent action for damages and other affirmative relief. Any person who violates the provisions of this law shall, upon conviction, be penalised by imprisonment of not less than one month nor more than six months, or a fine of not less than ₱10,000 nor more than ₱20,000, or both such fine and imprisonment, at the discretion of the court. Any action arising from the violation of the provisions of this law shall prescribe in three years.

Moreover, the Philippines AIDS Prevention and Control Act and its implementing rules and regulations require all private workplaces to have a policy on HIV and AIDS and to implement a workplace programmes in accordance with the Philippines AIDS Prevention and Control Act. The workplace policies aim to manage sensitive issues, such as confidentiality of medical information and continuation of employment for HIV-positive staff, and to avoid the discrimination of any employee due to HIV/AIDS. Any HIV/AIDS-related information of workers should be kept strictly confidential and kept only on medical files, whereby access to it is strictly limited to medical personnel.

All private workplaces are also required to establish policies and programmes on solo parenting, Hepatitis B, and tuberculosis prevention and control.

ENVIRONMENTAL LAWS

Environmental Impact Statement System

Undertakings or operations on any declared environmentally critical project or area are required to obtain an Environmental Compliance Certificate (**ECC**) prior to commencement. The ECC is a Government certification that (i) the proposed project or undertaking will not cause a significant negative environmental impact; (ii) that the proponent has complied with all the requirements of the Environment Impact Statement (**EIS**) System; and (iii) that the proponent is committed to implementing its approved Environmental Management Plan in the EIS or, if an Initial Environmental Examination (**IEE**) was required, that it shall comply with the mitigation measures provided therein before or during the operations of the project and in some cases, during the abandonment phase of the project. The Department of Environment and Natural Resources (**DENR**), through its regional offices or through the Environmental Management Bureau (the **EMB**), determines whether a project is environmentally critical or located in an environmentally critical area and processes all applications for an ECC.

As a requirement for the issuance of an ECC, an environmentally critical project must submit an EIS to the EMB, which is a result of a positive determination by the EMB on the preventive, mitigating and enhancement measures adopted to address possible adverse consequences of the project to the environment. The EIS refers to the document prepared and submitted by the project proponent and/or the Environmental Impact Assessment Consultant, which provides for a comprehensive study of the material impacts of a project to the environment.

On the other hand, a non-environmentally critical project in an environmentally critical area is generally required to submit an IEE to the proper EMB regional office.

The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas. In the case of an environmentally critical project within an environmentally critical area, an EIS is required in addition to the IEE.

While the terms and conditions of an EIS or an IEE may vary from project to project, as a minimum, it contains all relevant information regarding the project's environmental effects. The entire process of organisation, administration and assessment of the effects of any project on the quality of the physical, biological and socioeconomic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund (**EGF**) when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property and the environment or where the project requires rehabilitation or restoration. The Environmental Guarantee Fund is intended to meet any damage caused by such a project as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are also mandated to include a commitment to establish an Environmental Monitoring Fund (**EMF**) when an ECC is eventually issued. The EMF shall be used to support

activities of a multi-partite monitoring team that will be organised to monitor compliance with the ECC and applicable laws, rules and regulations.

In certain instances, the EMB may determine and issue a certification that a certain project is not covered by the EIS System and an ECC is not required. Consequently, a Certificate of Non-Coverage may be issued in lieu of an ECC.

Philippine Clean Air Act of 1999

Republic Act No. 8749, otherwise known as the Philippine Clean Air Act, provides more stringent fuel specifications over a period of time to reduce emission that pollutes the air. The Philippine Clean Air Act specifies the allowable sulphur and benzene content for gasoline and automotive diesel. Under the law, oil firms are mandated to lower the sulphur content of automotive diesel oils to 0.05 per cent. by weight by January 1, 2004 nationwide. The law also prohibits a manufacturer, processor or trader of any fuel or additive to import, sell, offer for sale, or introduce into commerce such fuel or fuel additive unless these have been registered with the Department of Energy. All the requirements of the said law have been implemented, starting with the phase-out of leaded gasoline in Metro Manila in April 2000 and all over the country in December 2000.

The Technical Committee on Petroleum Products and Additives sets the standards for all types of fuel and fuel related products, to improve fuel consumption for increased efficiency and reduced emissions. The committee is guided by strict time-bound and quality-specific targets under the mandate of the Philippine Clean Air Act and the Department of Energy initiative on alternative fuels.

Philippine Clean Water Act of 2004

In 2004, Republic Act No. 9275 or the Philippine Clean Water Act was enacted to streamline processes and procedures in the prevention, control, and abatement of pollution in the country's water resources and provide for a comprehensive water pollution management programme focused on pollution prevention. The law primarily applies to the abatement and control of water pollution from land based sources. The EMB, in partnership with other Government agencies and the respective LGUs, is tasked by the Implementing Rules of the Philippine Clean Water Act to identify existing sources of water pollutants and strictly monitor pollution sources which are not in compliance with the effluent standards provided in the law. The Philippine Clean Water Act also authorises the DENR to formulate water quality criteria and standards for oil and gas exploration which encounter re-injection constraints.

Ecological Solid Waste Management Act

Republic Act No. 9003, otherwise known as the Ecological Solid Waste Management Act of 2000, provides for the proper management of solid waste which includes discarded commercial waste and non-hazardous institutional and industrial waste. The said law prohibits, among others, the transporting and dumping of collected solid wastes in areas other than prescribed centres and facilities. The same law mandates all, especially, the LGUs, to adopt a systematic, comprehensive and ecological solid waste management programme which shall ensure protection of public health and environment, utilise environmentally sound methods, set targets and guidelines for solid waste avoidance and reduction and ensure proper segregation, collection, transport and storage of solid waste.

The National Solid Waste Management Commission, together with other Government agencies and the different LGUs, are responsible for the implementation and enforcement of the said law.

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The Code on Sanitation of the Philippines

The Code on Sanitation (Presidential Decree No. 856) provides for sanitary and structural requirements in connection with the operation of certain establishments such as food establishments which include such places where food or drinks are manufactured, processed, stored, sold or served. Under Presidential Decree 856, which is implemented by the DOH, food establishments are required to secure sanitary permits prior to operation which shall be renewable on a yearly basis.

Further, the Code on Sanitation provides that no person shall be employed in any food establishment without a health certificate issued by the local health authority. This certificate will be issued only after the required physical

and medical examinations are performed and immunisations are administered at prescribed intervals. The health certificate must be renewed every year or as often as required by local ordinance.

Non-compliance with the provisions of the Code on Sanitation may result in the revocation of the sanitary permit, which is a requisite for the operation of a food establishment. Moreover, a food establishment that employs a person without the appropriate health certificate may be punished by fine or imprisonment, or both.

Toxic Substances and Hazardous and Nuclear Wastes Control Act

Republic Act No. 6969, otherwise known as The Hazardous Wastes Act, governs the programme for the control and management of the importation, manufacture, processing and all other actions involving toxic substances and hazardous and nuclear tastes.

New chemicals are listed in the Philippine Inventory of Chemicals and Chemical Substances (**PICCS**). The PICCS is a list of existing industrial chemicals and chemical substances used, sold, distributed, imported, processed, manufactured, stored, exported, treated, or transported in the Philippines.

Once a chemical is listed in the PICCS, it may be manufactured or imported with no control, provided it is not included in the Priority Chemicals List or subject to a Chemical Control Order (**CCO**).

A CCO prohibits, limits or regulates the use, manufacture, import, export, transport, processing, storage, possession and wholesale of priority chemicals that are determined to be regulated, phased-out, or banned because of the serious risks they pose to public health, the work place, and the environment. The objective of a CCO is to ensure the proper management of the chemicals so that danger to human health and the environment is reduced. Violations of are punishable by fine and/or imprisonment and possible administrative fines.

INTELLECTUAL PROPERTY LAW

Intellectual Property Code

Under the Intellectual Property Code of the Philippines, the rights to a trademark are acquired through the registration with the Bureau of Trademarks of the Intellectual Property Office, which is the principal Government agency involved in the registration of brand names, trademarks, patents and other registrable intellectual property materials.

Upon registration, the Intellectual Property Office shall issue a certificate of registration to the owner of the mark, which shall confer the right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs or containers for goods or services which are identical or similar to those in respect of which the mark is registered. The said certificate of registration shall also serve as prima facie evidence of the validity of registration and the registrant's ownership of the mark. A certificate of registration shall remain in force for an initial period of 10 years and may be renewed for periods of 10 years at its expiration.

LOCAL GOVERNMENT CODE

Republic Act No. 7160, otherwise known as the Local Government Code (the **LGC**) establishes the system and powers of provincial, city, municipal, and barangay governments in the country. The LGC general welfare clause states that every LGU shall exercise the powers expressly granted, those necessarily implied, as well as powers necessary, appropriate, or incidental for its efficient and effective governance, and those which are essential to the promotion of the general welfare.

An LGU, through its respective legislative bodies, may enact ordinances and approve resolutions, as shall be necessary and proper to provide for health and safety, comfort and convenience, maintain peace and order, improve the morals, and promote the prosperity and general welfare of the community and the inhabitants thereof, and the protection of property therein. Ordinances can reclassify land, impose real property taxes, order the closure of business establishments, and require permits and licences from businesses operating within the territorial jurisdiction of the LGU.

Businesses are required to obtain a local business permit from the LGU having jurisdiction over the territory where the entity seeks to operate before commencement of actual operations. In order to obtain a local business

permit for any business or activity, a clearance must first be obtained from the barangay where such business or activity is located or conducted.

Subject to certain limitations, the power to tax is also exercised by the LGU through their respective legislative bodies, upon enactment of an appropriate ordinance.

TAXATION

The following is a discussion of the material Philippine tax consequences of the acquisition, ownership and disposition of the Offer Shares. This general description does not purport to be a comprehensive description of the Philippine tax aspects of the Offer Shares and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing of the Offer Shares under applicable tax laws of other applicable jurisdictions and the specific Philippine tax consequence in light of particular situations of acquiring, owning, holding and disposing of the Offer Shares in such other jurisdictions. This discussion is based upon laws, regulations, rulings, and income tax conventions (treaties) in effect as at the date of this Prospectus.

The tax treatment applicable to a holder of the Offer Shares may vary depending upon such holder's particular situation, and certain holders may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to a holder of the Preferred Shares.

PROSPECTIVE PURCHASERS OF THE OFFER SHARES ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF THE OFFER SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF ANY LOCAL OR FOREIGN TAX LAWS.

As used in this section, the term resident alien refers to an individual whose residence is within the Philippines and who is not a citizen of the Philippines while the term non-resident alien means an individual whose residence is not within the Philippines and who is not a citizen of the Philippines. A non-resident alien who stays in the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non-resident alien doing business in the Philippines"; otherwise, such non-resident alien is considered a "non-resident alien not engaged in trade or business within the Philippines". A "resident foreign corporation" is a foreign corporation engaged in trade or business in the Philippines and a "non-resident foreign corporation" is a foreign corporation that is not engaged in trade or business within the Philippines.

PHILIPPINE TAXATION

On January 1, 2018, Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion (TRAIN), took effect. The TRAIN amended various provisions of the Tax Code, including those on ordinary income tax of individuals, capital gains tax on the sale and disposition of shares of stock, estate tax, donor's tax, and documentary stamp tax.

On March 26, 2021, the second package of the Comprehensive Tax Reform program, Republic Act No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) was signed into law, amending provisions of the Tax Code relating to, among others, corporate income tax, lowering corporate income taxes and modernizing fiscal incentives in a bid to complement the expected incremental revenues from the first package.

Corporate Income Tax

A domestic corporation is subject to a tax of 25.0% of its taxable income from all sources within and outside the Philippines effective July 1, 2020, provided that domestic corporations with net taxable income not exceeding ₱5,000,000.00 and with total assets not exceeding ₱100,000,000.00 (excluding land on which the particular business entity's office, plant, and equipment are situated during the taxable year for which the tax is imposed) (referred to as micro, small, and medium enterprises, or MSMEs), shall be taxed at 20.0%. Taxable net income refers to items of gross income specified under the Philippine Tax Code (the Tax Code), less itemized deductions under Section 34 of the Tax Code or those allowed under special laws, or the optional standard deduction (OSD) equivalent to an amount not exceeding 40.0% of the corporation's gross income. Passive income of a domestic corporation is taxed as follows: (a) gross interest income from Philippine currency bank deposits and yield from deposit substitutes, trust funds and similar arrangements as well as royalties from sources within the Philippines which are generally taxed at the lower final withholding tax rate of 20.0% of the gross amount of such income; and (b) interest income from a depository bank under the expanded foreign currency deposit system which is subject to a final tax at the rate of 15% of such income. Beginning July 1, 2020 and until June 30, 2023, a minimum corporate income tax of 1% of the gross income as of the end of the taxable year is imposed on a domestic corporation beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operations, when the minimum corporate income tax is greater than the ordinary corporate income tax, provided that after June 30, 2023, the rate of minimum corporate income tax shall be 2%

of the gross income as of the end of the taxable year. Any excess of the minimum corporate income tax, however, over the ordinary corporate income tax shall be carried forward and credited against the latter for the three immediately succeeding taxable years. Likewise, subject to certain conditions, the minimum corporate income tax may be suspended with respect to a corporation which suffers losses (1) on account of a prolonged labor dispute, or (2) because of force majeure, or (3) because of legitimate business reverses.

Taxes on Dividends on the Offer Shares

Cash and property dividends received from a domestic corporation by individual shareholders who are either citizens or residents of the Philippines are subject to a final withholding tax at the rate of 10.0%, which shall be withheld by the Company. Cash and property dividends received from a domestic corporation by non-resident alien individuals engaged in trade or business in the Philippines are subject to a 20.0% final withholding tax on the gross amount thereof, while cash and property dividends received from a domestic corporation by non-resident alien individuals not engaged in trade or business in the Philippines are subject to a final withholding tax at 25.0% of the gross amount, subject, however, to the applicable preferential tax rates under income tax treaties executed between the Philippines and the country of residence or domicile of such non-resident alien individuals.

Cash and property dividends received from a domestic corporation by another domestic corporation or by a resident foreign corporation are not subject to income tax while those received by a non-resident foreign corporation are generally subject to income tax at a final withholding tax rate of 25.0%, effective January 1, 2021. The 25.0% income tax rate for dividends paid to a non-resident foreign corporation may be reduced to a lower rate of 15.0% if tax sparing applies, which is when: (i) the country where the non-resident foreign corporation is domiciled imposes no tax on foreign sourced dividends or (ii) the country of domicile of the non-resident foreign corporation allows at least 10.0% credit equivalent for taxes deemed to have been paid in the Philippines.

In order to avail of the 15.0% tax sparing rate, Revenue Memorandum Order No. 46-2020 (*Guidelines and Procedures for the Availment of the Reduced Rate of 15% on Intercompany Dividends Paid by a Domestic Corporation to a Non-Resident Foreign Corporation Pursuant to Section 28(B)(5)(B) of the National Internal Revenue Code of 1997, as amended dated December 23, 2020*) states the following general requirements that shall accompany the first application for the reduced dividend rate of 15% in a given taxable year:

(1) letter-request which shall provide a background of the transaction, the relief sought and the legal basis;

(2) duly accomplished BIR Form No. 0901-TS;

(3) original copy of the apostilled/duly authenticated Tax Residence Certificate issued by the tax authority of the country of the domicile;

(4) apostilled/duly authenticated copy of the NRFC's articles of incorporation and proof of establishment in its country of residence;

(5) original copy of apostilled/duly authenticated Special Power of Attorney (SPA) issued by the NRFC to its authorized representative;

(6) certified true copy of the Board of Directors' resolution of the domestic corporation approving the issuance of dividends, which shall include the amount of dividends, and dates of declaration, record and payment, among others;

(7) original copy of the sworn statement executed by the corporate secretary of the domestic corporation stating the legal and beneficial owners, if applicable, of all issued and outstanding shares as of record date, their corresponding subscriptions, date/s of acquisition, percentage of ownership and the allocation of dividend;

(8) certified true copy of the General Information Sheet (GIS) of the domestic corporation for the year or period immediately preceding the date of declaration, whichever is more applicable

(9) certified true copy of the Audited Financial Statements (AFS) of the domestic corporation stamped "received" by the BIR and Securities and Exchange Commission, which was used as the basis of such dividend declaration; and

(10) proof of remittance of the dividend payments.

The abovementioned tax rates are without prejudice to applicable preferential tax rates under income tax treaties in force between the Philippines and the country of domicile of the non-resident holder. (Please see discussion on tax treaties below.)

The BIR recently revised its procedures for availment of tax treaty relief on dividends by issuing Revenue Memorandum Order No. 14-2021 (Streamlining the Procedures and Documents for the Availment of Treaty Benefits, dated March 31, 2021). The withholding agent/income payor may apply the preferential tax treaty rate on the dividend income of the non-resident foreign shareholder by relying on the submission by such shareholder of the following documents before the dividend income is paid: (a) an application form for treaty purposes (BIR Form 0901-D for dividends), (b) an authenticated/apostilled tax residency certificate duly issued by the relevant foreign tax authority in favor of the shareholder, and (c) the relevant provision of the applicable tax treaty which prescribes the preferential tax treatment on dividend income. If the tax treaty rate was applied by the withholding agent/income payor, it has to file with the BIR's International Tax Affairs Division ("**ITAD**") a request for confirmation of the use of the tax treaty rate. The request for confirmation has to be filed after the payment of the withholding tax and in no case later than the last day of the fourth month following the close of the relevant taxable year. Revenue Memorandum Order No. 14-2021 prescribes additional documents that have to be submitted in support of the request for confirmation. If the BIR determines that the withholding tax rate used is lower than the applicable tax rate that should have been applied, or that the non-resident taxpayer is not entitled to treaty benefits, the request for confirmation will be denied and it will require the withholding agent/income payor to pay the deficiency taxes with penalties. In case the withholding agent/income payor used the regular rate under the Tax Code, the non-resident foreign shareholder may file a tax treaty relief application ("**TTRA**") with ITAD after it has received the dividend income, which TTRA also has to be supported by the documents specified in Revenue Memorandum Order No. 14-2021. If the BIR determines that the withholding tax rate applied is higher than the rate that should have been applied, the BIR will issue a certificate confirming the non-resident income recipient's entitlement to treaty benefits, and the shareholder may apply for a refund of excess withholding tax within the two-year period provided in Section 229 of the Tax Code. The claim for refund of the shareholder may also be filed simultaneously with the TTRA.

Revenue Memorandum Circular No. 076-20 (Clarifying Certain Issues on the Filing of the Related Party Transaction Form) clarifies that the TTRAs filed with the ITAD relative to payments made to related parties must be indicated in the Related Party Transaction Form. The dividends itself between and among related parties (either paid or payable, received or receivable) should likewise be disclosed in the Related Party Transaction Form. As proof of dividends payments to related parties, certain documents such as a notarized board of directors' resolution approving the issuance of dividends, a certification under oath by the corporate secretary/custodian banks/depository account holders/broker dealers stating in detail the legal and beneficial owners of all issued and outstanding shares as of record date, their corresponding subscriptions, date/s of acquisition, percentage of ownership and the allocation of dividend, and proof of payment of such dividends must be maintained by the Company.

If the regular tax rate is withheld by the Company instead of the reduced rates applicable under an income tax treaty, the non-resident holder of the shares may file a claim for refund from the BIR. However, because the refund process in the Philippines requires the filing of an administrative claim and the submission of supporting information, and may also involve the filing of a judicial appeal, it may be impractical to pursue such a refund.

Transfer taxes (*e.g.* documentary stamp tax, local transfer tax) may be payable if the dividends declared are property dividends, depending on the type of property distributed as dividends. Stock dividends distributed *pro rata* to any holder of shares of stock are generally not subject to Philippine income tax. However, the sale, exchange or disposition of shares received as stock dividends by the shareholder is subject to stock transaction tax if the transfer is through a local stock exchange; or if the transfer is made outside of the exchange, capital gains tax; and documentary stamp tax.

Sale, Exchange or Disposition of Shares after the Offer Period

Capital gains tax

The net capital gains realized by a citizen, resident alien, non-resident alien, whether or not engaged in trade or business within the Philippines, or a domestic corporation (other than a dealer in securities) during each taxable year from the sale, exchange or disposition of shares of stock outside the facilities of the PSE, are subject to capital gains tax at the rate of 15.0% of the net capital gains realized during the taxable year.

The net capital gains realized by a resident foreign corporation or a non-resident foreign corporation during each taxable year from the sale, exchange or disposition of shares of stock in a domestic corporation outside the facilities of the PSE are subject to the rate of 15% of the net capital gains realized during the taxable year.

If an applicable income tax treaty exempts net gains from such sale from capital gains tax, an application for tax treaty relief has to be filed with the BIR in accordance with BIR regulations, and approved by the BIR, to avail of the exemption. (Please see discussion below on tax treaties.) The transfer of shares shall not be recorded in the books of a company, unless the BIR has issued a Certificate Authorizing Registration ("**CAR**").

Taxes on transfer of shares listed and traded at the PSE

Unless an applicable income tax treaty exempts the sale from income and/or percentage tax (please see discussion below on tax treaties), a sale or other disposition of shares of stock through the facilities of the PSE by a resident or a non-resident holder (other than a dealer in securities) is subject to a percentage tax usually referred to as a stock transaction tax at the rate of six-tenths of one percent (6/10 of 1.0%) of the gross selling price or gross value in money of the shares of stock sold or otherwise disposed, which shall be paid by the seller or transferor. This tax is required to be collected by and paid to the Government by the selling stockbroker on behalf of his client. The stock transaction tax is classified as a percentage tax in lieu of a capital gains tax. Under certain income tax treaties, the exemptions from capital gains tax may not be applicable to stock transaction tax.

In addition, VAT of 12.0% is imposed on the commission earned by the PSE-registered broker, and is generally passed on to the client, the seller or transferor.

The stock transaction tax will not apply if the shares are sold outside the facilities of the PSE, including during a trading suspension. PSE Memorandum CN-No. 2012-0046 dated August 22, 2012 provides that immediately after December 31, 2012, the Philippine SEC shall impose a trading suspension for a period of not more than six (6) months, on shares of a listed company who has not complied with the Rule on Minimum Public Ownership ("**MPO**") which requires listed companies to maintain a minimum percentage of listed securities held by the public at 10.0% of the listed companies issued and outstanding shares at all times. SEC Memorandum Circular No. 13, Series of 2017 (the "**SEC 2017 Circular**"), which took effect on December 5, 2017, requires a higher MPO requirement of 20%. The SEC 2017 Circular covers any company applying for the registration of its shares of stocks for the purpose of conducting an IPO from December 5, 2017 but does not cover existing publicly-listed companies as they remain subject to the 10% MPO requirement. The sale of such listed company' shares during the trading suspension may be effected only outside the trading system of the PSE and shall therefore be subject to taxes on the sale of shares that are not listed or traded at the stock exchange (generally, these are capital gains tax and documentary stamp tax).

The stock transaction tax will also not apply if the shares sold are issued by a corporation that does not meet the MPO requirement, even if the sale is done through the facilities of the PSE. Revenue Regulations ("**Rev. Regs.**") No. 16-2012 provides that the sale, barter, transfer, and/or assignment of shares of listed companies that fail to meet the MPO requirement after December 31, 2012 will be subject to capital gains tax and documentary stamp tax. Rev. Regs. 16-12 also requires publicly listed companies to submit public ownership reports to the BIR within 15 days after the end of each quarter.

Preferential Rates under the Income Tax Treaties

The following table lists some of the countries with which the Philippines has tax treaties and the tax rates currently applicable to non-resident holders who are residents of those countries:

Country	Dividends (%)	Stock transaction tax on sale or disposition effected through the PSE (%)[9]	Capital Gains Tax Due on Disposition of Shares Outside the PSE
Canada	25[1]	0.6	May be exempt[13]
China	15[2]	Exempt[10]	May be exempt[13]
France	15[3]	Exempt[11]	May be exempt[13]
Germany	15[4]	Exempt[12]	May be exempt[13]
Japan	15[5]	0.6	May be exempt[13]
Singapore	25[6]	0.6	May be exempt[13]
United Kingdom	25[7]	0.6	Exempt[14]
United States	25[8]	0.6	May be exempt[13]

Notes:

(1) 15% if the recipient company which is a resident of Canada controls at least 10% of the voting power of the company paying the dividends; 25% in all other cases.

(2) 10% if the beneficial owner is a company which holds directly at least 10% of the capital of the company paying the dividends; 15% in all other cases.

(3) 10% if the recipient company (excluding a partnership) holds directly at least 10% of the voting shares of the company paying the dividends; 15% in all other cases.

(4) 5% if the recipient company (excluding a partnership) holds directly at least 70% of the capital of the company paying the dividends; 10% if the recipient company (excluding a partnership) holds directly at least 25% of the capital of the company paying the dividends.; 15% in all other cases

(5) 10% if the recipient company holds directly at least 10% of either the voting shares of the company paying the dividends or of the total shares issued by that company during the period of six months immediately preceding the date of payment of the dividends; 15% in all other cases.

(6) 15% if during the part of the taxable year of the paying company which precedes the date of payment of dividends and during the whole of its prior taxable year at least 15% of the outstanding shares of the voting shares of the paying company were owned by the recipient company; 25% in all other cases.

(7) 15% if the recipient company is a company which controls directly or indirectly at least 10% of the voting power of the company paying the dividends; 25% in all other cases.

(8) 20% if during the part of the taxable year of the paying company which precedes the date of payment of dividends and during the whole of its prior taxable year, at least 10% of the outstanding shares of the voting shares of the paying corporation were owned by the recipient corporation; 25% in other cases.

(9) If the stock transaction tax is not expressly included in the tax treaty, the income recipient will be subject to stock transaction tax at the rate of 0.6% of the gross selling price as provided under Section 127 of the Tax Code as amended by Section 39 of the TRAIN.

(10) Article 2(2)(b) of the Agreement between the Government of the Republic of the Philippines and the Government of the People's Republic of China for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income was signed on November 18, 1999.

(11) Article 1 of the Protocol to the Tax Convention between the Government of the Republic of the Philippines and the Government of the French Republic Signed on January 9, 1976 was signed in Paris, France on June 26, 1995.

(12) Article 2 (3)(a) of Agreement between the Government of the Republic of the Philippines and the Federal Republic of Germany for the Avoidance of Double Taxation with Respect to Taxes on Income and Capital signed on September 9, 2013.

(13) Capital gains are taxable only in the country where the seller is a resident, provided the shares are not those of a corporation, the assets of which consist principally of real property situated in the Philippines, in which case the sale is subject to Philippine taxes.

(14) Under the income tax treaty between the Philippines and the United Kingdom, capital gains on the sale of the shares of Philippine corporations are subject to tax only in the country where the seller is a resident, irrespective of the nature of the assets of the Philippine corporation.

When availing of capital gains tax exemption on the sale of shares of stock under an income tax treaty, a certification from the BIR on the exemption from capital gains tax pursuant to the tax treaty shall be necessary in order to completely implement the transfer. For sale of shares made outside the PSE, a CAR from the BIR is required before the transfer is registered in the stock and transfer book. The BIR issues the CAR only after

verifying that the applicable taxes have been paid. Thus, in lieu of proof of payment of capital gains tax, the tax treaty relief ruling should be submitted to the BIR office processing the CAR.

The requirements for a tax treaty relief application in respect of capital gains tax or the stock transaction tax on the sale of shares are set out in Revenue Memorandum Order No. 14-2021 (Streamlining the Procedures and Documents for the Availment of Treaty Benefits dated March 31, 2021), BIR Form No. 0901-C, and other BIR issuances. These include a Tax Residency Certificate (TRC) for the relevant period, duly issued by the tax authority of the foreign country in which the income recipient is a resident. Non-resident legal person or arrangements are also required to submit an authenticated copy of their Articles/Memorandum of Incorporation/Association, Trust Agreement, or equivalent document confirming its establishment or incorporation, with an English translation thereof if in foreign language.

In availing tax treaty benefits, the withholding agent may rely on the submitted BIR Form No. 0901 (Application Form for Treaty Purposes), TRC, and the relevant provision of the tax treaty on whether to apply the treaty rates. If the withholding agent applied the treaty rates, he shall file with the International Tax Affairs Division (ITAD) a request for confirmation on the correctness of the withholding tax rates applied on the income. The request for confirmation shall be filed any time after the payment of withholding tax but not shall not be later than the last day of the fourth (4^{th}) month following the close of each taxable year.

If the regular rates have been imposed on the income, the non-resident shall file a TTRA with ITAD to prove its entitlement to treaty benefits. Failure to prove the same may result in the confirmation of the tax rate previously applied on the income, and in the eventual denial of the TTRA.

If the BIR determines that the withholding tax rate applied is lower than the rate that should have been applied on an item of income pursuant to the treaty, or that the non-resident taxpayer is not entitled to treaty benefits, it will issue a BIR Ruling denying the request for confirmation or TTRA. Consequently, the withholding agent shall pay the deficiency tax plus penalties

On the contrary, if the withholding tax rate applied is proper or higher than the rate that should have been applied, the BIR will issue a certificate confirming the non-resident income recipient's entitlement to treaty benefits. In the latter case, the taxpayer may apply for a refund of excess withholding tax.

With respect to the availment of preferential rates for dividends under an income tax treaty, most tax treaties to which the Philippines is a party provide for a reduced tax rate of 15.0% in cases where the dividend arises in the Philippines and is paid to a resident of the other contracting state. Most income tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the dividend, who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant dividend-earning interest is effectively connected with such permanent establishment.

Documentary Stamp Taxes on Shares

The original issue of shares is subject to documentary stamp tax of ₱2.00 on each ₱200.00 par value, or fractional part thereof, of the shares issued. On the other hand, the transfer of shares is subject to a documentary stamp tax at a rate of ₱1.50 on each ₱200.00, or fractional part thereof, of the par value of the Shares. The documentary stamp tax is imposed on the person making, signing, issuing, accepting or transferring the document and is thus payable either by the vendor or the purchaser of the shares.

However, the sale, barter or exchange of Offer Shares should they be listed and traded through the PSE are exempt from documentary stamp tax.

Estate and Gift Taxes

The transfer of the Offer Shares upon the death of a registered holder to his heirs by way of succession, whether such an individual was a citizen of the Philippines or an alien, regardless of residence, shall be subject to an estate tax which is levied on the net estate of the deceased at a uniform rate of 6.0%. An Investor shall be subject to donor's tax at a uniform rate of 6.0% based on the value of the total gift on the transfer of the Offer Shares by gift in excess of ₱250,000.00 made during a calendar year, regardless of the relation of the donor to the donee.

The estate or donor's taxes payable in the Philippines may be credited with the amount of any estate or donor's taxes imposed by the authority of a foreign country, subject to limitations on the amount to be credited, and the

tax status of the donor. The estate tax and the donor's tax, in respect of the Offer Shares, shall not be collected: (1) if the decedent at the time of his death or the donor at the time of the donation was a citizen and resident of a foreign country which at the time of his death or donation did not impose a transfer tax of any character, in respect of intangible personal property of citizens of the Philippines not residing in that foreign country, or (2) if the laws of the foreign country of which the decedent or donor was a citizen and resident at the time of his death or donation allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

In case the Offer Shares are transferred for less than an adequate and full consideration in money or money's worth, the amount by which the fair market value of the Offer Shares exceeded the value of the consideration may be deemed a gift, and donor's taxes may be imposed on the transferor of the Offer Shares, based on Section 100 of the Philippine Tax Code, provided that a transfer of property made in the ordinary course of business (a transaction which is a bona fide, at arm's length, and free from any donative intent), will be considered as made for an adequate and full consideration in money or money's worth.

Taxation outside the Philippines

Shares of stock in a domestic corporation are considered under Philippine law to be situated in the Philippines and any gain derived from their sale is entirely from Philippine sources; hence, such gain is subject to Philippine income tax and the transfer of such shares by gift (donation) or succession is subject to the donors' tax or estate tax.

The tax treatment of a non-resident holder in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such holder by reason of its domicile or business activities and such holder's particular situation. This Prospectus does not discuss the tax considerations of non-resident holders of shares of stock under laws other than those of the Philippines.

EACH PROSPECTIVE HOLDER SHOULD CONSULT WITH HIS OWN TAX ADVISER AS TO THE PARTICULAR TAX CONSEQUENCES TO SUCH HOLDER OF PURCHASING, OWNING AND DISPOSING OF THE OFFER SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL AND NATIONAL TAX LAWS.

THE PHILIPPINE STOCK EXCHANGE

The information presented in this section has been extracted from publicly available documents which have not been prepared or independently verified by the Company.

Brief History

The Philippines initially had two stock exchanges, the Manila Stock Exchange, which was organized in 1927, and the Makati Stock Exchange, which began operations in 1963. Each exchange was self-regulating, governed by its respective Board of Governors elected annually by its members.

Several steps initiated by the Philippine government resulted in the unification of the two bourses into the PSE. The PSE was incorporated in 1992 by officers of both the Makati and the Manila Stock Exchanges. In March 1994, the licenses of the two exchanges were revoked. The PSE previously maintained two trading floors, one in Makati City and the other in Pasig City, which were linked by an automated trading system that integrated all bid and ask quotations from the bourses. In February 2018, the PSE transferred to its new office located at the PSE Tower, Bonifacio Global City, Taguig City. The PSE Tower houses the PSE corporate offices and a single, unified trading floor.

In June 1998, the Philippine SEC granted the Self-Regulatory Organization status to the PSE, allowing it to impose rules as well as implement penalties on erring trading participants and listed companies. On August 8, 2001, the PSE completed its demutualization, converting from a non-stock member- governed institution into a stock corporation in compliance with the requirements of the SRC. The PSE had an authorized capital stock of ₱120 million, of which 61.2 million shares were subscribed and fully paid-up as of June 30, 2018. Each of the 184 member-brokers was granted 50,000 common shares of the new PSE at a par value of ₱1.00 per share. In addition, a trading right evidenced by a "Trading Participant Certificate" was immediately conferred on each member broker allowing the use of the PSE's trading facilities. As a result of the demutualization, the composition of the PSE Board of Governors was changed, requiring the inclusion of seven brokers and eight non-brokers, one of whom is the President of the PSE.

On December 15, 2003, the PSE listed its shares by way of introduction at its own bourse as part of a series of reforms aimed at strengthening the Philippine securities industry.

Classified into financial, industrial, holding firms, property, services, and mining and oil sectors, companies are listed either on the PSE's Main Board or the Small, Medium and Emerging Board. Recently, the PSE issued Rules on Exchange Traded Funds ("**ETF**") which provides for the listing of ETFs on an ETF Board separate from the PSE's existing boards.

The PSE has a benchmark index, referred to as the PSEi, which reflects the price movements of the 30 largest and most active stocks at the PSE. The PSEi is a free float market capitalization-weighted index.

With the increasing calls for good corporate governance and the need to consistently provide full, fair, accurate and timely information, the PSE adopted a new online disclosure system to support the provision of material information coming from listed companies and enhance access to such reports by the investing public. In December 2013, the PSE Electronic Disclosure Generation Technology (EDGe), a new disclosure system co-developed with the Korea Exchange, went live. The EDGe system provided a dedicated portal for listed company disclosures and also offered a free-to download mobile application for easy access by investors.

In June 2015, the PSE shifted to a new trading system, the PSEtrade XTS, which utilizes NASDAQ's X-stream Technology. The PSEtrade XTS, which replaced the NSC trading platform provided by NYSE Euronext Technologies SAS, is equipped to handle large trading volumes. It is also capable of supporting the future requirements of the PSE should more products and services be introduced.

In November 2016, PSE received regulatory approvals to introduce new products in the stock market – the Dollar Denominated Securities and the Listing of PPP Companies.

In June 2018, the PSE received approval from the Philippine SEC to introduce short selling in the equities market.

The PSE launched its Corporate Governance Guidebook in November 2010 as another initiative of the PSE to promote good governance among listed companies. It is composed of 10 guidelines embodying principles of good business practice and based on internationally recognized corporate governance codes and best practices

The table below sets out movements in the composite index as of the last business day of each calendar year from 2008 to 2020, and shows the number of listed companies, market capitalization, and value of shares traded for the same period:

Year	PSEi Level at Closing	Number of Listed Companies	Aggregate Market Capitalization (in ₱ billions)	Combined Value of Turnover (in ₱ billions)
2008	1,872.85	246	4,072.16	763.90
2009	3,052.68	248	6,032.22	994.15
2010	4,201.14	253	8,866.11	1,207.38
2011	4,371.96	253	8,696.96	1,422.59
2012	5,812.73	254	10,930.09	1,771.71
2013	5,889.83	257	11,931.29	2,546.18
2014	7,230.57	263	14,251.72	2,130.12
2015	6,952.08	265	13,465.57	2,151.41
2016	6,840.64	265	14,438.77	1,929.50
2017	8,558.42	267	17,583.12	1,958.36
2018	7,466.02	267	16,146.69	1,736.82
2019	7,815.26	270	16,705.35	1,776.15
2020	7,139.71	274	15,888.92	1,770.90

Source: PSE

Trading

The PSE is a double auction market. Buyers and sellers are each represented by stockbrokers. To trade, bid or ask prices are posted on the PSE's electronic trading system. A buy (or sell) order that matches the lowest asked (or highest bid) price is automatically executed. Buy and sell orders received by one broker at the same price are crossed at the PSE at the indicated price. Payment of purchases of listed securities must be made by the buyer on or before the third trading day (the settlement date) after the trade.

Equities trading on the PSE starts at 9:30 a.m. and ends at 12:00 p.m. for the morning session, and resumes at 1:30 p.m. and ends at 3:30 p.m. for the afternoon session. Trading days are Monday to Friday, except legal and special holidays and days when the BSP clearing house is closed.

Minimum trading lots range from 5 to 1,000,000 shares depending on the price range and nature of the security traded. Odd-sized lots are traded by brokers on a board specifically designed for odd-lot trading.

To maintain stability in the stock market, daily price swings are monitored and regulated. Under current PSE regulations, whenever an order will result in a breach of the trading threshold of a security within a trading day, the trading of that security will be frozen. Orders cannot be posted, modified or cancelled for a security that is frozen. In cases where an order has been partially matched, only the portion of the order that will result in a breach of the trading threshold will be frozen. Where the order results in a breach of the trading threshold, the following procedures shall apply:

- In case the static threshold is breached, the PSE will accept the order, provided the price is within the allowable percentage price difference under the implementing guidelines of the revised trading rules (i.e., 50.0% of the previous day's reference or closing price, or the last adjusted closing price); otherwise, such order will be rejected. In cases where the order is accepted, the PSE will adjust the static threshold to 60.0% All orders breaching the 60.0% static threshold will be rejected by the PSE.

- In case the dynamic threshold is breached, the PSE will accept the order if the price is within the allowable percentage price difference under the existing regulations (*i.e.*, 20.0% for security cluster A and newly-listed securities, 15.0% for security cluster B and 10.0% for security cluster C); otherwise, such order will be rejected by the PSE.

Non-Resident Transactions

When the purchase/sale of Philippine shares involves a non-resident, whether the transaction is effected in the domestic or foreign market, it will be the responsibility of the securities dealer/broker to register the transaction with the BSP. The local securities dealer/broker shall file with the BSP, within three business days from the transaction date, an application in the prescribed registration form. After compliance with other required undertakings, the BSP shall issue a Certificate of Registration. Under BSP rules, all registered foreign investments in Philippine securities including profits and dividends, net of taxes and charges, may be repatriated.

Settlement

The SCCP is a wholly-owned subsidiary of the PSE, and was organized primarily as a clearance and settlement agency for SCCP-eligible trades executed through the facilities of the PSE. SCCP received its permanent license to operate on January 17, 2002. It is responsible for:

- synchronizing the settlement of funds and the transfer of securities through Delivery versus Payment clearing and settlement of transactions of Clearing Members, who are also Trading Participants of the PSE;

- guaranteeing the settlement of trades in the event of a Trading Participant's default through the implementation of its Fails Management System and administration of the Clearing and Trade Guaranty Fund; and

- performance of Risk Management and Monitoring to ensure final and irrevocable settlement.

SCCP settles PSE trades on a three-day rolling settlement environment, which means that settlement of trades takes place three days after transaction date (T+3). The deadline for settlement of trades is 12:00 noon of T+3. Securities sold should be in scripless form and lodged under the book entry system of the PDTC. Each PSE Trading Participant maintains a Cash Settlement Account with one of the nine existing Settlement Banks of SCCP which are BDO Unibank, Inc., Rizal Commercial Banking Corporation, Metropolitan Bank & Trust Company, Deutsche Bank, Union Bank of the Philippines, The Hongkong and Shanghai Banking Corporation Limited, Maybank Philippines, Inc., Asia United Bank, and China Banking Corporation. Payment for securities bought should be in good, cleared funds and should be final and irrevocable. Settlement is presently on a broker level.

SCCP implemented its Central Clearing and Central Settlement ("**CCCS**") system on May 29, 2006. CCCS employs multilateral netting, whereby the system automatically offsets "buy" and "sell" transactions on a per issue and a per flag basis to arrive at a net receipt or a net delivery security position for each clearing member. All cash debits and credits are also netted into a single net cash position for each clearing member. Novation of the original PSE trade contracts occurs, and SCCP stands between the original trading parties and becomes the Central Counterparty to each PSE-eligible trade cleared through it.

Scripless Trading

In 1995, the PDTC (formerly the Philippine Central Depository, Inc.), was organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. On December 16, 1996, the PDTC was granted a provisional license by the Philippine SEC to act as a central securities depository.

All listed securities at the PSE have been converted into book-entry settlement in the PDTC. The depository service of the PDTC provides the infrastructure for lodgment (deposit) and upliftment (withdrawal) of securities, pledge of securities, securities lending and borrowing and corporate actions including shareholders' meetings, dividend declarations and rights offerings. The PDTC also provides depository and settlement services for non-PSE trades of listed equity securities. For transactions on the PSE, the security element of the trade will be settled through the book-entry system, while the cash element will be settled through the current settlement banks.

In order to benefit from the book-entry system, securities must be immobilized into the PDTC system through a process called lodgment. Lodgment is the process by which shareholders transfer legal title (but not beneficial

title) over their shares in favor of the PCD Nominee Corporation ("**PCD Nominee**"), a corporation wholly-owned by the PDTC, whose sole purpose is to act as nominee and legal title holder of all shares lodged in the PDTC. "Immobilization" is the process by which the warrant or share certificates of lodging holders are cancelled by the transfer agent and the corresponding transfer of beneficial ownership of the immobilized shares in the account of the PCD Nominee through the PDTC participant will be recorded in the issuing corporation's registry. This trust arrangement between the participants and PDTC through the PCD Nominee is established by and explained in the PDTC Rules and Operating Procedures approved by the Philippine SEC. No consideration is paid for the transfer of legal title to the PCD Nominee. Once lodged, transfers of beneficial title of the securities are accomplished via book-entry settlement.

Under the current PDTC system, only participants (*e.g.* brokers and custodians) will be recognized by the PDTC as the beneficial owners of the lodged equity securities. Thus, each beneficial owner of shares, through his participant, will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee. All lodgments, trades and uplifts on these shares will have to be coursed through a participant. Ownership and transfers of beneficial interests in the shares will be reflected, with respect to the participant's aggregate holdings, in the PDTC system, and with respect to each beneficial owner's holdings, in the records of the participants. Beneficial owners are thus advised that in order to exercise their rights as beneficial owners of the lodged shares, they must rely on their participant-brokers and/or participant-custodians.

Any beneficial owner of shares who wishes to trade his interests in the shares must course the trade through a participant. The participant can execute PSE trades and non-PSE trades of lodged equity securities through the PDTC system. All matched transactions in the PSE trading system will be fed through the SCCP, and into the PDTC system. Once it is determined on the settlement date (T+3) that there are adequate securities in the securities settlement account of the participant-seller and adequate cleared funds in the settlement bank account of the participant-buyer, the PSE trades are automatically settled in the SCCP Central Clearing and Central Settlement system, in accordance with the SCCP and PDTC Rules and Operating Procedures. Once settled, the beneficial ownership of the securities is transferred from the participant-seller to the participant-buyer without the physical transfer of stock certificates covering the traded securities.

If a shareholder wishes to withdraw his shareholdings from the PDTC system, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the upliftment of the shares lodged under the name of the PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under the PCD Nominee. The expenses for upliftment are for the account of the uplifting shareholder.

The difference between the depository and the registry would be on the recording of ownership of the shares in the issuing corporations' books. In the depository set-up, shares are simply immobilized, wherein customers' certificates are cancelled and a confirmation advice is issued in the name of PCD Nominee to confirm new balances of the shares lodged with the PDTC. Transfers among/between broker and/or custodian accounts, as the case may be, will only be made within the book-entry system of the PDTC. However, as far as the issuing corporation is concerned, the underlying certificates are in the PCD Nominee's name. In the registry set-up, settlement and recording of ownership of traded securities will already be directly made in the corresponding issuing company's transfer agents' books or system. Likewise, recording will already be at the beneficiary level (whether it be a client or a registered custodian holding securities for its clients), thereby removing from the broker its current "*de facto*" custodianship role.

Amended Rule on Lodgment of Securities

On June 24, 2009, the PSE apprised all listed companies and market participants through Memorandum No. 2009-0320 that commencing on July 1, 2009, as a condition for the listing and trading of the securities of an applicant company, the applicant company shall electronically lodge its registered securities with the PDTC or any other entity duly authorized by the Philippine SEC, without any jumbo or mother certificate in compliance with the requirements of Section 43 of the SRC. In compliance with the foregoing requirement, actual listing and trading of securities on the scheduled listing date shall take effect only after submission by the applicant company of the documentary requirements stated in Article III Part A of the Revised Listing Rules.

For listing applications, the amended rule on lodgment of securities is applicable to:

- The offer shares/securities of the applicant company in the case of an initial public offering;

- The shares/securities that are lodged with the PDTC, or any other entity duly authorized by the Philippine SEC in the case of a listing by way of introduction;

- New securities to be offered and applied for listing by an existing listed company; and

- Additional listing of securities of an existing listed company.

Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof to wit:

- For a new company to be listed at the PSE as of July 1, 2009, the usual procedure will be observed but the transfer agent of the company shall no longer issue a certificate to PCD Nominee but shall issue a Registry Confirmation Advice, which shall be the basis for the PDTC to credit the holdings of the depository participants on the listing date.

- On the other hand, for an existing listed company, the PDTC shall wait for the advice of the transfer agent that it is ready to accept surrender of PCD Nominee jumbo certificates and upon such advice the PDTC shall surrender all PCD Nominee jumbo certificates to the transfer agent for cancellation. The transfer agent shall issue a Registry Confirmation Advice to PDTC evidencing the total number of shares registered in the name of PCD Nominee in the listed company's registry as of confirmation date.

Further, the PSE apprised all listed companies and market participants on May 21, 2010, through Memorandum No. 2010-0246 that the Amended Rule on Lodgement of Securities under Section 16 of Article III, Part A of the Revised Listing Rules of the PSE shall apply to all securities that are lodged with the PDTC or any other entity duly authorized by the PSE.

Issuance of Stock Certificates for Certificated Shares

On or after the listing of the shares on the PSE, any beneficial owner of the shares may apply with PDTC through his broker or custodian-participant for a withdrawal from the book-entry system and return to the conventional paper-based settlement. If a shareholder wishes to withdraw his stockholdings from the PDTC system, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the uplifting of the shares lodged under the name of the PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under PCD Nominee. The expenses for upliftment are on the account of the uplifting shareholder.

Upon the issuance of stock certificates for the shares in the name of the person applying for upliftment, such shares shall be deemed to be withdrawn from the PDTC book-entry settlement system, and trading on such shares will follow the normal process for settlement of certificated securities. The expenses for upliftment of the shares into certificated securities will be charged to the person applying for upliftment. Pending completion of the upliftment process, the beneficial interest in the shares covered by the application for upliftment is frozen and no trading and book-entry settlement will be permitted until the relevant stock certificates in the name of the person applying for upliftment shall have been issued by the relevant company's transfer agent.

Amended Rule on Minimum Public Ownership

Under the PSE Amended Rule on Minimum Public Ownership, listed companies are required, at all times, to maintain a minimum percentage of listed securities held by the public of 10.0% of the listed companies' total issued and outstanding shares (*i.e.*, exclusive of treasury shares), or at such percentage that may be prescribed by the PSE. For purposes of determining compliance with the MPO, shares held by the following are generally considered "held by the public": (i) individuals (for as long as the shares held are not of a significant size (*i.e.*, less than 10.0%) and are non-strategic in nature); (ii) trading participants (for as long as the shares held are non-strategic in nature); (iii) investment and mutual funds; (iv) pension funds; (v) PCD nominees if this account constitutes a number of shareholders, none of which has significant holdings (provided that if an owner of shares under the PCD Nominee has a shareholding that is 10% or more of the total issued and outstanding shares, then this shareholder is considered a principal stockholder); and (vi) social security funds.

Listed companies which become non-compliant with the MPO on or after January 1, 2013, will be suspended from trading for a period of not more than six (6) months and will automatically be delisted if it remains non-

compliant with the MPO after the lapse of the suspension period. Suspended or delisted shares will not be traded on the exchange. In addition, sale of shares of listed companies that do not maintain the MPO are not considered publicly listed for taxation purposes and should, therefore, be subjected to capital gains tax and documentary stamp tax.

In accordance with the SEC Memorandum Circular No. 13 Series of 2017 issued on December 1, 2017, the MPO requirement on initial public offerings is increased from 10% to 20% For existing publicly listed companies, the existing rules and/or guidelines of an exchange on minimum public float duly approved by the SEC still apply. The PSE rule on MPO requires that listed companies shall, at all times, maintain a minimum percentage of listed securities held by the public of 10.0% of the listed companies' issued and outstanding shares, exclusive of any treasury shares, or as such percentage that may be prescribed by the PSE. As of date, the SEC is looking at increasing the MPO requirement of existing listed companies to 25.0%, such proposed rules on MPO is yet to be issued by SEC for comments by the public.

APPENDIX

A. Unaudited Interim Condensed Consolidated Financial Statements as of March 31, 2021 and for the three months ended March 31, 2020 and 2021.

B. Audited Consolidated Financial Statements as of December 31, 2019 and 2020 and for each of the three years in the period ended December 31, 2020.

C. List of Material Intellectual Property of the Company

D. List of properties owned and leased by the Company.

E. List of material permits and licenses

APPENDIX A

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2021 AND FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2021

25 June 2021

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **JOLLIBEE FOODS CORPORATION AND SUBSIDIARIES** (the JFC Group) is responsible for the preparation and fair presentation of the unaudited interim condensed consolidated financial statements including the schedules attached therein, as at March 31, 2021 and for the three-month periods ended March 31, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the unaudited interim condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unaudited interim condensed consolidated financial statements, management is responsible for assessing the JFC 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 JFC Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the JFC Group's financial reporting process.

The Board of Directors reviews and approves the unaudited interim condensed consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders for the three-month periods ended March 31, 2021 and 2020, has reviewed the unaudited interim condensed consolidated financial statements of the JFC Group in accordance with Philippine Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, and nothing has come to their attention that causes them to believe that the unaudited interim condensed consolidated financial statements of the JFC Group are not prepared, in all material respects, in accordance with PAS 34, *Interim Financial Reporting*.

Signed under oath by the following:

TONY TAN CAKTIONG
Chairman of the Board

ERNESTO TANMANTIONG
President and Chief Executive Officer

YSMAEL V. BAYSA
Chief Financial Officer

MARILOU N. SIBAYAN
VP-Global Comptrollership and Tax

REPUBLIC OF THE PHILIPPINES)
CITY OF PASIG)S.S

Before me, a notary public in and for the city named above, personally appeared the following:

Name	Competent Evidence of Identity
Tony Tan Caktiong	SSS Number: 03-3229034-2
Ernesto Tanmantiong	SSS Number: 03-6292699-0
Ysmael V. Baysa	SSS Number: 03-4228219-1
Marilou N. Sibayan	SSS Number: 03-9964176-9

Who are personally known to me and to me known to be the same persons who presented the foregoing instrument and signed the instrument in my presence, and who took on oath before me as to such instrument.

Witness my hand and seal this AUG 02 2021.

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Book No. 2
Series of 2021

ANA ISABEL F. CASTELO
Notary Public/Pasig City
Notarial Commission No. 157 Expiring on December 2021
14F Jollibee Plaza 10 F. Ortigas Jr. Avenue,
Ortigas Center Pasig City
PTR No. 8451026 1-16-20 / Pasig City
IBP No. 109197 1-10-20 / Pasig City
MCLE Compliance No. VI-0018881 / 3-5-19
Roll of Attorneys No. 70774

Jollibee Foods Corporation
Doing business under the name and style of Jollibee and Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements
As at March 31, 2021
and for the Three-Month Periods Ended March 31, 2021 and 2020
(with Comparative Audited Consolidated Statement of Financial Position as at December 31, 2020)

and

Report on Review of Unaudited Interim Condensed Consolidated Financial Statements

SGV
Building a better working world

A member firm of Ernst & Young Global Limited

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

REPORT ON REVIEW OF UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Stockholders and the Board of Directors
Jollibee Foods Corporation
Doing business under the name and style of Jollibee
and Subsidiaries
10/F Jollibee Plaza Building
10 F. Ortigas Jr. Avenue, Ortigas Center
Pasig City

Introduction

We have reviewed the accompanying unaudited interim condensed consolidated financial statements of Jollibee Foods Corporation Doing business under the name and style of Jollibee and its subsidiaries (the "JFC Group"), which comprise the unaudited interim consolidated statement of financial position as at March 31, 2021 and the related unaudited interim consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2021 and 2020, and other explanatory notes to unaudited interim condensed consolidated financial statements. Management is responsible for the preparation and presentation of these unaudited interim condensed consolidated financial statements in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on these unaudited interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Philippine Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Philippine Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unaudited interim condensed consolidated financial statements of JFC Group as at March 31, 2021 and for the three-month periods ended March 31, 2021 and 2020 are not prepared, in all material respects, in accordance with PAS 34, *Interim Financial Reporting*.

SYCIP GORRES VELAYO & CO.

Mariecris N. Barbaso
Partner
CPA Certificate No. 97101
SEC Accreditation No. 1513-AR-1 (Group A),
November 16, 2018, valid until November 15, 2021
Tax Identification No. 202-065-716
BIR Accreditation No. 08-001998-108-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534222, January 4, 2021, Makati City

June 25, 2021

JOLLIBEE FOODS CORPORATION
Doing business under the name and style of Jollibee
AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2021
(With Comparative Audited Figures as at December 31, 2020)
(Amounts in Thousand Pesos)

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5, 24 and 25)	**₱21,764,620**	₱21,361,486
Short-term investments (Notes 5, 24 and 25)	**324,280**	441,000
Financial assets at fair value through profit or loss (Notes 9, 24 and 25)	**32,584,804**	35,658,565
Receivables and contract assets (Notes 6, 24 and 25)	**5,982,912**	7,049,934
Inventories (Note 7)	**7,869,820**	8,295,828
Other current assets (Note 8)	**7,490,711**	7,233,744
Total Current Assets	**76,017,147**	80,040,557
Noncurrent Assets		
Financial assets at fair value through profit or loss (Notes 9, 24 and 25)	**33,792**	33,792
Interests in and advances to joint ventures, co-venturers and associates (Note 10)	**7,355,701**	7,329,618
Property, plant and equipment (Note 11)	**28,812,334**	28,684,131
Right-of-use assets (Note 23)	**33,610,185**	34,224,143
Investment properties (Note 25)	**572,722**	572,722
Trademarks, goodwill and other intangible assets (Note 12)	**50,076,948**	50,224,078
Operating lease receivables (Notes 23, 24 and 25)	**84,006**	87,160
Finance lease receivables (Notes 23, 24 and 25)	**67,414**	70,800
Deferred tax assets - net (Note 26)	**5,601,248**	6,114,384
Other noncurrent assets (Notes 13, 24 and 25)	**3,437,534**	3,428,745
Total Noncurrent Assets	**129,651,884**	130,769,573
	₱205,669,031	₱210,810,130
LIABILITIES AND EQUITY		
Current Liabilities		
Trade payables and other current liabilities and contract liabilities (Notes 14, 24 and 25)	**₱27,544,819**	₱31,366,014
Income tax payable (Note 26)	**152,377**	196,658
Short-term debt (Notes 15, 24 and 25)	**15,958,920**	15,875,457
Current portion of:		
Lease liabilities (Notes 23, 24 and 25)	**6,376,236**	6,479,140
Long-term debt (Notes 15, 24 and 25)	**4,557,415**	4,720,096
Provisions	**291,110**	291,110
Total Current Liabilities	**54,880,877**	58,928,475
Noncurrent Liabilities		
Senior debt securities (Note 15)	**28,937,933**	28,628,999
Noncurrent portion of:		
Lease liabilities (Notes 23, 24 and 25)	**32,060,709**	32,604,585
Long-term debt (Notes 15, 24 and 25)	**13,699,968**	14,538,117
Provisions	**1,035,636**	1,035,636
Interest in an associate	**124,433**	127,894
Pension liability	**2,988,391**	2,917,500
Derivative liability (Note 15)	**112,098**	141,480
Deferred tax liabilities - net (Note 26)	**3,862,921**	3,855,579
Total Noncurrent Liabilities	**82,822,089**	83,849,790
Total Liabilities (*Carried Forward*)	**137,702,966**	142,778,265

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Total Liabilities *(Brought Forward)*	**₱137,702,966**	₱142,778,265
Equity Attributable to Equity Holders of the Parent Company		
Capital stock - net of subscription receivable (Note 16)	**1,105,183**	1,105,079
Additional paid-in capital (Note 16)	**9,964,972**	9,913,890
Other reserve	**1,877,400**	1,877,400
Cumulative translation adjustments of foreign subsidiaries and interests in joint ventures and associates	**(404,644)**	(477,554)
Remeasurement loss on net defined benefit plan - net of tax	**(1,401,113)**	(1,401,113)
Comprehensive loss on derivative liability (Note 15)	**(112,098)**	(141,480)
Excess of cost over the carrying value of non-controlling interests acquired	**(2,026,340)**	(2,026,340)
Retained earnings (Note 16):		
Appropriated for future expansion	**20,000,000**	20,000,000
Unappropriated	**9,798,643**	9,869,889
	38,802,003	38,719,771
Less cost of common stock held in treasury (Note 16)	**180,511**	180,511
	38,621,492	38,539,260
Senior perpetual securities (Note 16)	**30,588,000**	30,588,000
Non-controlling Interests	**(1,243,427)**	(1,095,395)
Total Equity	**67,966,065**	68,031,865
	₱205,669,031	₱210,810,130

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

JOLLIBEE FOODS CORPORATION
Doing business under the name and style of Jollibee
AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousand Pesos, Except Per Share Data)

	Three-Month Periods Ended March 31	
	2021	2020
REVENUES		
Gross sales	**₱33,217,333**	₱37,554,813
Sales discount	**(916,625)**	(901,452)
Net sales (Note 4)	**32,300,708**	36,653,361
Royalty, set-up fees and others (Note 17)	**1,845,904**	2,138,132
	34,146,612	38,791,493
PFRS 15 impact on system-wide advertising fees (Note 4)	**508,081**	633,214
	34,654,693	39,424,707
DIRECT COSTS (Note 18)	**28,743,003**	35,224,639
GROSS PROFIT	**5,911,690**	4,200,068
EXPENSES		
General and administrative expenses (Note 19)	**3,822,470**	4,589,165
Advertising and promotions	**619,774**	778,549
	4,442,244	5,367,714
OPERATING INCOME (LOSS)	**1,469,446**	(1,167,646)
INTEREST INCOME (EXPENSE) (Note 20)		
Interest income	**26,679**	70,929
Interest expense	**(992,410)**	(785,610)
	(965,731)	(714,681)
EQUITY IN NET EARNINGS (LOSSES) OF JOINT VENTURES AND ASSOCIATES - Net (Note 10)	**(375)**	8,895
OTHER INCOME (Note 20)	**487,011**	240,113
INCOME (LOSS) BEFORE INCOME TAX	**990,351**	(1,633,319)
PROVISION FOR INCOME TAX		
Current	**347,910**	490,173
Deferred	**534,332**	(171,504)
	882,242	318,669
NET INCOME (LOSS)	**108,109**	(1,951,988)
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:		
Translation adjustments of foreign subsidiaries	**(75,079)**	57,470
Translation adjustments of foreign joint ventures and associates	**103,742**	(375,045)
Comprehensive income (loss) on derivative liability (Note 15)	**29,382**	(102,896)
	58,045	(420,471)
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱166,154**	(₱2,372,459)
Net Income (Loss) Attributable to:		
Equity holders of the Parent Company	**₱211,894**	(₱1,676,098)
Non-controlling interests	**(103,785)**	(275,890)
	₱108,109	(₱1,951,988)
Total Comprehensive Income (Loss) Attributable to:		
Equity holders of the Parent Company	**₱314,186**	(₱2,012,636)
Non-controlling interests	**(148,032)**	(359,823)
	₱166,154	(₱2,372,459)
Earnings (Loss) Per Share for Net Income Attributable to Equity Holders of the Parent Company (Note 22)		
Basic	**₱0.192**	(₱1.532)
Diluted	**0.192**	(1.526)

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

JOLLIBEE FOODS CORPORATION
Doing business under the name and style of Jollibee
AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 and 2020
(Amounts in Thousand Pesos)

	Equity Attributable to Equity Holders of the Parent Company (Note 22)													
	Capital Stock - Net of Subscription Receivable (Note 16)	Additional Paid-in Capital (Note 16)	Other Reserve	Cumulative Translation Adjustments of Foreign Subsidiaries and Interests in Joint Ventures and Associates	Remeasurement Loss on Net Defined Benefit Plan - Net of tax	Comprehensive Income (Loss) on Derivative Liability (Note 15)	Excess of Cost Over the Carrying Value of Non-controlling Interests Acquired (Note 16)	Retained Earnings (Note 16) Appropriated for Future Expansion	Retained Earnings (Note 16) Unappropriated	Cost of Common Stock Held in Treasury (Note 16)	Total	Senior Perpetual Securities (Note 16)	Non-controlling Interests	Total Equity
Balance at January 1, 2021	**₱1,105,079**	**₱9,913,890**	**₱1,877,400**	**(₱477,554)**	**(₱1,401,113)**	**(₱141,480)**	**(₱2,026,340)**	**₱20,000,000**	**₱9,869,889**	**(₱180,511)**	**₱38,539,260**	**₱30,588,000**	**(₱1,095,395)**	**₱68,031,865**
Net income (loss)	–	–	–	–	–	–	–	–	**211,894**	–	**211,894**	–	**(103,785)**	**108,109**
Comprehensive income (loss)	–	–	–	**72,910**	–	**29,382**	–	–	–	–	**102,292**	–	**(44,247)**	**58,045**
Total comprehensive income (loss)	–	–	–	**72,910**	–	**29,382**	–	–	**211,894**	–	**314,186**	–	**(148,032)**	**166,154**
Movements in other equity accounts:														
Issuances of and subscriptions to capital stock (Note 16)	**104**	**16,754**	–	–	–	–	–	–	–	–	**16,858**	–	–	**16,858**
Cost of stock options granted - net of tax (Notes 16 and 19)	–	**34,328**	–	–	–	–	–	–	–	–	**34,328**	–	–	**34,328**
Senior perpetual securities' coupon payment and accrual (Note 16)	–	–	–	–	–	–	–	–	**(283,140)**	–	**(283,140)**	–	–	**(283,140)**
	104	**51,082**	–	–	–	–	–	–	**(283,140)**	–	**(231,954)**	–	–	**(231,954)**
Balance at March 31, 2021 (Unaudited)	**₱1,105,183**	**₱9,964,972**	**₱1,877,400**	**(₱404,644)**	**(₱1,401,113)**	**(₱112,098)**	**(₱2,026,340)**	**₱20,000,000**	**₱9,798,643**	**(₱180,511)**	**₱38,621,492**	**₱30,588,000**	**(₱1,243,427)**	**₱67,966,065**
Balance at January 1, 2020	₱1,092,971	₱8,797,360	₱1,877,400	₱832,080	(₱965,391)	(₱58,241)	(₱1,804,766)	₱20,000,000	₱23,009,145	(₱180,511)	₱52,600,047	₱–	(₱318,170)	₱52,281,877
Net loss	–	–	–	–	–	–	–	–	(1,676,098)	–	(1,676,098)	–	(275,890)	(1,951,988)
Other comprehensive loss	–	–	–	(233,642)	–	(102,896)	–	–	–	–	(336,538)	–	(83,933)	(420,471)
Total comprehensive loss	–	–	–	(233,642)	–	(102,896)	–	–	(1,676,098)	–	(2,012,636)	–	(359,823)	(2,372,459)
Movements in other equity accounts:														
Issuances of and subscriptions to capital stock (Note 16)	1,472	154,466	–	–	–	–	–	–	–	–	155,938	–	–	155,938
Cost of stock options granted - net of tax (Notes 16 and 19)	–	67,813	–	–	–	–	–	–	–	–	67,813	–	–	67,813
Issuance of senior perpetual securities (Note 16)	–	–	–	–	–	–	–	–	–	–	–	30,435,060	–	30,435,060
Acquisition of minority interest (Notes 10 and 16)	–	–	–	–	–	–	(95,774)	–	–	–	(95,774)	–	(53,681)	(149,455)
	1,472	222,279	–	–	–	–	(95,774)	–	–	–	127,977	30,435,060	(53,681)	30,509,356
Balance at March 31, 2020 (Unaudited)	₱1,094,443	₱9,019,639	₱1,877,400	₱598,438	(₱965,391)	(₱161,137)	(₱1,900,540)	₱20,000,000	₱21,333,047	(₱180,511)	₱50,715,388	₱30,435,060	(₱731,674)	₱80,418,774

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

JOLLIBEE FOODS CORPORATION
Doing business under the name and style of Jollibee
AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousand Pesos)

	Three-Month Periods Ended March 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	**₱990,351**	(₱1,633,319)
Adjustments for:		
Depreciation and amortization (Notes 11, 12, 13, 18, 19 and 23)	**3,229,292**	3,727,244
Interest expense (Notes 15, 20 and 23)	**992,410**	785,610
Unrealized loss from financial assets at fair value through profit or loss (Notes 9 and 20)	**178,631**	–
Reversals of impairment losses on:		
Property, plant and equipment (Notes 11 and 19)	**(37,700)**	(22,143)
Receivables (Notes 6 and 19)	**(6,735)**	–
Inventories (Notes 7 and 19)	**–**	(3,581)
Impairment losses on:		
Receivables (Notes 6 and 19)	**20,827**	–
Inventories (Notes 7 and 19)	**1,239**	6,473
Movement in pension liability (Notes 18 and 19)	**70,891**	90,562
Rent concession (Note 23)	**(56,603)**	(18,354)
Pre-termination of operating leases (Notes 20 and 23)	**(44,754)**	(70,728)
Stock options expense (Notes 16 and 19)	**39,183**	67,813
Interest income (Notes 5, 10, 13, 20 and 23)	**(26,679)**	(70,929)
Net unrealized foreign exchange loss (gain)	**(22,190)**	34,057
Loss on retirements and disposals of property, plant and equipment (Notes 11 and 19)	**21,713**	23,371
Accretion of debt issue cost (Note 15)	**9,595**	4,740
Equity in net earnings (losses) of joint ventures and associates	**375**	(8,895)
Income before working capital changes	**5,359,846**	2,911,921
Decreases (increases) in:		
Receivables	**1,062,057**	1,421,426
Inventories	**424,769**	(1,076,102)
Other current assets	**(256,967)**	14,880
Decrease in trade payables and other current liabilities	**(3,517,078)**	(4,426,769)
Net cash generated from (used in) operations	**3,072,627**	(1,154,644)
Income taxes paid	**(392,191)**	(517,412)
Interest received	**18,990**	58,423
Net cash provided by (used in) operating activities	**2,699,426**	(1,613,633)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from:		
Redemption of financial assets at fair value through profit or loss (Note 9)	**3,330,689**	–
Maturity of short term-investments (Note 5)	**441,000**	919,450
Disposals of property, plant and equipment	**87,041**	123,098
Acquisitions of:		
Property, plant and equipment (Note 11)	**(1,599,945)**	(1,753,997)
Non-controlling interest (Note 10)	**–**	(149,455)
Interest in a joint venture (Note 10)	**–**	(89,747)
Intangible assets (Note 12)	**–**	(33,616)
Additions to:		
Short term-investments (Note 5)	**(324,280)**	(172,560)
Financial assets at fair value through profit or loss (Note 9)	**(86,478)**	–
Increase in other noncurrent assets	**(1,950)**	(358,041)
Net cash provided by (used in) investing activities	**1,846,077**	(1,514,868)

(Forward)

	Three-Month Periods Ended March 31	
	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Lease liabilities (Note 23)	**(₱1,908,522)**	(₱2,348,166)
Long-term debt (Note 15)	**(1,179,060)**	(582,971)
Interest	**(627,506)**	(284,268)
Coupons for senior perpetual securities	**(562,302)**	–
Cash dividends (Note 16)	**(5,634)**	(8,785)
Short-term debt (Note 15)	**–**	(20,340,220)
Proceeds from:		
Long-term debt (Note 15)	**117,015**	168,198
Issuances of and subscriptions to capital stock (Note 16)	**16,858**	155,938
Issuance of senior perpetual securities (Note 16)	**–**	30,435,060
Short-term debt (Note 15)	**–**	1,520,400
Net cash provided by (used in) financing activities	**(4,149,151)**	8,715,186
NET INCREASE IN CASH AND CASH EQUIVALENTS	**396,352**	5,586,685
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**6,782**	(7,786)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**21,361,486**	20,892,021
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)	**₱21,764,620**	₱26,470,920

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

JOLLIBEE FOODS CORPORATION
Doing business under the name and style of Jollibee
AND SUBSIDIARIES
NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

Corporate Information
Jollibee Foods Corporation Doing business under the name and style of Jollibee (the Parent Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on January 11, 1978. The Parent Company and its subsidiaries (collectively referred to as "the JFC Group") and affiliates are involved primarily in the development, operations and franchising of quick service restaurants (QSRs) under the trade names "Jollibee", "Greenwich", "Chowking", "Yong He King", "Red Ribbon", "Hong Zhuang Yuan", "Mang Inasal", "Burger King", "Highlands Coffee", "Pho24", "Hard Rock Cafe", "Dunkin' Donuts", "Smashburger", "Tortazo", "Tim Ho Wan", "The Coffee Bean & Tea Leaf" and "Panda Express". The other activities of the JFC Group include manufacturing and property leasing in support of the QSR systems and other business activities (see Note 4).

The common shares of the Parent Company are listed and traded in the Philippine Stock Exchange (PSE) beginning July 14, 1993.

The registered office address of the Parent Company is 10/F Jollibee Plaza Building, 10 F. Ortigas Jr. Ave., Ortigas Center, Pasig City.

Coronavirus (COVID-19) Pandemic
The JFC Group continues to monitor the risks and the ongoing impact of COVID-19 on its business. As at March 31, 2021, percentage of stores closed temporarily increased from 4% as at December 31, 2020 to 5% of the JFC Group's stores globally due to resurgence of COVID-19 cases. The JFC Group has assessed the following impact of COVID-19 on its assets and liabilities during the three-month period ended March 31, 2021:

- Recognition of impairment losses on inventories and derecognition of right-of-use assets and lease liabilities relating to pre-termination of closed and nonperforming stores.

- The forecast used for impairment testing of goodwill and trademarks with indefinite life include the JFC 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 JFC Group, upon which the recognition of deferred tax assets is assessed, was considered.

Approval and Authorization for Issuance of Unaudited Interim Condensed Consolidated Financial Statements
The unaudited interim condensed consolidated financial statements as at March 31, 2021 and for the three-month periods ended March 31, 2021 and 2020 were authorized for issuance by the Board of Directors (BOD) on June 25, 2021.

2. **Basis of Preparation, Statement of Compliance, Changes in Accounting Policies and Basis of Consolidation**

Basis of Preparation
The unaudited interim condensed consolidated financial statements of the JFC Group have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL) and derivative financial instruments which are measured at fair value. The unaudited interim condensed consolidated financial statements are presented in Philippine peso, which is the Parent Company's functional and presentation currency under Philippine Financial Reporting Standards (PFRS). All values are rounded to the nearest thousand pesos, except par values, per share amounts, number of shares and when otherwise indicated.

Statement of Compliance
The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the JFC Group's annual consolidated financial statements as at December 31, 2020. These unaudited interim condensed consolidated financial statements have been prepared for inclusion in the offering circular to be prepared by the JFC Group for its planned offering of preferred shares.

New Standards, Interpretations and Amendments adopted by the JFC Group
The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the JFC Group's annual consolidated financial statements for the year ended December 31, 2020, except for the adoption of new standards effective as at January 1, 2021. The JFC Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective except for the amendment to PFRS 16, *Leases.*

Several amendments apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the JFC Group.

- 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; and
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

  The JFC Group shall also disclose information 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.



These amendments had no significant impact on the interim condensed consolidated financial statements of the JFC Group. The JFC Group intends to use the practical expedients in future periods if they become applicable.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions Beyond June 30, 2021*

  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, 2022; 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.

  The amendments are effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted. The amendments were early adopted by the JFC Group beginning January 1, 2021.

  For the three-month period ended March 31, 2021, the JFC Group received rent concessions from lessors amounting to ₱56.6 million to which the practical expedient is applied. These are accounted for as negative variable lease payments in profit or loss (see Note 23).

Future Changes in Accounting Policies

Pronouncements that were issued but not yet effective as at March 31, 2021 are the same as those disclosed in the JFC Group's annual consolidated financial statements for the year ended December 31, 2020, except for the pronouncements listed below. Unless otherwise indicated, the JFC Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The JFC Group intends to adopt the following pronouncements when these become effective.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies*

  The amendments require an entity to disclose its material accounting policy information instead of its significant accounting policies. The amendments also specify how an entity can identify material accounting policy information and give examples of when accounting policy information is likely to be material. The amendments clarify:

  - Accounting policy information may be material because of its nature, even if the related amounts are immaterial;



- Accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and

- If an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

In addition, PFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to PAS 1.

The amendments to PAS 1 are effective for annual reporting years beginning on or after January 1, 2023 and apply prospectively. Earlier application is permitted. Once the entity applies the amendments to PAS 1, it is also permitted to apply the amendments to PFRS Practice Statement 2. The JFC Group is currently assessing the impact of these amendments.

- Amendments to PAS 8, *Definition of Accounting Estimates*

These amendments make a distinction between how an entity should present and disclose different types of accounting changes in its financial statements. These amendments clarify:

- The definition of a change in accounting estimates which is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

- A change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The amendments are effective for annual reporting years beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The JFC Group is currently assessing the impact of these amendments.

Basis of Consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at March 31, 2021. There were no changes in the composition of the JFC Group and in the Parent Company's ownership interests in its subsidiaries as at March 31, 2021.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the consolidated financial statements and related notes at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

There were no significant changes in the significant accounting judgments, estimates, and assumptions used by the Company for the three-month period ended March 31, 2021 since the JFC Group already considered the impact of COVID-19 in the annual consolidated financial statements as at and for the year ended December 31, 2020

4. Segment Information

For management purposes, the JFC Group is organized into segments based on the nature of the products and services offered and geographical locations. The Executive Management Committee monitors the operating results of its segments separately for resource allocation and performance assessment. Segment results are evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Business Segments

The JFC Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

- The food service segment is involved in the operations of QSRs and the manufacture of food products to be sold to JFC Group-owned and franchised QSR outlets.
- The franchising segment is involved in the franchising of the JFC Group's QSR store concepts.
- The leasing segment leases store sites mainly to the JFC Group's independent franchisees.

The following tables present certain information on revenues, expenses and other segment information of the different business segments for the three-month periods ended March 31:

	Three-month period ended March 31, 2021 (Unaudited)				
	Food Service	**Franchising**	**Leasing**	**Eliminations**	**Consolidated**
Revenues from external customers	**₱32,504,855**	**₱2,082,057**	**₱67,781**	**₱–**	**₱34,654,693**
Inter-segment revenues	**5,315,393**	**800,792**	**1,305,684**	**(7,421,869)**	**–**
Segment revenues	**37,820,248**	**2,882,849**	**1,373,465**	**(7,421,869)**	**34,654,693**
Segment expenses	**(37,991,435)**	**(1,308,873)**	**(1,329,177)**	**7,421,869**	**(33,207,616)**
Reversals of provision for impairment on receivables, inventories and property, plant and equipment - net of provisions	**22,369**	**–**	**–**	**–**	**22,369**
Equity in net losses of joint ventures and associates - net	**(375)**	**–**	**–**	**–**	**(375)**
Other segment income	**487,011**	**–**	**–**	**–**	**487,011**
Segment result	**₱337,818**	**₱1,573,976**	**₱44,288**	**₱–**	**1,956,082**
Interest income					**26,679**
Interest expense					**(992,410)**
Income before income tax					**990,351**
Provision for income tax					**(882,242)**
Net income					**₱108,109**
Other Segment Information					
Capital expenditures	**₱1,599,945**	**₱–**	**₱–**	**₱–**	**₱1,599,945**
Depreciation and amortization	**3,228,515**	**–**	**777**	**–**	**3,229,292**

	Three-month period March 31, 2020 (Unaudited)				
	Food Service	Franchising	Leasing	Eliminations	Consolidated
Revenues from external customers	₱36,750,440	₱2,589,986	₱84,281	₱–	₱39,424,707
Inter-segment revenues	7,232,189	869,190	1,587,501	(9,688,880)	–
Segment revenues	43,982,629	3,459,176	1,671,782	(9,688,880)	39,424,707
Segment expenses	(47,208,531)	(1,502,404)	(1,589,549)	9,688,880	(40,611,604)
Reversals of provision for impairment on inventories and property, plant and equipment - net of provisions	19,251	–	–	–	19,251
Equity in net earnings of joint ventures and associates - net	8,895	–	–	–	8,895
Other segment income	239,881	–	232	–	240,113
Segment result	(₱2,957,875)	₱1,956,772	₱82,465	₱–	(918,638)
Interest income					70,929
Interest expense					(785,610)
Loss before income tax					(1,633,319)
Provision for income tax					(318,669)
Net loss					(₱1,951,988)
Other Segment Information					
Capital expenditures	₱1,787,613	₱–	₱–	₱–	₱1,787,613
Depreciation and amortization	3,727,120	–	124	–	3,727,244

The following tables present certain information on assets and liabilities of the different business segments as at March 31, 2021 and December 31, 2020:

	As at March 31, 2021 (Unaudited)				
	Food Service	**Franchising**	**Leasing**	**Eliminations**	**Consolidated**
Assets and Liabilities					
Segment assets	**₱199,609,423**	**₱–**	**₱458,360**	**₱–**	**₱200,067,783**
Deferred tax assets - net	**5,601,248**	–	–	–	**5,601,248**
Consolidated assets	**₱205,210,671**	**₱–**	**₱458,360**	**₱–**	**₱205,669,031**
Segment liabilities	**₱115,337,521**	**₱–**	**₱92,764**	**₱–**	**₱115,430,285**
Deferred tax liabilities - net	**3,862,921**	–	–	–	**3,862,921**
Long-term debt, including current portion	**18,257,383**	–	–	–	**18,257,383**
Income tax payable	**151,211**	–	**1,166**	–	**152,377**
Consolidated liabilities	**₱137,609,036**	**₱–**	**₱93,930**	**₱–**	**₱137,702,966**

	As at December 31, 2020 (Audited)				
	Food Service	Franchising	Leasing	Eliminations	Consolidated
Assets and Liabilities					
Segment assets	₱204,238,510	₱–	₱457,236	₱–	₱204,695,746
Deferred tax assets - net	6,118,812	–	(4,428)	–	6,114,384
Consolidated assets	₱210,357,322	₱–	₱452,808	₱–	₱210,810,130
Segment liabilities	₱119,377,629	₱–	₱90,187	₱–	₱119,467,816
Deferred tax liabilities - net	3,855,579	–	–	–	3,855,579
Long-term debt, including current portion	19,258,213	–	–	–	19,258,213
Income tax payable	195,664	–	994	–	196,658
Consolidated liabilities	₱142,687,085	₱–	₱91,181	₱–	₱142,778,266

Geographical Segments

The JFC Group's geographical segments are based on the location of the assets producing revenues in the Philippines and in other locations which includes People's Republic of China (PRC), United States of America (USA), Canada, Vietnam, United Arab Emirates, Hongkong, Macau, Brunei, Saudi Arabia, Singapore, Malaysia, Oman, Kuwait, Qatar, Italy and United Kingdom. Sales to external customers disclosed in the geographical segments are based on the geographical location of the customers.

Majority of the JFC Group's revenues were generated from the Philippines, which is the Parent Company's country of domicile.

The JFC Group does not have a single external customer which revenue amounts to 10% or more of the JFC Group's revenues.

The following tables present segment revenues, segment assets and capital expenditures of the JFC Group's geographical segments:

	As at and for the Three-month Period Ended March 31, 2021 (Unaudited)			
	Philippines	**International**	**Eliminations**	**Consolidated**
Segment revenues	**₱21,144,794**	**₱13,782,802**	**(₱272,903)**	**₱34,654,693**
Segment assets	**60,004,036**	**140,063,747**	**–**	**200,067,783**
Capital expenditures	**364,416**	**1,235,529**	**–**	**1,599,945**

	For the Three-month Period Ended March 31, 2020 (Unaudited)			
	Philippines	International	Eliminations	Consolidated
Segment revenues	₱26,741,762	₱12,931,317	(₱248,372)	₱39,424,707
Segment assets	77,869,590	107,204,598	–	185,074,188
Capital expenditures	683,567	1,104,046	–	1,787,613

Revenue from Contracts with Customers

Set out below is the disaggregation of the JFC Group's revenue from contracts with customers:

	For the Three-month Period Ended March 31, 2021 (Unaudited)		
Revenue Source	**Food Service**	**Franchising**	**Total**
Sale of goods	**₱32,300,708**	**₱–**	**₱32,300,708**
Royalty fees	**–**	**1,552,092**	**1,552,092**
Set-up fees	**–**	**21,884**	**21,884**
System-wide advertising fees	–	**508,081**	**508,081**
Other revenues	**204,147**	**–**	**204,147**
Total revenue from contracts with customers	**₱32,504,855**	**₱2,082,057**	**₱34,586,912**
Timing of recognition:			
Goods transferred at a point in time			**₱32,504,855**
Services transferred over time			**2,082,057**
			₱34,586,912

	For the Three-month Period Ended March 2020 (Unaudited)		
Revenue Source	Food Service	Franchising	Total
Sale of goods	₱36,653,361	₱–	₱36,653,361
Royalty fees	–	1,866,846	1,866,846
Set-up fees	–	89,926	89,926
System-wide advertising fees	–	633,214	633,214
Other revenues	97,079	–	97,079
Total revenue from contracts with customers	₱36,750,440	₱2,589,986	₱39,340,426
Timing of recognition:			
Goods transferred at a point in time			₱36,750,440
Services transferred over time			2,589,986
			₱39,340,426

Seasonality of Operations
The JFC Group's food service operations have both peak and lean seasons. Higher sales in the second and fourth quarters are due to the summer and holiday seasons, respectively. Demand during the first and third quarters usually slackens. This information is provided to allow for a better understanding of the results; however, management has concluded that this is not "highly seasonal" in accordance with PAS 34.

5. Cash and Cash Equivalents and Short-term Investments

Cash and Cash Equivalents
This account consists of:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)	March 31, 2020 (Unaudited)
Cash on hand	**₱347,784**	₱324,779	₱337,097
Cash in banks	**14,399,741**	14,170,871	24,161,712
Short-term deposits	**7,017,095**	6,865,836	1,972,111
	₱21,764,620	₱21,361,486	₱26,470,920

Short-term Investments
The JFC Group also has short-term investments amounting to ₱324.3 million and ₱441.0 million as at March 31, 2021 and December 31, 2020, respectively. These pertain to deposits with maturities of more than three months but less than a year.

Interest income earned from cash and cash equivalents and short-term investments amounted to ₱9.0 million and ₱37.8 million for the three-month periods ended March 31, 2021 and 2020, respectively (see Note 20).

6. Receivables and Contract Assets

This account consists of:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Trade	**₱4,622,093**	₱5,466,778
Less allowance for impairment loss	**653,519**	658,633
	3,968,574	4,808,145
Receivable from retirement fund (see Note 21)	**878,693**	878,710
Advances to employees	**205,300**	221,045
Current portion of employee car plan receivables (see Note 13)	**59,011**	59,337
Interest receivable	**9,233**	6,685
Others	**83,314**	87,674
	5,204,125	6,061,596
Contract assets	**778,787**	988,338
	₱5,982,912	₱7,049,934

The movements in the allowance for impairment loss on trade receivables as at March 31, 2021 and December 31, 2020 are as follows:

	March 31, 2021 (Three Months) (Unaudited)	December 31, 2020 (One Year) (Audited)
Balance at beginning of period	**₱658,633**	₱392,357
Provisions (see Note 19)	**20,827**	281,866
Write-offs	**(19,137)**	(11,582)
Reversals (see Note 19)	**(6,735)**	–
Translation adjustments	**(69)**	(4,008)
Balance at end of period	**₱653,519**	₱658,633

7. Inventories

This account consists of:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
At net realizable value:		
Food supplies and processed inventories	**₱7,248,747**	₱7,590,490
Novelty items	**43,039**	89,472
	7,291,786	7,679,962
At cost -		
Packaging, store and other supplies	**578,034**	615,866
Total inventories at lower of cost and net realizable value	**₱7,869,820**	₱8,295,828

The cost of food supplies and processed inventories and novelty items carried at net realizable value amounted to ₱7,343.4 million and ₱205.9 million, respectively, as at March 31, 2021 and ₱7,694.9 million and ₱253.6 million, respectively, as at December 31, 2020.

The movements in the allowance for inventory obsolescence for novelty items as at March 31, 2021 and December 31, 2020 are as follows:

	March 31, 2021 (Three Months) (Unaudited)	December 31, 2020 (One Year) (Audited)
Balance at beginning of period	**₱268,564**	₱21,430
Provisions (see Note 19)	**1,239**	332,505
Reversals (see Note 19)	**–**	(82,354)
Write-offs	**(12,602)**	(1,804)
Translation adjustments	**382**	(1,213)
Balance at end of period	**₱257,583**	₱268,564

8. Other Current Assets

This account consists of:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Prepaid expenses:		
Taxes	**₱3,552,807**	₱3,232,092
Rent	**924,912**	909,537
Supplies	**65,402**	61,917
Insurance and others	**570,031**	457,824
Current portion of security and other deposits (see Note 13)	**140,736**	140,736
Deposits to suppliers and other third parties	**2,236,823**	2,431,638
	₱7,490,711	₱7,233,744

9. Financial Assets at FVTPL

This account consists of:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Investments in bond funds	**₱32,584,804**	₱35,658,565
Investment in club shares	**33,792**	33,792
	32,618,596	35,692,357
Less current portion	**32,584,804**	35,658,565
Noncurrent portion	**₱33,792**	₱33,792

The movements in financial assets at FVTPL are as follows:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Balance at beginning of year	**₱35,692,357**	₱38,202
Additions	**86,478**	37,857,050
Redemption	**(3,330,689)**	(3,066,548)
Marked-to-market gain (loss) on financial assets at FVTPL (see Note 20)	**(178,631)**	1,317,728
Translation adjustment	**349,081**	(454,075)
Balance at end of year	**₱32,618,596**	₱35,692,357

The fair value of financial assets at FVTPL has been determined directly by reference to quoted prices in active market or inputs other than quoted prices that are directly or indirectly observable.

10. **Interests in and Advances to Joint Ventures, Co-venturers and Associates**

This account consists of:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Interests in joint ventures:		
Titan Dining LP	**₱4,586,237**	₱4,618,007
Golden Bee Foods Restaurant LLC	**244,728**	233,062
JBPX Foods Inc.	**53,117**	53,314
	4,884,082	4,904,383
Interests in associates:		
Tortas Frontera LLC	**661,524**	660,675
Entrek (B) SDN BHD	**138,978**	124,149
C-Joy Poultry Realty, Inc.	**12,015**	11,230
C-Joy Poultry Meats Production, Inc.	**–**	–
	812,517	796,054
Advances to a joint venture and co-venturers - VTI Group	**1,659,102**	1,629,181
	₱7,355,701	₱7,329,618

Interests in Joint Ventures

Titan Dining LP (Titan). Share in equity in net losses amounted to ₱31.8 million and nil for the three-month periods ended March 31, 2021 and 2020, respectively.

Golden Bee Foods Restaurants LLC (Golden Bee). Share in equity in net earnings amounted to ₱11.7 million and ₱1.0 million for the three-month periods ended March 31, 2021 and 2020, respectively.

JBPX Foods Inc. (Panda Express). Share in equity in net losses amounted to ₱0.2 million and ₱1.8 million for the three-month periods ended March 31, 2021 and 2020.

Interests in Associates

Share in equity in net earnings amounted to ₱0.8 million, ₱14.8 million and ₱0.8 million of Tortas Frontera LLC, Entrek (B) SDN BHD and C-Joy Poultry Realty, Inc., respectively, for the three-month period ended March 31, 2021. Share in equity in net earnings (losses) amounted to nil, ₱9.7 million and (₱0.05 million) of Tortas Frontera LLC, Entrek (B) SDN BHD and C-Joy Poultry Realty, Inc., respectively, for the three-month period ended March 31, 2020.

C-Joy Poultry Meats Production, Inc. (C-Joy Poultry). The JFC Group's equity share in net losses amounting to ₱527.1 million in 2018 exceeded the carrying value of its interest in C-Joy Poultry amounting to ₱151.5 million as at December 31, 2017. Consequently, the JFC Group's unrecognized equity share in net loss amounted to ₱96.5 million for the three-month period ended March 31, 2020.

In 2020, JFC Group's advances amounting ₱1,236.7 million were converted to additional interest in C-Joy Poultry. The JFC Group's share in net earnings amounted to ₱3.5 million for the three-month period ended March 31, 2021. The loss in excess of interest in C-Joy Poultry of ₱124.4 million and ₱127.9 million as at March 31, 2021 and December 31, 2020, respectively, is presented as part of "Noncurrent liabilities" account in the consolidated statements of financial position.

Advances to Co-venturers

Total interest from the loan to VTI Group recognized as interest income, amounted to USD 0.3 million (₱12.6 million) and USD 0.3 million (₱13.4 million) for the three-month periods ended March 31, 2021 and 2020, respectively (see Note 20).

Advances to an Associate

Advances to C-Joy Poultry. Total interest from the loans recognized as interest income amounted to ₱10.8 million for the three-month period ended March 31, 2020 (see Note 20).

On September 9, 2020, upon ratification of the BOD Minutes of Special Meeting dated May 20, 2020, total advances amounting ₱1,236.7 million were converted to equity.

11. Property, Plant and Equipment

The rollforward analysis of property, plant and equipment are as follows:

	Land and Land Improvements	Plant, Buildings, Commercial Condominium Units and Improvements	Leasehold Rights and Improvements	Office, Store and Food Processing Equipment	Furniture and Fixtures	Transportation Equipment	Construction in Progress	Total
Cost								
Balance at December 31, 2020 (Audited)	**₱1,040,804**	**₱7,963,196**	**₱25,033,818**	**₱25,311,849**	**₱2,701,090**	**₱621,445**	**₱3,751,360**	**₱66,423,562**
Additions	–	**47,903**	**277,472**	**123,190**	**22,776**	**11,452**	**1,117,152**	**1,599,945**
Retirements and disposals	–	**(3,840)**	**(209,809)**	**(175,118)**	**(15,737)**	**(955)**	**(2,218)**	**(407,677)**
Reclassifications	–	**(608)**	**467,853**	**138,887**	**8,301**	–	**(614,433)**	–
Translation adjustments	**4,164**	**11,486**	**100,647**	**51,571**	**9,222**	**178**	**25,452**	**202,720**
Balance at March 31, 2021 (Unaudited)	**1,044,968**	**8,018,137**	**25,669,981**	**25,450,379**	**2,725,652**	**632,120**	**4,277,313**	**67,818,550**
Accumulated Depreciation and Amortization								
Balance at December 31, 2020 (Audited)	–	**2,457,444**	**14,110,630**	**17,473,893**	**1,996,337**	**503,633**	–	**36,541,937**
Depreciation and amortization (see Notes 18 and 19)	–	**128,370**	**602,465**	**684,326**	**86,879**	**13,714**	–	**1,515,754**
Retirements and disposals	–	**(3,840)**	**(137,208)**	**(143,175)**	**(13,796)**	**(904)**	–	**(298,923)**
Reclassifications	–	–	**14,718**	**(14,826)**	**108**	–	–	–
Translation adjustments	–	**5,593**	**29,356**	**42,207**	**10,715**	**164**	–	**88,035**
Balance at March 31, 2021 (Unaudited)	–	**2,587,567**	**14,619,961**	**18,042,425**	**2,080,243**	**516,607**	–	**37,846,803**
Accumulated Impairment Losses								
Balance at December 31, 2020 (Audited)	–	**1,437**	**501,327**	**669,771**	**4,155**	**338**	**20,466**	**1,197,494**
Reversals (see Note 19)	–	–	**(11,858)**	**(25,158)**	**(329)**	–	**(355)**	**(37,700)**
Reclassifications	–	–	**92,495**	**(101,235)**	**1,986**	–	**6,754**	–
Translation adjustments	–	–	–	**(381)**	–	–	–	**(381)**
Balance at March 31, 2021 (Unaudited)	–	**1,437**	**581,964**	**542,997**	**5,812**	**338**	**26,865**	**1,159,413**
Net Book Value								
As at December 31, 2020 (Audited)	₱1,040,804	₱5,504,315	₱10,421,861	₱7,168,185	₱700,598	₱117,474	₱3,730,894	₱28,684,131
As at March 31, 2021 (Unaudited)	**1,044,968**	**5,429,133**	**10,468,056**	**6,864,957**	**639,597**	**115,175**	**4,250,448**	**28,812,334**

Construction in progress account mainly pertains to costs incurred for ongoing construction of properties, including soon-to-open stores and commissaries. The borrowing cost that has been capitalized for the construction of commissaries amounted to ₱89.7 million as at March 31, 2021 and December 31, 2020.

Loss on retirements and disposals of property, plant and equipment amounted to ₱21.7 million and ₱23.4 million for the three-month periods ended March 31, 2021 and 2020, respectively (see Note 19).

Management reassessed the recoverable amount of the JFC Group's office, store and food processing equipment and recognized reversal of provision for impairment amounting to ₱37.7 million and ₱22.1 million for the three-month periods ended March 31, 2021 and 2020, respectively (see Note 19). Consequently, allowance for impairment loss amounted to ₱1,159.4 million and ₱1,197.5 million as at March 31, 2021 and December 31, 2020, respectively.

No property, plant and equipment as at March 31, 2021 and December 31, 2020 have been pledged as security or collateral.

12. Trademarks, Goodwill and Other Intangible Assets

This account consists of:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Trademarks	**₱35,047,990**	₱35,047,990
Goodwill	**14,182,931**	14,097,283
Computer software, net of accumulated amortization	**452,453**	479,463
Other intangible assets, net of accumulated amortization	**393,574**	599,342
	₱50,076,948	₱50,224,078

Trademarks and Goodwill

Trademarks and goodwill acquired through business combinations are attributable to the following group of CGUs as at March 31, 2021 and December 31, 2020:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Trademarks:		
CBTL	**₱18,484,721**	₱18,484,721
Smashburger	**10,414,000**	10,414,000
SuperFoods Group:		
Highlands Coffee	**3,681,912**	3,681,912
Pho 24	**463,101**	463,101
Mang Inasal	**2,004,256**	2,004,256
Total	**35,047,990**	35,047,990
Goodwill:		
Smashburger	**4,982,078**	4,929,722
SuperFoods Group	**2,354,763**	2,340,102
Hong Zhuang Yuan	**2,763,850**	2,756,350
Mang Inasal	**1,781,267**	1,781,267

(Forward)

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Red Ribbon Bakeshop:		
Philippine operations	**₱737,939**	₱737,939
US operations	**383,939**	379,904
Yong He King	**585,230**	583,642
Chowking US operations	**429,922**	425,403
Goldstar Food Trade and Service Company Ltd. (GSC)	**158,698**	157,709
Burger King	**5,245**	5,245
	14,182,931	14,097,283
Trademarks and goodwill	**₱49,230,921**	₱49,145,273

The rollforward of goodwill and other intangible assets are as follows:

	Goodwill	**Computer Software**	**Other Intangible Assets**	**Total**
Cost				
Balance at December 31, 2020 (Audited)	**₱14,497,162**	**₱1,006,084**	**₱809,198**	**₱16,312,444**
Reclassification (see Note 23)	–	–	**(78,625)**	**(78,625)**
Balance at March 31, 2021 (Unaudited)	**14,497,162**	**1,006,084**	**730,573**	**16,233,819**
Accumulated Amortization				
Balance at December 31, 2020 (Audited)	–	**513,013**	**214,141**	**727,154**
Amortization (see Notes 18 and 19)	–	**28,559**	**19,134**	**47,693**
Balance at March 31, 2021 (Unaudited)	–	**541,572**	**233,275**	**774,847**
Translation Adjustments				
Balance at December 31, 2020 (Audited)	**(399,879)**	**(13,608)**	**4,285**	**(409,202)**
Translation adjustments of foreign subsidiaries	**85,648**	**1,549**	**(108,009)**	**(20,812)**
Balance at March 31, 2021 (Unaudited)	**(314,231)**	**(12,059)**	**(103,724)**	**(430,014)**
Net Book Value				
As at December 31, 2020 (Audited)	₱14,097,283	₱479,463	₱599,342	₱15,176,088
As at March 31, 2021 (Unaudited)	**14,182,931**	**452,453**	**393,574**	**15,028,958**

Impairment Testing of Trademarks and Goodwill

The JFC Group performed its annual impairment test in December and when circumstances indicated that the carrying value may be impaired. The JFC Group's impairment test for goodwill and trademarks with indefinite lives is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year ended December 31, 2020.

The JFC Group considers cash flows, among other factors, when reviewing for indicators of impairment. The decline in economic or business activities around the world as well as the ongoing economic uncertainty due to the COVID-19 outbreak and stricter community quarantine implemented by the government to contain the increasing cases of COVID-19, have led the actual financial performance of most CGUs except for Chowking and Red Ribbon US operations fall below its cash flow projections from financial budgets approved by the BOD, indicating a potential impairment of goodwill and trademarks with indefinite lives. As a result, management performed an impairment test as at March 31, 2021 for all its CGUs with potential impairment of goodwill and trademarks with indefinite lives.

The JFC Group used the cash-generating unit's value-in-use to determine the recoverable amount, which exceeded the carrying amount. The projected cash flows were updated to reflect the decreased demand for products and services, and to consider the uncertainty brought about by the COVID-19 outbreak. Pre-tax discount rates were also updated and cash flows beyond the five-year period have been extrapolated per geographical location as follows:

CGUs	Geographical Location	Pre-tax Discount Rate	Long-term Revenue Growth Rate
Hong Zhuang Yuan	PRC	8.2%	5.5%
Mang Inasal	Philippines	10.3%	5.9%
Red Ribbon Bakeshop - Philippine operations	Philippines	10.5%	5.2%
Yong He King	PRC	8.3%	5.5%
Burger King	Philippines	10.3%	5.2%
GSC	Vietnam	9.5%	8.4%
SuperFoods Group	Vietnam	9.5%	8.4%
Smashburger	USA	4.9%	2.4%
CBTL	USA	6.7%	3.5%

As a result of the updated analysis, management did not identify an impairment for those cash-generating units to which goodwill and trademarks are allocated.

Key assumptions with respect to the calculation of value-in-use of the CGUs used by management in its cash flow projections to undertake impairment testing of goodwill are as follows:

a) Discount rates - discount rates represent the current market assessment of the risks specific to each group of CGUs, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the JFC Group's group of CGUs, derived from weighted average cost of capital (WACC) of each group of CGUs. The WACC takes into account both the cost of debt and equity. The cost of equity is calculated using the Capital Asset Pricing Model (CAPM). The cost of debt is based on the assumed interest-bearing borrowings each group of CGUs is obliged to service. CGU-specific risk is incorporated by applying individual alpha and beta factors. The beta factors are evaluated annually based on publicly available market data.

b) Long-term growth rates - rates are determined in consideration of historical and projected results, as well as the economic environment where the group of CGUs operate. However, given the economic uncertainty, reductions in growth estimates may be necessary in the future.

c) EBITDA - is based on the most recent value achieved in the year preceding the start of the budget period, and adjusted for planned efficiency improvement, if any.

Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount of the CGUs to exceed its recoverable amount.

No impairment losses were recognized for trademarks and goodwill for the three-month period ended March 31, 2021 and the year ended December 31, 2020.

13. Other Noncurrent Assets

This account consists of:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Security and other deposits (see Notes 8, 24 and 25)	**₱2,769,475**	₱2,772,604
Noncurrent portion of:		
Employee car plan receivables (see Notes 6, 24 and 25)	**86,852**	79,598
Rent and other long-term prepayments	**36,328**	21,209
Prepaid market entry fee - net of accumulated amortization of ₱27.3 million and ₱26.0 million as at March 31, 2021 and December 31, 2020, respectively	**75,585**	76,052
Franchise rights - net of accumulated amortization of ₱74.8 million and ₱72.0 million as at March 31, 2021 and December 31, 2020, respectively	**61,689**	64,499
Deferred compensation	**15,913**	15,913
Returnable containers and others	**12,858**	12,364
Tools and other assets	**378,834**	386,506
	₱3,437,534	₱3,428,745

Tools and other assets represent tools for repairs and maintenance of office and store equipment which were still unused as at March 31, 2021 and December 31, 2020.

Accretion of interest on security and other deposits and employee car plan receivables amounted to ₱4.3 million and ₱7.1 million for the three-month periods ended March 31, 2021 and 2020, respectively (see Note 20).

14. Trade Payables and Other Current Liabilities and Contract Liabilities

This account consists of:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Trade	**₱10,744,427**	₱11,665,921
Accruals for:		
Salaries, wages and employee benefits	**3,073,754**	2,740,760
Store operations	**1,551,958**	1,687,259
Advertising and promotions	**1,339,127**	1,118,474
Rent	**1,263,198**	1,355,193
Freight	**1,023,562**	1,093,078
Utilities	**592,379**	625,803
Interest (see Note 15)	**510,609**	543,729

(Forward)

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Repairs and maintenance	**₱442,236**	₱414,559
Operating supplies	**311,249**	330,252
Professional fees	**279,598**	295,004
Local taxes	**267,039**	1,356,637
Transportation and travel	**221,984**	145,180
Security	**210,167**	212,063
Communication	**146,607**	136,689
Insurance	**119,526**	63,989
Trainings and seminars	**39,821**	20,812
Service fees and others	**1,527,721**	2,559,020
Unearned revenue from gift certificates	**527,775**	565,202
Customers' deposits	**729,403**	1,207,191
Dividends and coupons payable	**294,769**	579,100
Other current liabilities	**1,209,156**	1,331,175
	26,426,065	30,047,090
Contract liabilities	**1,118,754**	1,318,924
	₱27,544,819	₱31,366,014

Accretion of interest on customer's deposits amounted to ₱0.2 million for the three-month periods ended March 31, 2021 and 2020, respectively (see Note 20).

Other current liabilities consist of staled checks, amounts payable for mascots and various subscriptions in newspapers given to customers as a complementary to their meals.

Contract liabilities pertain to deferred revenues and unearned revenues from gift certificates from international operations.

Movements of contract liabilities arising from deferred revenues and unearned revenues from gift certificates from international operations are as follows:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Balance at beginning of period	**₱1,318,924**	₱1,008,073
Utilized gift certificates	**(490,712)**	(1,713,631)
Additions	**289,259**	2,067,725
Translation adjustments	**1,283**	(43,243)
Balance at end of period	**₱1,118,754**	₱1,318,924

The amount of contract liabilities arising from deferred revenues and unearned revenues from gift certificates from international operation is expected to be earned within one year.

15. Short and Long-term Debts and Senior Debt Securities

Short-term Debt

Short-term debt consists of the following:

	Availment Date	Maturity Date	Interest Rate	Condition	**March 31, 2021 (Unaudited)**	December 31, 2020 (Audited)
USD-denominated						
Subsidiaries						
Loan 1	April 5, 2019 - July 19, 2019	March 23, 2020/ March 31, 2021/ December 31, 2021	LIBOR plus spread; quarterly	Unsecured	**₱970,600**	₱960,400
Loan 2	August 22, 2019 - April 2, 2020	August 14, 2020/ February 3, 2021/ February 3, 2022	LIBOR plus spread; quarterly	Unsecured	**1,698,550**	1,680,700
Loan 3	September 30, 2020	September 24, 2021	LIBOR plus spread; quarterly	Unsecured	**485,300**	480,200
Loan 4	March 11, 2020 - April 21, 2020	December 31, 2021	LIBOR plus spread; quarterly	Unsecured	**1,455,900**	1,440,600
Loan 5	October 27, 2020	September 24, 2021	LIBOR plus spread; quarterly	Unsecured	**485,300**	480,200
Parent Company						
Loan 6	April 23, 2020	September 24, 2021	LIBOR plus spread; quarterly	Unsecured	**1,455,900**	1,440,690
Loan 7	April 29, 2020	September 24, 2021	LIBOR plus spread; quarterly	Unsecured	**1,407,370**	1,392,667
PHP-denominated						
Parent Company						
Loan 8	April 15, 2020	April 10, 2021	BVAL plus spread; quarterly	Unsecured	**4,000,000**	4,000,000
Subsidiary						
Loan 9	April 20, 2020	April 15, 2021	Variable rate; quarterly	Unsecured	**1,000,000**	1,000,000
Loan 10	September 8, 2020	September 3, 2021	BVAL plus spread; quarterly	Unsecured	**3,000,000**	3,000,000
					₱15,958,920	₱15,875,457

Loans of SJBF. On March 31, 2021, the credit agreement of Loan 1 was extended for another nine months up to December 31, 2021. On February 3, 2021, the credit agreement of Loan 2 was also extended up to February 3, 2022.

Loan of HFC and HFC (Canada). On March 3, 2021, the credit agreement of Loan 4 was extended up to December 31, 2021.

Loans of Parent Company. On March 29, 2021, the maturity dates of Loans 6 and 7 were extended to September 24, 2021. On April 10, 2021, subsequent to March 31, 2021, the maturity date of Loan 8 was also extended up to October 7, 2021.

Loans of ZFC (Subsidiary). On April 15, 2021, the loan agreement was extended up to October 12, 2021.

Interest expense recognized on short-term debt amounted to ₱62.4 million and ₱135.8 million for the three-month periods ended March 31, 2021 and 2020, respectively (see Note 20).

Long-term Debt

The long-term debt consists of the following:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Principal	**₱18,320,906**	₱19,326,476
Unamortized debt issue cost	**(63,523)**	(68,263)
	₱18,257,383	₱19,258,213

The details of long-term debt follow:

	Availment Date	Maturity Date	Interest Rate	Condition	**March 31, 2021 (Unaudited)**	December 31, 2020 (Audited)
USD-denominated						
Subsidiaries						
Loan 1	October 21, 2015	October 21, 2025	LIBOR plus spread; quarterly	Unsecured	**₱2,817,437**	₱2,934,556
Loan 2	November 29, 2016	November 29, 2024	3.0% per annum; annually	Unsecured	**1,397,664**	1,382,976
Loan 3	November 29, 2016	November 29, 2022	ROP 2121 and ROP 2024 plus spread; annually	Unsecured	**372,710**	368,794
VND-denominated						
Subsidiaries						
Loan 4	April 3, 2017	April 1, 2022	VND COF plus spread; quarterly	Unsecured	**44,370**	61,731
Loan 5	February 13, 2018	March 20, 2023	VND COF plus spread; quarterly	Unsecured	**134,825**	167,482
Loan 6	November 15, 2018 - October 9, 2019	December 24, 2023	Bank's three-month COF plus spread; quarterly	Unsecured	**354,090**	383,875
Loan 7	November 19 - September 30, 2020	August 30, 2024	Bank's three-month COF plus spread; quarterly	Unsecured	**292,320**	311,250
Loan 8	August 27, 2020 – March 30, 2021	July 26, 2026	Bank's three-month COF plus spread; quarterly	Unsecured	**263,740**	145,812
PHP-denominated						
Parent Company						
Loan 9	April 22, 2016	April 22, 2021	PDST-R2 plus spread; quarterly	Unsecured	**62,333**	124,583
Loan 10	December 22, 2017	December 22, 2022	PDST-R2 plus spread; quarterly	Unsecured	**697,200**	796,800
Loan 11	December 22, 2017	December 22, 2022	PDST-R2 plus spread; quarterly	Unsecured	**915,075**	1,045,800
Loan 12	December 22, 2017	December 22, 2022	PDST-R2 plus spread; quarterly	Unsecured	**348,600**	398,400
Loan 13	December 27, 2017	December 27, 2022	PDST-R2 plus spread; quarterly	Unsecured	**261,450**	298,800
Loan 14	March 27, 2018	March 27, 2025	PDST R-2 plus spread; quarterly	Unsecured	**3,342,000**	3,550,875
Loan 15	May 11, 2018	May 11, 2025	PDST R-2 plus spread; quarterly	Unsecured	**2,536,607**	2,685,803
Loan 16	August 15, 2018	August 15, 2025	PDST-R2 plus spread; quarterly	Unsecured	**2,417,223**	2,551,500
Subsidiaries						
Loan 17	December 21, 2016	December 21, 2021	PDST-R2 plus spread; quarterly	Unsecured	**109,917**	109,890
Loan 18	August 24, 2018	August 24, 2025	PDST-R2 plus spread; quarterly	Unsecured	**895,268**	945,000
Loan 19	May 8, 2019	May 8, 2026	BVAL plus spread	Unsecured	**994,554**	994,286
					18,257,383	19,258,213
Less current portion - net of debt issue costs of ₱18.1 million and ₱18.4 million in 2021 and 2020					**4,557,415**	4,720,096
Noncurrent portion					**₱13,699,968**	₱14,538,117

LIBOR – London Interbank Offered Rate
VIOR – Vietnam Interbank Offered Rate
BVAL – Bloomberg Valuation Service
PDST-R2 – Philippine Dealing System Treasury - Reference Rate Two

Loans of SuperFoods Group. Loan 8 consists of a 5-year unsecured loan acquired from a local bank in Vietnam amounting to VND232.0 billion (₱484.6 million) available in tranches within twelve (12) months from July 27, 2020, the date of loan agreement. In 2021, additional tranches amounting to a total of VND56.0 billion (₱117.0 million) were availed. As at March 31, 2021 and December 31, 2020, the carrying value of the loan amounted to VND126.3 billion (₱263.7 million) and VND70.3 billion (₱145.8 million), respectively.

The loans of the subsidiaries are guaranteed by the Parent Company. Consequently, the Parent Company is subject to certain debt covenants which include, among others, maintaining a Debt-to-Equity ratio, Debt-to-EBITDA ratio and Debt-to-Service Coverage Ratio. In 2020, the Debt-to-EBITDA ratio and Debt-to-Service Coverage Ratio were waived until December 31, 2021. Except for the ratios covered by the waiver, the Parent Company is in compliance with the applicable debt covenants as at March 31, 2021 and December 31, 2020.

Interest expense recognized on long-term debt amounted to ₱210.5 million and ₱208.2 million for the three-month periods ended March 31, 2021 and 2020, respectively (see Note 20).

The future expected principal settlements of the JFC Group's loans follow:

	March 21, 2021 (Unaudited)	December 31, 2020 (Audited)
2021	**₱3,567,990**	₱4,738,472
2022	**5,058,950**	5,041,401
2023	**3,331,491**	3,211,366
2024	**4,404,330**	4,383,325
2025 to 2026	**1,958,145**	1,951,912
	18,320,906	19,326,476
Less debt issue costs	**(63,523)**	(68,263)
	₱18,257,383	₱19,258,213

Embedded Derivatives

Certain long-term loans of the JFC Group include provisions for an option to convert the variable interest rate into a fixed interest rate. Certain long-term loans are also subject to an interest rate floor. In addition, the JFC Group's long-term loans generally provide an option to pre-pay the loan in full before the maturity date.

The JFC Group assessed that the derivatives embedded in the loan contracts need not be bifurcated since they are clearly and closely related to the economic characteristics and risks of the host loan contract and do not qualify for separate accounting as at March 31, 2021 and December 31, 2020.

Freestanding Derivatives, Hedges and Hedge Effectiveness Testing

On November 20, 2015, the JFC Group entered into an Interest Rate Swap (IRS) with a bank to convert its exposure in the variable interest rate of Loan 1 to a fixed interest rate. The IRS will terminate, and the loan will mature simultaneously on October 21, 2025. The JFC Group has designated the IRS as a cash flow hedge.

The IRS with a notional amount equal to the principal amount of the loan requires the JFC Group to pay fixed interest payments at 3.36% in exchange of variable interest payments at three-month LIBOR plus spread of 1.20% from the bank throughout the term of the IRS on the notional amount. The IRS settles quarterly on a net basis.

The fair value of the IRS amounted to ₱112.1 million and ₱141.5 million as at March 31, 2021 and December 31, 2020, respectively, presented as derivative liability in the consolidated statements of financial position. The terms of the IRS approximately match the terms of the interest payments on the loan. Accordingly, there is no hedge ineffectiveness to be recognized in profit or loss.

Unrealized gain (loss) of ₱29.4 million and (₱102.9 million) were recognized in other comprehensive income for the three-month periods ended March 31, 2021 and 2020, respectively.

Senior Debt Securities (Notes)
As at March 31, 2021 and December 31, 2020, the carrying value of the US dollar denominated unsecured guaranteed Notes amounted to USD596.2 million (₱28,937.9 million), net of unamortized debt issue cost of USD3.8 million (₱178.1 million) and USD596.2 million (₱28,629.0 million), net of unamortized debt issue cost of USD3.9 million (₱183.0 million), respectively.

Notes facility agreement provides for certain limitations and requirements principally with respect to indebtedness and material change in ownership or control. As at March 31, 2021 and December 31, 2020, the JFC Group is in compliance with the applicable debt covenants.

Interest expense recognized on senior debt securities amounted to ₱321.5 million for the three-month period ended March 31, 2021 (see Note 20).

16. Equity

a. Capital Stock

The movements in the account are as follows:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Authorized - ₱1 par value 1,450,000,000 shares	**₱1,450,000**	₱1,450,000
Issued and subscribed:		
Balance at beginning of period	**₱1,122,257**	₱1,110,149
Issuances during the period	**104**	12,108
Balance at end of period	**1,122,361**	1,122,257
Subscriptions receivable	**(17,178)**	(17,178)
	₱1,105,183	₱1,105,079

The total number of shareholders of the Parent Company is 2,993 and 2,999 as at March 31, 2021 and December 31, 2020, respectively.

b. Additional Paid-in-Capital

The movements in the Additional paid in-capital pertain to the difference between the exercise prices of stock options exercised and the par value of Parent Company's shares. For the three-month periods ended March 31, 2021 and 2020, stock options totaling 104,653 shares and 1,472,065 shares, respectively, were exercised. These resulted to an additional paid-in capital amounting to ₱16.8 million and ₱154.5 million for the three-month periods ended March 31, 2021 and 2020, respectively.

Stock options expense, amounting to ₱39.2 million and ₱67.8 million for the three-month periods ended March 31, 2021 and 2020, respectively were also recognized as part of additional paid-in capital (see Note 19).

The Parent Company recognized deferred tax assets on MSOP and ELTIP, resulting to a decrease of ₱4.9 million and nil in additional paid-in capital for the three-month periods ended March 31, 2021 and 2020, respectively.

As at March 31, 2021 and December 31, 2020, total additional paid-in capital amounted to ₱9,965.0 million and ₱9,913.9 million, respectively.

c. Treasury Shares

The cost of common stock of the Parent Company held in treasury of ₱180.5 million consists of 16,447,340 shares as at March 31, 2021 and December 31, 2020.

d. Senior Perpetual Securities (Securities)

On July 23, 2020 and January 25, 2021, JWPL paid first and second distributions amounting to USD11.7 million (₱577.7 million) and USD11.7 million (₱562.3 million), respectively. Distributions due as at March 31, 2021 totaling to USD5.9 million (₱283.1 million) has been accrued during the period. Distribution payments and accruals have not been recognized in the consolidated statements of comprehensive income but instead directly charged against retained earnings since the Securities are classified as equity presented as non-controlling interest.

e. Retained Earnings

The JFC Group has a cash dividend policy of declaring one-third of the JFC Group's net income for the year as cash dividends. It uses best estimate of its net income as basis for declaring cash dividends. Actual cash dividends per share declared as a percentage of the EPS is 12.4% for the year ended December 31, 2020.

The Parent Company has no cash dividend declaration for the three-month period ended March 31, 2021. The Parent Company's cash dividend declarations for the year ended December 31, 2020 follow:

Declaration Date	Record Date	Payment Date	Cash Dividend per Share	Total Cash Dividends Declared
			(In Thousands, except dividend per share)	
April 7	April 27	May 22	₱0.62	₱680,528
November 9	November 24	December 14	0.68	750,562
			₱1.30	₱1,431,090

An important part of the JFC Group's growth strategy is the acquisition of new businesses in the Philippines and abroad. Examples were recent acquisition of 80% of The Coffee Bean & Tea Leaf (₱17,163.0 million) in 2019 and the remaining 30% minority share in Smashburger Long Island (₱95.8 million) in 2020.

The JFC Group plans to continue to make substantial acquisitions in the coming years. The JFC Group uses its cash generated from operations to finance these acquisitions and capital expenditures. These limit the amount of cash dividends that it can declare and pay, making the level of the retained earnings higher than the paid-up capital stock.

The unappropriated retained earnings of the Parent Company is also restricted to the extent of cost of common stock held in treasury amounting to ₱180.5 million as at March 31, 2021 and December 31, 2020. The unappropriated retained earnings of the JFC Group includes accumulated losses from its subsidiaries.



17. Royalty, Set-up Fees and Others

This account consists of:

	March 31, 2021 (Unaudited)	March 31, 2020 (Unaudited)
Royalty fees	**₱1,552,092**	₱1,866,846
Service fees	**58,346**	78,194
Set-up fees	**21,884**	89,926
Scrap sales	**19,632**	29,581
Rent income	**6,425**	2,335
Other revenues	**187,525**	71,250
	₱1,845,904	₱2,138,132

The JFC Group has existing Royalty and Service Agreements with independent franchisees for the latter to operate quick service restaurant outlets under the "Jollibee", "Greenwich", "Chowking", "Yong He King", "Red Ribbon", "Hong Zhuang Yuan", "Mang Inasal", "Highlands Coffee", "Pho 24", "Smashburger" and "The Coffee Bean & Tea Leaf" concepts and trade names. In consideration thereof, the franchisees agree to pay set-up fees and monthly royalty fees equivalent to a certain percentage of the franchisees' net sales.

The JFC Group's franchisees pay service fees for various services, including repairs and maintenance services, rendered by the JFC Group's personnel.

Other revenues pertain to delivery fees and other miscellaneous revenues earned by the JFC Group.

18. Direct Costs

This account consists of:

	March 31, 2021 (Unaudited)	March 31, 2020 (Unaudited)
Cost of Sales		
Cost of inventories*	**₱14,938,717**	₱18,491,076
Personnel costs:		
Salaries, wages and other employee benefits	**4,331,821**	4,855,691
Pension expense	**34,249**	45,905
Depreciation and amortization (see Notes 11 and 23)	**3,077,065**	3,575,443
Contracted services	**1,490,893**	2,220,202
Electricity and other utilities	**978,872**	1,259,892
Rent* (see Note 23)	**821,046**	1,166,799
Supplies	**560,383**	726,614
Repairs and maintenance	**406,554**	503,626
Security and janitorial	**222,641**	307,872
Communication	**83,446**	108,142
Professional fees	**18,824**	32,387

(Forward)

	March 31, 2021 (Unaudited)	March 31, 2020 (Unaudited)
Representation and entertainment	**₱11,984**	₱28,901
Delivery costs, insurance and others	**1,258,427**	1,268,875
	28,234,922	34,591,425
Cost of Services		
Advertising expense	**508,081**	633,214
	₱28,743,003	₱35,224,639

**The JFC Group changed the presentation for the three-month period ended March 31, 2020 to conform with the presentation used in the note disclosure for the three-month period ended March 31, 2021.*

19. General and Administrative Expenses

This account consists of:

	March 31, 2021 (Unaudited)	March 31, 2020 (Unaudited)
Personnel costs:		
Salaries, wages and other employee benefits	**₱2,042,994**	₱2,407,979
Stock options expense (see Notes 16 and 21)	**39,183**	67,813
Pension expense	**36,642**	44,656
Taxes and licenses	**365,821**	418,670
Professional fees	**298,677**	385,396
Depreciation and amortization (see Notes 11, 12, 13 and 23)	**152,227**	151,801
Transportation and travel	**122,385**	164,009
Contracted services	**117,524**	129,756
Repairs and maintenance	**105,517**	63,917
Rent (see Note 23)	**100,726**	134,870
Membership and subscriptions	**80,764**	57,781
Communication	**54,681**	58,714
Reversals of provision for impairment on:		
Property, plant and equipment (see Note 11)	**(37,700)**	(22,143)
Receivables (see Note 6)	**(6,735)**	–
Inventories (see Note 7)	–	(3,581)
Insurance	**29,268**	31,015
Training	**23,221**	34,098
Supplies	**22,549**	36,454
Impairment in value of:		
Receivables (see Note 6)	**20,827**	–
Inventories (see Note 7)	**1,239**	6,473
Loss on retirements and disposals of Property, plant and equipment (see Note 11)	**21,713**	23,371
Corporate events	**15,095**	89,878
Association dues	**10,108**	9,808
Electricity and other utilities	**10,013**	15,836
Representation and entertainment	**9,545**	16,640
Security and janitorial	**3,058**	6,762
Donations	**623**	37,697
Research and development and others	**182,505**	221,495
	₱3,822,470	₱4,589,165

20. Interest Income (Expense) and Other Income (Expense)

	March 31, 2021 (Unaudited)	March 31, 2020 (Unaudited)
Interest income		
Loans and advances (see Note 10)	**₱12,557**	₱24,182
Cash and cash equivalents and short-term investments (see Note 5)	**8,981**	37,758
Accretion of interest on security and other deposits and employee car plan receivables (see Note 13)	**4,318**	7,133
Accretion of lease receivables (see Note 23)	**823**	1,856
	₱26,679	₱70,929

	March 31, 2021 (Unaudited)	March 31, 2020 (Unaudited)
Interest expense		
Accretion of:		
Lease liabilities (see Note 23)	**(₱397,793)**	(₱441,399)
Customer deposits (see Note 14)	**(231)**	(231)
Senior debt securities (see Note 15)	**(321,497)**	–
Long-term debt (see Note 15)	**(210,526)**	(208,162)
Short-term debt (see Note 15)	**(62,363)**	(135,818)
	(₱992,410)	(₱785,610)

	March 31, 2021 (Unaudited)	March 31, 2020 (Unaudited)
Other income (expense)		
Write-off of liabilities	**₱545,897**	₱135,272
Unrealized loss from financial assets at FVTPL - net (see Note 9)	**(178,631)**	–
Rebates and suppliers' incentives and government subsidies	**114,340**	100,546
Bank charges	**(99,865)**	(111,629)
Pre-termination of lease agreements (see Note 23)	**44,754**	70,728
Penalties and charges	**9,654**	16,371
Foreign exchange gain (loss) - net	**6,215**	(40,405)
Other rentals	**2,025**	5,394
Charges to franchisees	**1,256**	3,055
Insurance claims and others	**41,366**	60,781
	₱487,011	₱240,113

In the normal course of business, the JFC Group accrues liabilities based on management's best estimate of costs incurred, particularly in cases when the JFC Group has not yet received final billings from suppliers and vendors. There are also ongoing negotiations and reconciliations with suppliers and vendors on certain liabilities recorded. These balances are continuously reviewed by management and are adjusted based on these reviews, resulting to write-off of certain liabilities as other income.

21. Related Party Transactions

The JFC Group has transactions with related parties. Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or under common control with the JFC Group, including holding companies, subsidiaries and fellow subsidiaries are related entities of the JFC Group. Individuals owning, directly or indirectly, an interest in the voting power of the JFC Group that give them significant influence over the enterprise; key management personnel, including directors and officers of the JFC Group, and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

Compensation of Key Management Personnel of the JFC Group

The aggregate compensation and benefits to key management personnel of the JFC Group for the three-month periods ended March 31, 2021 and 2020 are as follows:

	March 31, 2021 (Unaudited)	March 31, 2020 (Unaudited)
Salaries and short-term benefits	**₱233,089**	₱317,816
Stock options expense (see Notes 16 and 19)	**39,183**	67,813
Net pension expense	**22,962**	14,260
Employee car plan and other long-term benefits	**12,881**	10,876
	₱308,115	₱410,765

Transactions with the Retirement Plans

As at March 31, 2021 and December 31, 2020, certain retirement funds of the JFC Group include investment in equity securities of the Parent Company with details as follows:

	March 31, 2021 (Three Months) (Unaudited)	December 31, 2020 (One Year) (Audited)
Number of shares	**105,700**	105,560
Market value	**₱18,698**	₱20,605
Cost	**16,791**	16,765
Unrealized gain	**₱1,907**	₱3,840

The JFC Group's receivable from the retirement fund amounted to ₱878.7 million as at March 31, 2021 and December 31, 2020. The receivable arose from benefit payments made by the JFC Group for and in behalf of the retirement plans. The receivable is noninterest-bearing.

Terms and Conditions of Transactions with other Related Parties

Transactions with related parties are made at market prices and are normally settled in cash. The JFC has approval process and established limits when entering into material related party transactions. Other related party transactions between entities under the JFC Group are eliminated in the consolidation process.

22. Earnings (Loss) Per Share

Basic and diluted earnings (loss) per share are computed as follows:

	March 31, 2021 (Unaudited)	March 31, 2020 (Unaudited)
	(In Thousand pesos, except for shares data and EPS)	
(a) Net income (loss) attributable to the equity holders of the Parent Company	**₱211,894**	(₱1,676,098)
(b) Weighted average number of shares - basic	**1,102,130,616**	1,094,172,420
Weighted average number of shares outstanding under the stock options plan	**13,581,111**	13,982,453
Weighted average number of shares that would have been purchased at fair market value	**(12,656,582)**	(9,903,879)
(c) Adjusted weighted average shares - diluted	**1,103,055,145**	1,098,250,994
Earnings (loss) per share		
Basic (a/b)	**₱0.192**	(₱1.532)
Diluted (a/c)	**0.192**	(1.526)

Potential common shares for stock options under the 13th to 16th MSOP cycles in 2021 and 10th to 16th MSOP cycles and 4th ELTIP cycle in 2020 were not included in the calculation of the diluted EPS in 2021 and 2020, respectively, because they are anti-dilutive.

23. Leases

JFC Group as Lessee

The JFC Group has lease contracts for QSR outlets, warehouses and office spaces. Leases of QSR outlets and warehouse generally have lease terms between three (3) to 20 years. The JFC Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the JFC Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The JFC Group also has certain leases of QSR outlets with lease term of 12 months or less. The JFC Group applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

	QSR Outlets	Warehouses	Office Space	Total
As at December 31, 2020 (Audited)	₱33,710,403	₱504,826	₱8,914	₱34,224,143
Additions	1,003,159	–	–	1,003,159
Depreciation expense (see Notes 18 and 19)	(1,632,095)	(22,712)	(6,960)	(1,661,767)
Pre-termination (see Note 20)	(317,712)	–	–	(317,712)
Reclassification (see Note 12)	78,625	–	–	78,625
Cumulative translation adjustments	282,478	–	1,259	283,737
As at March 31, 2021 (Unaudited)	**₱33,124,858**	**₱482,114**	**₱3,213**	**₱33,610,185**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
As at beginning of period	**₱39,083,725**	₱47,307,404
Additions	**1,003,159**	6,240,084
Payments	**(1,908,522)**	(7,803,114)
Pre-termination (see Note 20)	**(362,466)**	(6,236,224)
Accretion of interest (see Note 20)	**397,793**	1,938,530
Rent concession	**(56,603)**	(1,411,781)
Cumulative translation adjustments	**279,859**	(951,174)
As at end of period	**₱38,436,945**	₱39,083,725
Current	**₱6,376,236**	₱6,479,140
Noncurrent	**32,060,709**	32,604,585

The following are the amounts recognized in profit or loss:

	March 31, 2021 (Unaudited)	March 31, 2020 (Unaudited)
Depreciation expense of right-of-use assets (see Notes 18 and 19)	**₱1,661,767**	₱1,942,747
Interest expense on lease liabilities (see Note 20)	**397,793**	441,399
Rent expense - short-term leases (see Notes 18 and 19)	**629,978**	865,247
Rent expense - variable lease payments (see Notes 18 and 19)	**291,794**	436,422
Gain on pre-termination of lease agreements (see Note 20)	**(44,754)**	(70,728)
	₱2,936,578	₱3,615,087

For the three-month periods ended March 31, 2021 and 2020, the JFC Group received rent concessions from lessors amounting to ₱56.6 million and ₱18.4 million, respectively, accounted for as negative variable lease payments in the unaudited consolidated statements of comprehensive income.

The JFC Group had total cash outflows for leases of ₱2,830.3 million and ₱3,649.8 million for the three-month periods ended March 31, 2021 and 2020, respectively.

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

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Within one year	**₱7,039,323**	₱7,717,873
After one year but not more than five years	**19,288,639**	23,171,142
More than five years	**21,814,515**	21,183,845
	₱48,142,477	₱52,072,860

JFC Group as Lessor

The JFC Group entered into commercial property leases for its investment property units. These leases have terms of between three (3) and 20 years. Leases generally include a clause to enable upward revision of the rent charges on an annual basis based on prevailing market conditions.

Rent income recognized on a straight-line basis amounted to ₱6.4 million and ₱2.3 million for the three-month period ended March 31, 2021 and 2020, respectively (see Note 17). The difference of rent income recognized under the straight-line method and the rent amounts in accordance with the terms of the lease are included under "Operating lease receivables" which amounted to ₱84.0 million and ₱87.2 million as at March 31, 2021 and December 31, 2020, respectively.

The future minimum lease receivables under noncancellable operating leases as at March 31, 2021 and December 31, 2020 are as follows:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Within one year	**₱28,185**	₱28,367
After one year but not more than five years	**112,860**	117,305
More than five years	**45,828**	48,469
	₱186,873	₱194,141

JFC Group as an Intermediate Lessor

The JFC Group subleases certain parcels of land with lease terms between 5 to 20 years. The lease contracts contain renewal options under terms and conditions that are mutually agreed upon by the parties.

Set out below are the carrying amounts of finance lease receivables and the movements during the period:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
At January 1	**₱70,800**	₱161,934
Payments	**(4,209)**	(27,377)
Accretion of interest (see Note 20)	**823**	5,944
Pre-termination	**–**	(69,701)
	₱67,414	₱70,800

Shown below is the maturity analysis of the undiscounted finance lease receivables:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
1 year	**₱17,537**	₱17,191
more than 1 year to 5 years	**57,813**	62,368
more than 5 years	**–**	–

24. Financial Risk Management Objectives and Policies

The JFC Group is exposed to a variety of financial risks from its operating, investing and financing activities. The JFC Group's risk management policies focus on actively securing the JFC Group's short-term to medium-term cash flows by minimizing the exposure to financial markets.

The JFC Group's principal financial instruments comprise of cash and cash equivalents, short-term investments, current portion of financial assets at FVTPL, receivables, short-term and long-term debts and senior debt securities. The main purpose of these financial instruments is to obtain financing for the JFC Group's operations. The JFC Group has other financial assets and liabilities such as security and other deposits, finance lease receivables, operating lease receivables, trade payables and other current liabilities (excluding accrual for local and other taxes, liabilities to government agencies and unearned revenue from gift certificates) and lease liabilities which arise directly from its operations and noncurrent portion of financial assets at FVTPL.

The main risks arising from these financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The risk management policies reviewed regularly by the Parent Company's BOD and management for managing each of these risks are summarized as follows:

Interest Rate Risk

Interest rate risk arises from the possibility that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The JFC Group's exposure to interest rate risk relates primarily to short-term and long-term debts with floating interest rates. Floating rate financial instruments are subject to cash flow interest rate risk. The JFC Group's interest rate exposure management policy centers on reducing the JFC Group's overall interest expense and exposure to changes in the interest rates.

To manage the interest rate risk related to the JFC Group's long-term debts, the JFC Group used a derivative instrument to fix the interest rate over the term of one of its long-term debts (see Note 15). With the JFC Group's Corporate Planning Team, it enters into loan contracts with variable interest rates and option to fix interest rates which can be availed to manage its loan risks.

There is minimal exposure on the other sources of the JFC Group's interest rate risk. These other sources are from the JFC Group's cash in banks, short-term deposits and short-term investments.

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the JFC Group's income before income tax as at March 31, 2021 and December 31, 2020. The impact on the JFC Group's income before income tax is due to changes in the fair value of floating interest rates.

Long-term Debt with Floating Interest Rates

		Effect in Profit or Loss Before Income Tax PHP Equivalent	
	Increase/ Decrease in Basis Points	**March 31, 2021 (Unaudited)**	December 31, 2020 (Audited)
PHP	+100	**(125,802)**	(135,017)
	-100	**125,802**	135,017

	Increase/ Decrease in Basis Points	Effect in Profit or Loss Before Income Tax PHP Equivalent **March 31, 2021 (Unaudited)**	December 31, 2020 (Audited)
USD	+100	**(45,878)**	(46,963)
	-100	**45,878**	46,863
VND	+100	**(10,893)**	(10,702)
	-100	**10,893**	10,702

The assumed movement in basis point for interest rate sensitivity analysis is based on the currently observable market environment.

Foreign Currency Risk

The JFC Group's exposure to foreign currency risk arises from the Parent Company's investments outside the Philippines, which are mainly in PRC and USA. The net assets of foreign businesses account for 37.5% and 41.3% of the consolidated net assets of the JFC Group as at March 31, 2021 and December 31, 2020, respectively.

The JFC Group also has transactional foreign currency exposures. Such exposure arises from the JFC Group's Philippine operations' cash and cash equivalents, financial assets at FVTPL, receivables and trade payables in foreign currencies.

The following table shows the JFC Group's Philippine operations' foreign currency-denominated monetary assets and liabilities and their peso equivalents as at March 31, 2021 and December 31, 2020:

	March 31, 2021 (Unaudited)		December 31, 2020 (Audited)	
	USD	**PHP Equivalent**	USD	PHP Equivalent
Foreign currency denominated assets:				
Cash and cash equivalents	**26,421**	**1,282,211**	30,381	1,458,896
Financial assets at FVTPL	**35,000**	**1,698,550**	35,000	1,680,700
Receivables	**11,075**	**537,470**	12,171	584,451
	72,496	**3,518,231**	77,552	3,724,047
Foreign currency denominated liability -				
Accounts payable - trade	**(3,434)**	**(166,652)**	(2,341)	(112,415)
Foreign currency denominated assets - net	**69,062**	**3,351,579**	75,211	3,611,632

Foreign Currency Risk Sensitivity Analysis

The JFC Group has recognized in profit or loss, a net foreign exchange gain of ₱6.2 million and net foreign exchange loss of ₱40.4 million for the periods ended March 31, 2021 and 2020, respectively, included under "Other income" account (see Note 23). This resulted from the movements of the Philippine peso against the USD as shown in the following table:

March 31, 2021	**48.53**
December 31, 2021	48.02

The following table demonstrates the sensitivity to a reasonably possible change in USD to Philippine peso exchange rate, with all other variables held constant, of the JFC Groups' income before income tax (due to changes in the fair value of monetary assets and liabilities) as at March 31, 2021 and December 31, 2020:

		March 31, 2021 (Unaudited)		December 31, 2020 (Audited)	
Appreciation (Depreciation) of ₱ against foreign currency		**Effect on Income before Income Tax**	**Effect on Equity before Income Tax**	Effect on Income before Income Tax	Effect on Equity before Income Tax
USD	1.50	**(₱103,593)**	**(₱103,593)**	(₱112,817)	(₱112,817)
	(1.50)	**103,593**	**103,593**	112,817	112,817
	1.00	**(69,062)**	**(69,062)**	(75,211)	(75,211)
	(1.00)	**69,062**	**69,062**	75,211	75,211

Credit Risk

Credit risk is the risk that a customer or counterparty fails to fulfill its contractual obligations to the JFC Group. This includes risk of non-payment by borrowers, failed settlement of transactions and default on outstanding contracts.

The JFC Group has a strict credit policy. Its credit transactions are with franchisees and customers that have gone through rigorous screening before granting them the franchise. The credit terms are very short, while deposits and advance payments are also required before rendering the services or delivering the goods, thus, mitigating the possibility of non-collection. In cases of non-collection, defaults of the debtors are not tolerated; the exposure is contained the moment a default occurs and transactions that will further increase the exposure of the JFC Group are discontinued.

The JFC Group has no significant concentration of credit risk with counterparty. The JFC Group's franchisee profile is such that no single franchisee accounts for more than 5% of the total system wide sales of the JFC Group.

The changes in the gross carrying amount of the financial assets during the periods did not materially affect the allowance for ECLs.

Liquidity Risk

The JFC Group's exposure to liquidity risk refers to the risk that its financial liabilities are not serviced in a timely manner and that its working capital requirements and planned capital expenditures are not met. To manage this exposure and to ensure sufficient liquidity levels, the JFC Group closely monitors its cash flows to be able to finance its capital expenditures and to pay its obligations as and when they fall due. Also, due to the nature of JFC Group's operations (i.e., daily inflows of cash from store operations), the JFC Group is able to build up sufficient cash from operating revenues prior to the maturity of its obligations.

On a weekly basis, the JFC Group's Cash and Banking Team monitors its collections, expenditures and any excess/deficiency in the working capital requirements, by preparing cash position reports that present actual and projected cash flows for the subsequent week. Cash outflows resulting from major expenditures are planned so that money market placements are available in time with the planned major expenditure. In addition, the JFC Group has short-term cash deposits and has available credit lines with accredited banking institutions, in case there is a sudden deficiency. The JFC Group maintains a level of cash and cash equivalents deemed sufficient to finance the operations. No changes were made in the objectives, policies or processes of the JFC Group during the three-month period ended March 31, 2021 and year ended December 31, 2020.



Price Risk

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate or foreign exchange rate risk), whether those changes are caused by factors specific to the individual financial instrument or contract, or by factors affecting all similar contracts or financial instruments traded in the market.

The JFC Group's price risk exposure relates to financial assets whose values will fluctuate as a result of changes in market prices.

The JFC Group's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments.

The JFC Group's has no significant concentration of price risk.

The JFC Group is not exposed to significant equity price risk on its investment in quoted equity securities consisting of investment in golf and club shares.

At the reporting date, the JFC Group's exposure to other price risk arises from the changes in fair value of bond funds. The JFC Group has determined that an increase/(decrease) ranging from 1% to 4% in 2021 and 1% to 5% in 2020 on the market prices could have an impact of approximately ₱286.2 million and ₱1,035.7 million on the profit or loss and equity before income tax for the three-month period ended March 31, 2021 and year ended December 31, 2020, respectively.

The analysis was performed for reasonably possible movements in the market index with all other variables held constant. The correlation of variables will have a significant effect in determining the ultimate impact on price risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis.

Capital Management Policy

Capital includes equity attributable to equity holders of the Parent Company.

The primary objective of the JFC Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The JFC Group has sufficient capitalization.

The JFC Group generates cash flows from operations sufficient to finance its organic growth. It declares cash dividends representing at least one-third of its consolidated net income, a ratio that would still leave some additional cash for future expansion. If needed, the JFC Group would borrow money for acquisitions of new businesses.

The JFC Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period (see Note 15).

As at March 31, 2021 and December 31, 2020, the JFC Group's debt ratio and net debt ratio are as follows:

Debt Ratio

	2021	2020
Total debt (a)	**₱137,702,966**	₱142,778,265
Total equity attributable to equity holders of the Parent Company	**38,621,492**	38,539,260
Total debt and equity attributable to equity holders of the Parent Company (b)	**₱176,324,458**	₱181,317,525
Debt ratio (a/b)	**78%**	79%

Net Debt Ratio

	2020	2020
Total debt	**₱137,702,966**	₱142,778,265
Less cash and cash equivalents, short-term investments and current portion of financial assets at FVTPL	**54,673,704**	57,461,051
Net debt (a)	**83,029,262**	85,317,214
Total equity attributable to equity holders of the Parent Company	**38,621,492**	38,539,260
Net debt and equity attributable to equity holders of the Parent Company (b)	**₱121,650,754**	₱123,856,474
Net debt ratio (a/b)	**68%**	69%

25. Fair Value of Financial Assets and Liabilities

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 measurement date.

Financial Instruments Which Carrying Amounts Approximate Fair Value. Management has determined that the carrying amounts of cash and cash equivalents, short-term investments, receivables, operating lease receivables, short-term debt, trade payables and other current liabilities, based on their notional amounts, reasonably approximate their fair values because of their short-term nature or due to the immaterial effect of discounting when the present value of future cash flows from these instruments are calculated.

Financial Assets at FVTPL. The fair value of bond funds and quoted shares of stock in golf and leisure clubs are based on quoted prices. The JFC Group does not have the intention to dispose its quoted shares of stock in the near term.

Investment Properties. The fair value of the investment properties are determined by independent appraisers using the market data and cost approach, which considers the local market conditions, the extent, character and utility of the property, sales and holding prices of similar parcels of land and the highest and best use of the investment properties.

Finance Lease Receivables, Security and Other Deposits, Employee Car Plan Receivables, Long-term Debt and Lease Liabilities. Management has determined that the estimated fair value of security and other deposits, noncurrent portion of employee car plan receivables, long-term debt and lease liabilities are based on the discounted value of future cash flows using applicable rates as follows:

	March 31, 2021	December 31, 2020
Finance lease receivables	**2.72%-3.46%**	3.90%–5.36%
Security and other deposits	**0.99%–15.43%**	0.99%–15.43%
Employee car plan receivables	**0.93%–8.62%**	0.93%–8.62%
Long-term debt	**0.17%–3.00%**	0.17%–3.00%
Lease liabilities	**0.64%–22.48%**	0.64%–22.48%

The following tables provide the fair value measurement hierarchy of the JFC Group's recurring financial assets and liabilities.

The following tables show the quantitative disclosure fair value measurement hierarchy for assets as at:

	March 31, 2021 (Unaudited)				
		Fair Value Measurement Using			
	Carrying Value	**Total**	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets measured at fair value -					
Financial assets at FVTPL	**₱32,618,596**	**₱32,618,596**	**₱–**	**₱32,618,596**	**₱–**
Assets for which fair values are disclosed:					
Investment properties:					
Land	**572,722**	**1,461,244**	**–**	**–**	**1,461,244**
Buildings	**–**	**76,027**	**–**	**–**	**76,027**
Finance lease receivables	**67,414**	**67,414**	**–**	**–**	**67,414**
Other noncurrent assets:					
Security and other deposits	**2,910,211**	**2,522,065**	**–**	**–**	**2,522,065**
Employee car plan receivables	**145,863**	**136,738**	**–**	**–**	**136,738**

	December 31, 2020 (Audited)				
		Fair Value Measurement Using			
	Carrying Value	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value -					
Financial assets at FVTPL	₱35,692,357	₱35,692,357	₱–	₱35,692,357	₱–
Assets for which fair values are disclosed:					
Investment properties:					
Land	572,722	1,461,244	–	–	1,461,244
Buildings	–	76,027	–	–	76,027
Finance lease receivables	70,800	70,800	–	–	70,800
Other noncurrent assets:					
Security and other deposits	2,913,340	2,333,851	–	–	2,333,851
Employee car plan receivables	138,935	127,969	–	–	127,969

The following tables show the quantitative fair value measurement hierarchy for liabilities as at:

		March 31, 2021 (Unaudited)			
			Fair Value Measurement Using		
	Date of Valuation	**Total**	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Liabilities measured at fair value -					
Derivative liability - interest rate swap	**March 31, 2021**	**₱112,098**	**₱–**	**₱112,098**	**₱–**
Liabilities disclosed at fair value:					
Tenants' deposit	**March 31, 2021**	**6,092**	**–**	**–**	**6,092**
Long-term debt	**March 31, 2021**	**17,287,202**	**–**	**–**	**17,287,202**

		December 31, 2020 (Audited)			
			Fair Value Measurement Using		
	Date of Valuation	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Liabilities measured at fair value -					
Derivative liability - interest rate swap	December 31, 2020	₱141,480	₱–	₱141,480	₱–
Liabilities disclosed at fair value:					
Tenants' deposit	December 31, 2020	6,849	–	–	6,849
Long-term debt	December 31, 2020	19,990,261	–	–	19,990,261

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements during the year.

26. Enactment of Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act in the Philippines

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) 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.

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 took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation on April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact to the JFC Group:

- Effective July 1, 2020, regular corporate income tax (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.
- For investments prior to effectivity of CREATE:
    - Registered business enterprises granted only an income tax holiday (ITH) – can continue with the availment of the ITH for the remaining period of the ITH.

Applying the provisions of the CREATE Act, the JFC Group have been subjected to the lower RCIT rate of 25% of taxable income or the reduced MCIT rate of 1% of gross income, effective July 1, 2020. Likewise, the impact on the December 31, 2020 consolidated balances had the CREATE Act been substantially enacted as of then, that were adjusted in March 2021, are as follows:

Unaudited Interim Consolidated Statement of Financial Position

Amount in millions	Increase (Decrease)
Prepaid taxes	₱59.9
Deferred tax assets	(1,096.6)
Income tax payable	(8.8)
Deferred tax liabilities	(535.5)

Unaudited Interim Consolidated Statement of Comprehensive Income

Amount in millions	Increase (Decrease)
Provision for current income tax	(₱68.7)
Provision for deferred income tax	561.1
Net income attributable to equity holders of the Parent Company	(433.3)
Net income attributable to non-controlling interests	(59.1)

27. Events after the Reporting Period

Dividend Declaration
On April 8, 2021, the BOD of the Parent Company approved a cash dividend of ₱0.78 per share of common stock to all stockholders of record as at April 26, 2021. Consequently, the cash dividend was paid on May 12, 2021. The cash dividend is 25.8% higher than the ₱0.62 cash dividend per share declared on April 7, 2020.

Planned Issuance of Preferred Shares and Buy-Back of Senior Perpetual Securities
On May 11, 2021, the BOD of the Parent Company approved the amendment to the Seventh Article of the Articles of Incorporation of the Parent Company to reclassify twenty million (20,000,000) unissued common shares, with par value of ₱1.00 per share, out of the authorized capital stock of the Parent Company, into twenty million (20,000,000) cumulative, non-voting, non-participating, and non-convertible perpetual preferred shares, with a par value of ₱1.00 per share and the Parent Company's plans to issue peso preferred shares and to buy back some of its senior perpetual securities through a cash tender offer within 2021. The amount of the planned preferred shares issuance is estimated at ₱8,000.0 million. The amount of the buy-back of senior perpetual securities could reach up to USD250.0 million.

The issuance of the preferred shares was approved by the Parent Company's shareholders during the Parent Company's annual stockholders' meeting on June 25, 2021, and is subject to the approval of the Philippine SEC.

Amendments of the Articles of Incorporation of the Parent Company and its Subsidiaries
On June 1, 2021, the BOD of the Parent Company and its subsidiaries approved the amendments to Second Article of the Articles of Incorporation to clarify and ensure, for avoidance of doubt of the Parent Company and its subsidiaries, in pursuit of its primary business purpose can invest in, acquire, own, hold, use, sell, assign, transfer, lease, mortgage, exchange, or otherwise dispose of real and personal properties, of every kind and description, or interests therein.

The amendments of Articles of Incorporation of the Parent Company was approved by the Parent Company's shareholders during the Parent Company's annual stockholders' meeting on June 25, 2021, and is subject to the approval of the Philippine SEC.

Incorporation of Yoshinoya Jollibee Foods, Inc.
On June 18, 2021, the Philippine SEC approved the incorporation of Yoshinoya Jollibee Foods, Inc., a 50/50 joint venture of the Parent Company with Yoshinoya International Philippines, Inc. to operate and expand the "Yoshinoya" brand in the Philippines.

Approval of Super Magnificent Coffee Company Pte. Ltd. (Singapore) (SMCC-SG) application as an International Headquarters
On June 23, 2021, SMCC-SG was granted a Development and Expansion Incentive under the International Headquarters Award by the Minister for Trade and Industry of Singapore, entitling SMCC-SG to a concessionary tax rate of 10% instead of 17%.

License Agreement with Milkshop International Co., Ltd.
On June 24, 2021, the Parent Company and its subsidiaries, Fresh N' Famous (FNF) and Mang Inasal Philippines Inc. (MIPI) have entered into a license agreement with Milkshop International Co., Ltd. ("Milkshop"), a popular Taiwanese Bubble tea brand. The license agreement grants the Parent Company, FNF and MIPI the exclusive rights to sell and market products under the Milksha brand in JFC Group's stores starting with Chowking stores.

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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 INTERIM SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Jollibee Foods Corporation
Doing business under the name and style of Jollibee
and Subsidiaries
10/F Jollibee Plaza Building
10 F. Ortigas Jr. Ave., Ortigas Center
Pasig City

We have reviewed in accordance with Philippine Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, the unaudited interim condensed consolidated financial statements of Jollibee Foods Corporation Doing business under the name and style of Jollibee and its subsidiaries (the JFC Group) as at March 31, 2021 and for the three-month periods ended March 31, 2021 and 2020, and have issued our report thereon dated June 25, 2021. Our reviews were made for the purpose of expressing a conclusion on the unaudited interim condensed consolidated financial statements taken as a whole. The schedules listed in the Index to the Unaudited Interim Condensed Consolidated Financial Statements and Supplementary Schedules are the responsibility of the JFC Group's management. These schedules are presented for purposes of complying with Revised Securities Regulation Code Rule 68, and are not part of the unaudited interim condensed consolidated financial statements. These schedules have been subjected to the procedures applied in the review of the unaudited interim condensed consolidated financial statements and, based on our review, nothing has come to our attention that causes us to believe that the information required to be set forth therein has not been prepared, in all material respects, in relation to the unaudited interim condensed consolidated financial statements taken as a whole.

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June 25, 2021

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INDEPENDENT AUDITOR'S REPORT ON INTERIM COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Jollibee Foods Corporation
Doing business under the name and style of Jollibee
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June 25, 2021

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JOLLIBEE FOODS CORPORATION
Doing business under the name and style of Jollibee
AND SUBSIDIARIES
INDEX TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
MARCH 31, 2021

Interim Condensed Consolidated Financial Statements

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Consolidated Statements of Financial Position as at March 31, 2021 and December 31, 2020

Consolidated Statements of Comprehensive Income For the three-month periods ended March 31, 2021 and 2020

Consolidated Statements of Changes in Equity For the three-month periods ended March 31, 2021 and 2020

Consolidated Statements of Cash Flows For the three-month periods ended March 31, 2021 and 2020

Notes to Consolidated Financial Statements

Supplementary Schedules

Independent Auditors' Report on Supplementary Schedules

SRC Annex 68-J Schedules

A. Financial Assets (Temporary Investments, Time Deposits and Financial Assets at Fair Value through Profit or Loss)

B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)*

C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements

D. Long-term Debt

E. Indebtedness to Related Parties*

F. Guarantees of Securities of Other Issuers*

G. Capital Stock

Schedule of Financial Soundness Indicators

Reconciliation of Retained Earnings for Dividend Declaration

Conglomerate Map

** These schedules, which are required by Revised SRC Rule 68, have been omitted because they are not applicable*

JOLLIBEE FOODS CORPORATION
Doing business under the name and style of Jollibee
AND SUBSIDIARIES

SCHEDULE A: FINANCIAL ASSETS -Temporary Investments, Time Deposits and Financial Assets at Fair Value through Profit or Loss (FVTPL)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021

	Name of Issuing Entity and Association of each use	Amount shown in the Consolidated Statement of Financial Position	Income Received and Accrued
		(Amounts in thousands)	
Financial Assets at Amortized Cost			
Cash in banks and cash equivalents	N/A	₱21,764,620	₱6,793
Short-term investments	N/A	324,280	2,188
Receivables:			
Trade	N/A	4,622,093	–
Employee car plan	N/A	145,863	–
Advances to employees	N/A	205,300	–
Retirement fund	N/A	878,693	–
Others	N/A	10,510	–
Finance lease receivables	N/A	67,414	–
Security and other deposits	N/A	2,910,211	–
Operating lease receivables	N/A	84,006	–
		31,012,990	8,981
Financial Assets at FVTPL:			
Investments in bond funds	JP Morgan Chase Bank, N.A.	15,737,109	–
Investments in bond funds	Citibank	16,847,695	–
Equity investments	Manila Polo Club	19,000	–
Equity investments	Tagaytay Highlands	7,800	–
Equity investments	Tagaytay Midlands	550	–
Equity investments	The Palms Country Club	900	–
Equity investments	The Rockwell Club	220	–
Equity investments	Valle Verde Country Club, Inc.	250	–
Equity investments	Club Filipino	250	–
Equity investments	Celebrity Sports Plaza	140	–
Equity investments	Tagaytay Country Club	100	–
Equity investments	Others	4,582	–
		32,618,596	–
Total Financial Assets		**₱63,631,586**	₱8,981

JOLLIBEE FOODS CORPORATION
Doing business under the name and style of Jollibee
AND SUBSIDIARIES

SCHEDULE C: RECEIVABLE FROM RELATED PARTIES ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021

Name of Debtor	Balance at Beginning of Year	Additions	Amount Collected	Equitized	Current	Noncurrent	Balance at End of Year
			(Amounts in thousands)				
Jollibee Foods Corporation	₱985,131	₱2,301,184	(₱2,769,070)	₱–	₱517,245	₱–	₱517,245
Freemont Foods Corporation	2,068,362	1,616,432	(1,756,874)	–	1,927,920	–	1,927,920
Zenith Foods Corporation	3,523,029	757,856	(1,840,801)	–	2,440,084	–	2,440,084
Grandworth Resources Corporation	2,598	702	(711)	–	2,589	–	2,589
Fresh N' Famous Foods, Inc.	1,655,983	1,192,767	(1,197,738)	–	1,651,012	–	1,651,012
Red Ribbon Bakeshop, Inc.	1,421,648	611,225	(1,170,308)	–	862,565	–	862,565
Mang Inasal Philippines Inc.	162,495	97,150	(49,783)	–	209,862	–	209,862
Honeybee Foods Corporation	2,284,207	480,252	(233,999)	–	2,530,460	–	2,530,460
Tokyo Teriyaki Corporation	2,539,274	121,623	(92,614)	–	2,568,283	–	2,568,283
Red Ribbon Bakeshop, Inc. (USA)	1,002,650	61,830	(86,099)	–	978,381	–	978,381
Jollibee Worldwide Pte. Ltd.	2,684,061	315,682	(109,349)	–	2,890,394	–	2,890,394
Jollibee Vietnam Corporation Ltd.	1,089,744	142,276	(78,689)	–	1,153,331	–	1,153,331
Jollibee (China) Food & Beverage Management Co. Ltd. (formerly Shanghai Chunlv Co. Ltd.)	292,399	219,512	(206,731)	–	305,180	–	305,180
Golden Beeworks Pte. Ltd.	109,080	12,446	(85,701)	–	35,825	–	35,825
Burger King Entities	2,412,092	574,549	(525,875)	–	1,450,766	1,010,000	2,460,766
SuperFoods Group	1,895,948	211,359	(146,170)	–	1,961,137	–	1,961,137
JSF Investments Pte. Ltd.	1,663,000	15	30,278	–	1,693,293	–	1,693,293
Beijing Golden Coffee Cup Food & Beverage Management Co., Ltd.	1,220,232	162,319	(136,368)	–	1,246,183	–	1,246,183
Beijing Yong He King Food and Beverage Co., Ltd.	504,122	461,139	(457,346)	–	507,915	–	507,915
Shenzhen Yong He King Food and Beverage Co., Ltd.	66,273	99,099	(147,436)	–	17,936	–	17,936
Happy Bee Foods Processing (Anhui) Co. Ltd.	69,703	18,122	(8,906)	–	78,919	–	78,919
Super Magnificent Coffee Co. Ltd.	12,938,578	61,438	(282,086)	–	12,717,930	–	12,717,930
SJBF LLC	1,754,789	714,326	(42,086)	–	2,427,029	–	2,427,029
ICT LLC	2,503,973	350,727	(1,081,817)	–	316,983	1,455,900	1,772,883
Others	314,127	635,647	(148,027)	–	801,747	–	801,747
Total	**₱45,163,498**	**₱11,219,677**	**(₱12,624,306)**	**₱–**	**₱41,292,969**	**₱2,465,900**	**₱43,758,869**

JOLLIBEE FOODS CORPORATION
Doing business under the name and style of Jollibee
AND SUBSIDIARIES
SCHEDULE D: LONG - TERM DEBT
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption Current Portion of Long-term Debt in Related Consolidated Statement of Financial Position	Amount Shown Under Caption Noncurrent Portion of Long-term Debt in Related Consolidated Statement of Financial Position
		(Amounts in thousands)	
US dollar-denominated:			
Ten-year unsecured loan	₱2,817,436	₱593,144	₱2,224,292
Eight-year unsecured loan	1,397,664	14,559	1,383,105
Six-year unsecured loan	372,710	3,882	368,828
Vietnam dong-denominated:			
Five-year unsecured loan	44,370	35,496	8,874
Five-year unsecured loan	134,826	67,413	67,413
Five-year unsecured loan	354,090	–	354,090
Five-year unsecured loan	292,320	83,520	208,800
Philippine peso-denominated:			
Five-year unsecured loan	263,740	–	263,740
Five-year unsecured loan	62,500	62,500	–
Five-year unsecured loan	700,000	400,000	300,000
Five-year unsecured loan	918,750	525,000	393,750
Five-year unsecured loan	350,000	200,000	150,000
Five-year unsecured loan	262,500	150,000	112,500
Seven-year unsecured loan	3,360,000	840,000	2,520,000
Seven-year unsecured loan	2,550,000	600,000	1,950,000
Seven-year unsecured loan	2,430,000	540,000	1,890,000
Seven-year unsecured loan	900,000	200,000	700,000
Seven-year unsecured loan	1,000,000	150,000	850,000
Five-year unsecured loan	110,000	110,000	–
Unamortized debt issue costs	(63,523)	(18,099)	(45,424)
Total	**₱18,257,383**	**₱4,557,415**	**₱13,699,968**

JOLLIBEE FOODS CORPORATION
Doing business under the name and style of Jollibee
AND SUBSIDIARIES

SCHEDULE G: CAPITAL STOCK
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021

Title of issue	Number of shares authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversions, and Other Rights	Number of Shares Held by		
				Affiliates	Directors, officers and employees	Others
Common Stock	1,450,000,000	1,105,183,591	16,447,340	597,494,388	27,788,892	479,900,311

JOLLIBEE FOODS CORPORATION
Doing business under the name and style of Jollibee
AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020

			2021	2020
i.	Current ratio	Current assets / Current liabilities	1.39:1	
ii.	Acid test ratio	(Cash and cash equivalents + Short-term investments + Current receivables) / Current liabilities	0.51	
iii.	Solvency ratio	(Net income (loss) + Depreciation and amortization) / Total liabilities	0.03	0.02
iv.	Debt to equity ratio	Total Debt* / Total Debt + Equity attributable to equity holders of the Parent Company	78.1%	
	Net Debt to equity ratio	(Total Debt* – Cash and cash equivalents – Short-term investments – Financial assets at FVTPL) / (Total Debt* – Cash and cash equivalents – Short-term investments – Financial assets at FVTPL) + Equity attributable to equity holders of the Parent Company	68.2%	
v.	Asset to equity ratio	Total assets / Equity attributable to equity holders of the Parent Company	5.33	
vi.	Interest rate coverage ratio	Earnings (loss) before interest expense and taxes / Interest expense	2.0	(1.1)

			2021	**2020**
vii.	Return on equity	Net income (loss) attributable to equity holders of the Parent Company / Average equity attributable to equity holders of the Parent Company	0.31%	(2.53%)
viii.	Return on assets	Net income (loss) / Total assets	0.05%	(1.03%)
ix.	Net profit margin	Net income (loss) / Revenue	0.3%	(5.0%)
x.	Debt Service Coverage ratio	Net income (loss) / Total liabilities	0.001	(0.02)

**Including both total current and total noncurrent liabilities*

JOLLIBEE FOODS CORPORATION

Doing business under the name and style of Jollibee

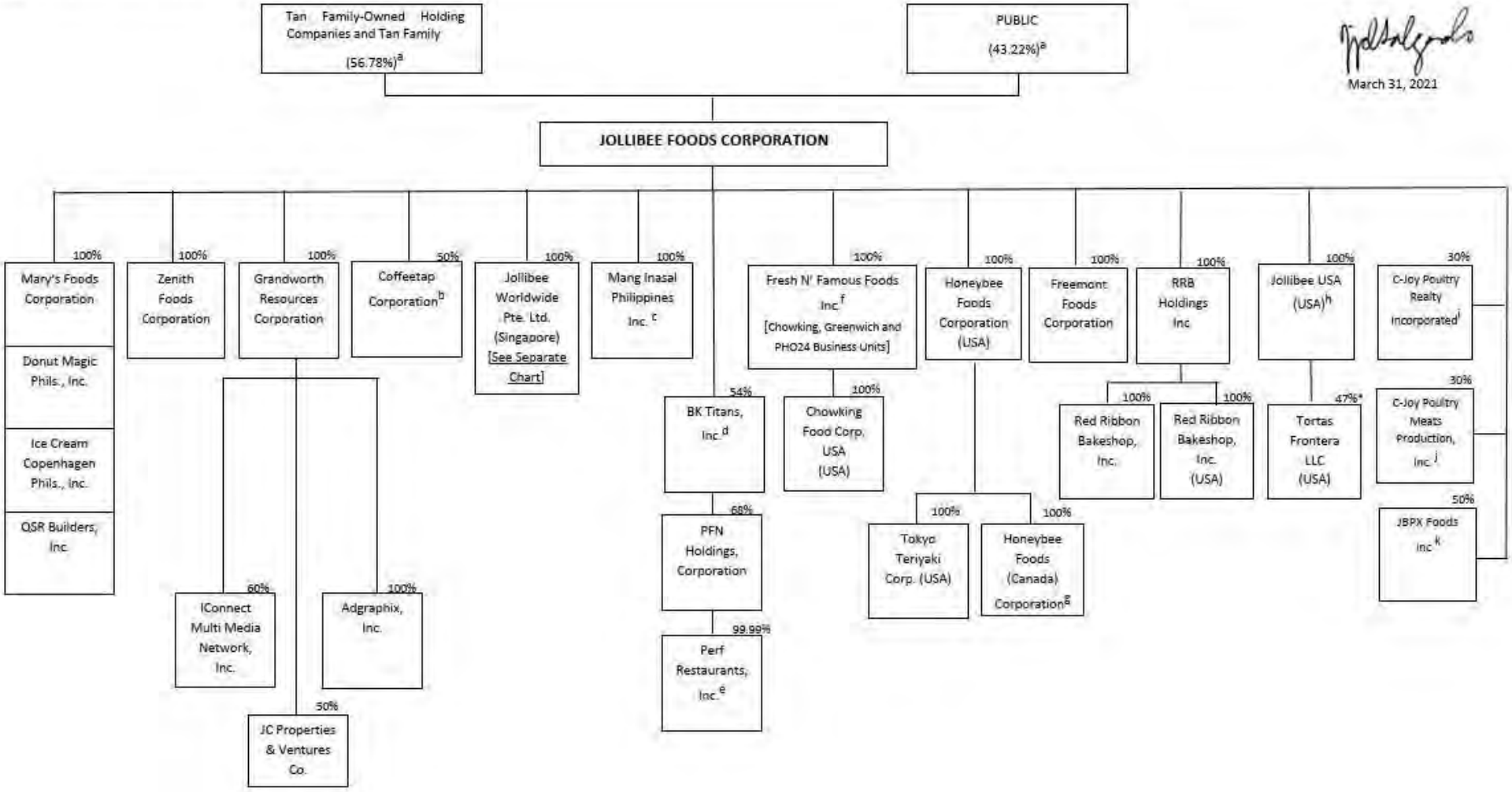
Reconciliation of Retained Earnings for Dividend Declaration as at March 31, 2021

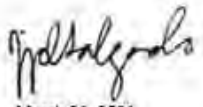
Unappropriated Retained Earnings, beginning	₱16,861,899,210
Adjustments:	
Deferred tax assets, beginning	(3,659,492,626)
Unrealized foreign exchange gain - net (except those attributable to Cash and cash equivalents), beginning	(297,030,609)
Accretion of interest on financial assets, beginning	(70,359,610)
Unrealized gain on financial assets at fair value through profit or loss	(88,516,876)
Unappropriated Retained Earnings Available for Dividend Declaration, beginning	12,746,499,489
Add: Net income actually earned/realized during the period	
Net income of the Parent Company closed to Retained Earnings	729,485,329
Decrease in deferred tax assets	627,190,965
Less: Non-actual/unrealized income	
Accretion of interest on financial assets	(1,084,687)
Unrealized foreign exchange gain - net of cash related	(21,085,118)
Net income actually earned/realized during the period	1,334,506,489
Less:	
Treasury shares	(180,511,491)
Unappropriated Retained Earnings Available for Dividend Declaration, ending	**₱13,900,494,487**

JOLLIBEE FOODS CORPORATION
Doing business under the name and style of Jollibee
AND SUBSIDIARIES

CONGLOMERATE MAP

JOLLIBEE GROUP OF COMPANIES
Legal Structure as of March 31, 2021





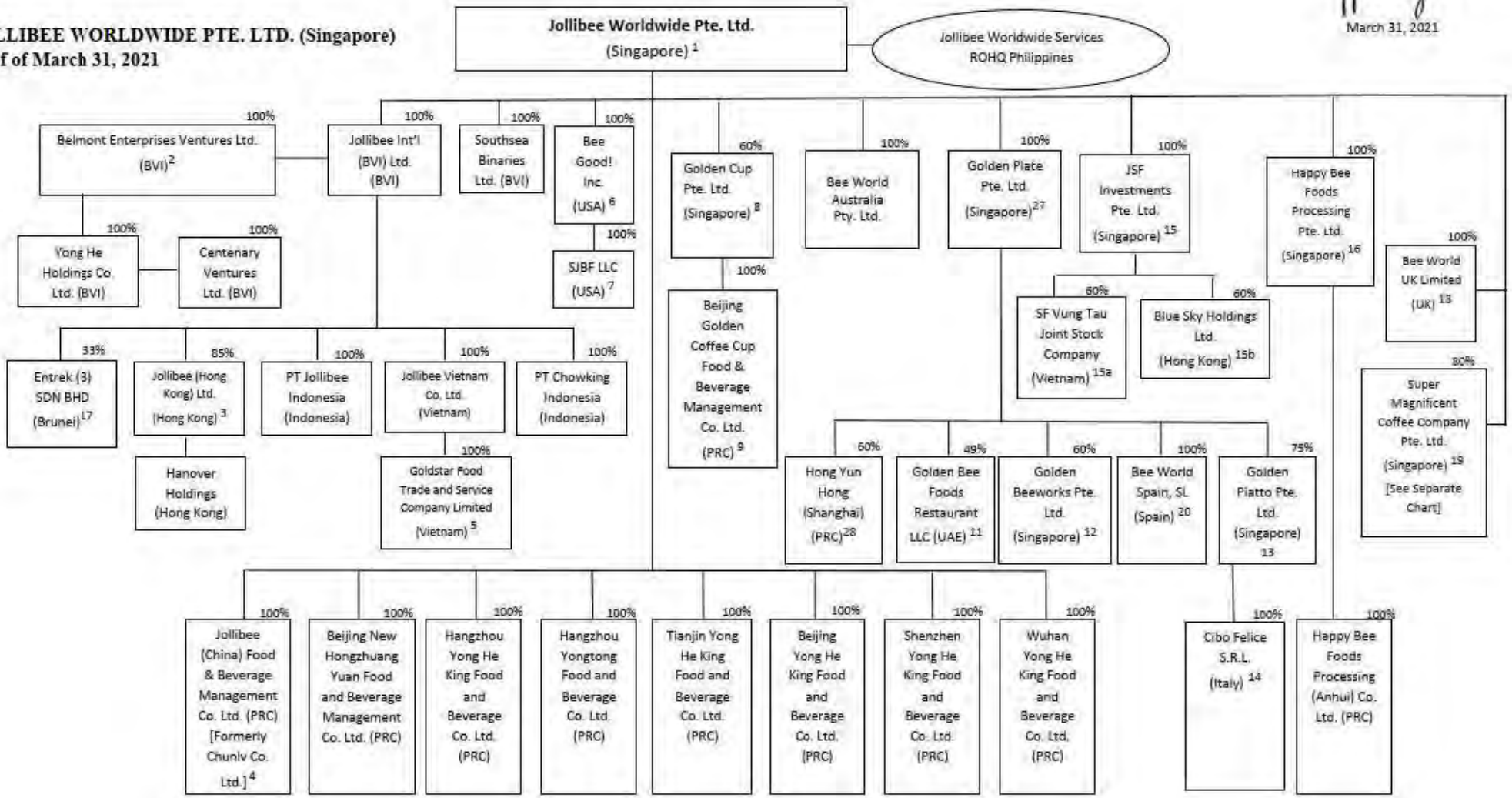
March 31, 2021

Notes:

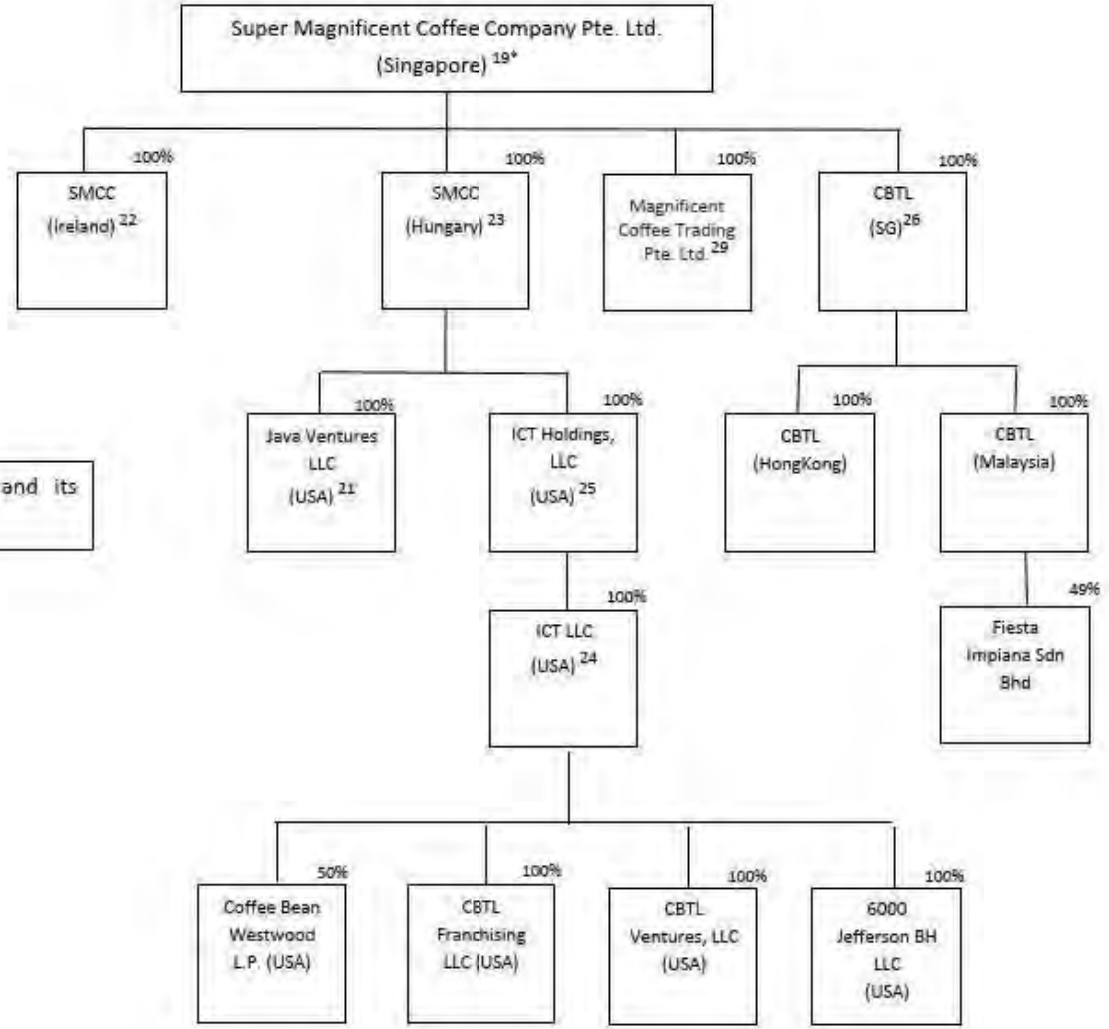
a. Per Public Ownership Report (quarterly report) as of March 31, 2021.
b. For dissolution.
c. In April 2016, JFC acquired the remaining 30% making MIPI a wholly owned subsidiary of JFC.
d. Owned through Chanceux, Inc., which is 100% owned by JFC.
e. Subsidiaries: PERF Trinoma, Inc. and PERF MOA Pasay, Inc.
f. On April 25, 2018, JFC disclosed that it will bring PHO24 to the Philippines.
   On May 29, 2018, the Amended Articles of Incorporation was issued to include in the corporate name PHO24.
g. On May 7, 2015, Honeybee Foods (Canada) Corporation was incorporated.
h. On September 7, 2018, JFC, through its wholly owned subsidiary JFC USA, acquired 47% of the fully diluted membership interests in Tortas Frontera LLC which owns the Tortas Frontera business founded by Chef Rick Bayless.
i. On May 24, 2016, JFC subscribed to 30% of the shareholdings in the Cargill entities.
   On April 17, 2019, amended corporate name from Cargill Joy Poultry Realty, Inc. to C-Joy Poultry Realty Incorporated.
j. On May 24, 2016, JFC subscribed to 30% of the shareholdings in the Cargill entities.
   On December 18, 2018, amended corporate name from Cargill Joy Poultry Meats Production Inc. to C-Joy Poultry Meats Production, Inc.
k. On September 27, 2018, JFC entered into a joint venture agreement to bring Panda Express restaurants to the Philippines.
   On July 3, 2019, JBPX Foods Inc. (the JV entity) was incorporated.

March 31, 2021

JOLLIBEE WORLDWIDE PTE. LTD. (Singapore)
as of of March 31, 2021



March 31, 2021



*Note: Restructuring involving SMCC Singapore and its subsidiaries took effect on October 1, 2019.

March 31, 2021

Notes:

1. On December 23, 2016, JWPL completely divested its shareholdings in Chow Fun Holdings LLC (New Mexico).
December 7, 2020 2016, JWPL completely divested its shareholdings in Guangxi San Pin Wang Food and Beverage Management Co. Ltd. (PRC).
On May 8, 2018, JFC, through JWPL, invested up to SGD45Mn in Titan Dining LP, a private equity fund that has executed (through a wholly owned subsidiary) a binding agreement for the acquisition of 100% of the Asia Pacific master franchise holder of the "Tim Ho Wan" brand, Tim Ho Wan Pte. Ltd. and its affiliate Dim Sum Pte. Ltd., which owns and operates Tim Ho Wan stores in Singapore.
On June 28, 2019, Super Magnificent Coffee Company Pte. Ltd. (Singapore) was incorporated with Jollibee Worldwide Pte. Ltd. as sole shareholder.
On July 24, 2019, Jollibee Worldwide Pte. Ltd. entered into an agreement to invest USD100Mn for the acquisition of The Coffee Bean & Tea Leaf ® Brand.
On September 23, 2019, Brewheal Pte. Ltd. became a shareholder of SMCC SG for 20% with JWPL as shareholder for the remaining 80%.
On October 2, 2019, JFC disclosed that, through JWPL, it will increase its capital commitment to Titan Dining LP from SGD45Mn to SGD120Mn. The fund size was increased from SGD100Mn to SGD200Mn. As a result, JFC's investment will constitute 60% of the fund.
2. On August 28, 2019, Shanghai Belmont Enterprises Management and Adviser Co., Ltd. was deregistered with the Shanghai Administration for Industry and Commerce.
On December 23, 2019, Shanghai Belmont Enterprises Management and Adviser Co., Ltd. was completely dissolved and liquidated.
3. Jollibee International (BVI) Ltd. owns 85% of Jollibee (Hong Kong) Limited.
4. On January 21, 2015, Shanghai Yong He King Food and Beverage Co. Ltd. merged with Jollibee (China) Food & Beverage Management Co. Ltd.
5. On September 10, 2016, the Enterprise Registration Certificate of Goldstar Food Trade and Service Company Limited was issued.
6. On October 8, 2015, Bee Good! Inc. (USA) was incorporated.
7. On December 14, 2018, JFC disclosed that, through its wholly owned subsidiary Bee Good! Inc., it acquired Smashburger Master LLC's 15% stake in SJBF LLC making JFC the sole owner of the Smashburger ® business.
8. On December 22, 2014, Golden Cup Pte. Ltd. (SG) was incorporated. Jasmine Asset Holding Ltd. (BVI) owns the remaining 40%.
9. On July 3, 2015, Beijing Golden Coffee Cup Food & Beverage Management Co. Ltd. was incorporated.
10. [Number purposely left blank]
11. On January 28, 2015, Golden Bee Foods Restaurant LLC (UAE) was incorporated. Golden Crown Foods LLC (UAE) owns the remaining 51%.
12. On July 19, 2012, Golden Beeworks Pte. Ltd. (SG) was incorporated. Beeworks, Inc. (BVI) owns the remaining 40%.
13. On April 12, 2017, Golden Piatto Pte. Ltd. (SG) was incorporated. Blackbird Holdings Pte. Ltd. (SG) owns the remaining 25%.
14. On July 31, 2017, Cibo Felice S.R.L. (Italy) was incorporated.
15. JWPL owns 99.99% of JSF Investments Pte. Ltd. Sky Apex Investments Limited owns 1 share in JSF Investments Pte. Ltd.
On November 18, 2016, JSF entered into an agreement to increase its shareholding in SF Vung Tau Joint Stock Company (SFVT) to 60%, subject to completion of documentary requirements.
On May 11, 2017, JFC disclosed that JSF owns 60% of SFVT. SFVT's books reflected JSF as 60% owner as of April 28, 2017.
On July 31, 2019, Sky Apex Investments Limited transferred its 1 share in JSF Investments Pte. Ltd. to Jollibee Worldwide Pte. Ltd. making JSF a wholly owned subsidiary of JWPL.
15a. VTI Joint Stock, VTI Ltd. and Mr. Le Thai Anh collectively owns the remaining 40% of SF Vung Tau Joint Stock Company.
Subsidiaries of SF Vung Tau Joint Stock Company are Highlands Coffee Joint Stock Company, Quantum Corporation, Pho Viet Joint Stock Company, Pho 24 Corporation.
15b. Sky Apex Investments Limited owns the remaining 40% of Blue Sky Holdings Ltd.
Subsidiaries of Blue Sky Holdings Ltd. are Blue Sky Holdings (Macau) Ltd. (operating Hard Rock Café in Macau) and Sino Ocean Asia Ltd. (operating Hard Rock Café in Hong Kong).

March 31, 2021

16. Formerly Jollibee Foods Processing Pte. Ltd., amended name effective October 1, 2014. Effective November 23, 2016, JWPL owns 100% of Happy Bee Foods Processing Pte. Ltd. (SG)
17. Entrek (B) SDN BHD (Brunei) shareholders are: Jollibee International (BVI) Ltd. – 33.33%, Abdul Razak Holdings – 33.33%, Valencia Investments Limited – 33.33%
18. On April 16, 2018, Bee World UK Limited (UK) was incorporated.
19. On June 28, 2019, Super Magnificent Coffee Company Pte. Ltd. (Singapore) was incorporated with Jollibee Worldwide Pte. Ltd. as sole shareholder.
    On September 23, 2019, Brewheal Pte. Ltd. became a shareholder of SMCC SG for 20% with JWPL as shareholder for the remaining 80%.
    On September 24, 2019, SMCC SG completed the acquisition of 100% of The Coffee Bean & Tea Leaf ®.
20. On May 23, 2019, Bee World Spain, Sociedad Limitada was incorporated and registered in the Mercantile Registry of Madrid.
21. On June 4, 2019, Java Ventures LLC (USA) was incorporated with JWPL as sole shareholder.
    On September 23, 2019, Java Ventures LLC (USA) became a wholly owned subsidiary of SMCC (Hungary).
22. On August 22, 2019, Super Magnificent Coffee Company Ireland Limited [SMCC Ireland] was incorporated.
23. On September 11, 2019, Super Magnificent Coffee Company Hungary Kft. [SMCC Hungary] was incorporated.
    On October 1, 2019, SMCC Hungary transferred CBTL SG to SMCC SG.
24. On September 24, 2019, International Coffee & Tea, LLC became a wholly owned subsidiary of SMCC Hungary.
    On October 1, 2019, following the restructuring, the following entities became subsidiaries of ICT LLC (USA): Coffee Bean Westwood L.P. (USA), CBTL Franchising LLC (USA), CBTL Ventures, LLC (USA) and 6000 Jefferson BH LLC (USA).
25. On September 24, 2019, ICT Holdings LLC (USA) was formed and ICT LLC (USA) became its subsidiary.
26. On October 1, 2019, CBTL SG was transferred from (i) ICT LLC (USA) to SMCC Hungary and then from (ii) SMCC Hungary to SMCC SG. Subsidiaries of CBTL SG are: CBTL (HongKong) and CBTL (Malaysia). CBTL Malaysia owns 49% of Fiesta Impiana Sdn Bhd (Malaysia).
27. On November 13, 2019, Golden Plate Pte. Ltd. entered into a joint venture agreement with Dim Sum Pte. Ltd. to form a joint venture company in the People's Republic of China to develop and operate Tim Ho Wan stores in Shanghai and such other cities within the PRC as may be agreed with the franchisor.
28. On November 18, 2019, Hong Yun Hong (Shanghai) Food and Beverages Management Co. Ltd. was incorporated.
    On March 13, 2020, Hong Yung Hong (Shanghai) Food and Beverages Management Co. Ltd. executed a Unit Franchise Agreement with Tim Ho Wan Pte. Ltd. (as franchisor) granting it the right and license to operate a Tim Ho Wan store in Shanghai.
29. On December 7, 2020, Magnificent Coffee Trading Pte. Ltd. was incorporated with Super Magnificent Coffee Company Pte. Ltd. as its sole shareholder.
30. On May 11, 2021, Bee World Australia Pty. Ltd. was incorporated with Jollibee Worldwide Pte. Ltd. as its sole shareholder.

List of Deregistered Entities and Dates of Effectivity of Deregistration:

1. On February 22, 2012 - Beijing Shang Shi Lin Food & Beverage Management Company Ltd. (PRC)
2. On March 29, 2013 - Kuai Le Feng Food and Beverage (Shenzhen) Co. Ltd. (PRC)
3. On May 1, 2013 - Colossus Global Limited (BVI), Granite Management Limited (BVI), Cosmic Resources Limited (BVI), All Great Resources Limited (BVI), Eastpower Resources Limited (BVI), Eaglerock Development Limited (BVI) and All Great Resources Limited (BVI)
4. On July 1, 2014 - Shanghai Yong He King Food and Beverage Co. Ltd.
5. On August 14, 2019 - 12 Hotpot (Shanghai) Food and Beverage Management Co. Ltd. (PRC).
6. On December 17, 2020 - WJ Investments Pte Ltd was officially dissolved and liquidated.

APPENDIX B

AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2019 AND 2020 AND FOR EACH OF THE THREE YEARS IN THE PERIOD ENDED DECEMBER 31, 2020

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **JOLLIBEE FOODS CORPORATION AND SUBSIDIARIES** (the JFC Group) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2020, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the 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 JFC 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 JFC Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the JFC Group'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.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders for the years ended December 31, 2020, 2019 and 2018, has audited the consolidated financial statements of the JFC Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signed under oath by the following:

TONY TAN CAKTIONG
Chairman of the Board

ERNESTO TANMANTIONG
President and Chief Executive Officer

YSMAEL V. BAYSA
Chief Financial Officer

MARILOU N. SIBAYAN
VP-Global Comptrollership and Tax

REPUBLIC OF THE PHILIPPINES)
CITY OF PASIG)S.S

Before me, a notary public in and for the city named above, personally appeared the following:

Name	Competent Evidence of Identity
Tony Tan Caktiong	SSS Number: 03-3229034-2
Ernesto Tanmantiong	SSS Number: 03-6292699-0
Ysmael V. Baysa	SSS Number: 03-4228219-1
Marilou N. Sibayan	SSS Number: 03-9964176-9

Who are personally known to me and to me known to be the same persons who presented the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

Witness my hand and seal this APR 0 8 2021.

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Book No. 2
Series of 2021

ANA ISABEL F. CASTILLO
Notary Public for Pasig City
Notarial Commission No. 137 Expiring on December 2021
14F Jollibee Plaza 10 F. Ortigas Jr. Avenue,
Ortigas Center Pasig City
PTR No. 6450205 1-05-20 Pasig City
IBP No. 169107 1-4-08 Pasig City
MCLE Compliance No. VI-0017231 3-8-22
Roll of Attorneys No. 70671

Jollibee Foods Corporation
Doing business under the name and style of Jollibee and Subsidiaries

Consolidated Financial Statements
December 31, 2020 and 2019

and

Independent Auditor's Report



A member firm of Ernst & Young Global Limited

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
Jollibee Foods Corporation
Doing business under the name and style of Jollibee
and Subsidiaries

Opinion

We have audited the consolidated financial statements of Jollibee Foods Corporation Doing business under the name and style of Jollibee (the Parent Company) and its subsidiaries (the JFC 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 financial position of the JFC 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 JFC 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.

Acquisition of The Coffee Bean & Tea Leaf (CBTL) – Finalization of Purchase Price Allocation

On September 24, 2019, the JFC Group, through its 80%-owned subsidiary, Super Magnificent Coffee Company Hungary Kft., acquired 100% interest over The Coffee Bean & Tea Leaf (CBTL). In 2019, the purchase price allocation was determined on a provisional basis. PFRS 3, *Business Combination*, provides for a measurement period of one year from the date of acquisition wherein the acquirer may adjust provisional amounts.

We considered the finalization of the purchase price allocation in 2020 to be a key audit matter because it requires significant management judgment and estimation in identifying the underlying acquired assets and liabilities and in determining their fair values, specifically the acquired property and equipment, trademark and other intangible assets. The 2019 consolidated statement of comprehensive income was restated to reflect the gain on bargain purchase recognized which amounted to ₱4,255.3 million.

The disclosures in relation to the acquisition of CBTL are included in Notes 4 and 11 to the consolidated financial statements.

Audit Response

We reviewed the final purchase price allocation and obtained an understanding of the nature and underlying support for the changes from the provisional amounts. We evaluated the competence, capabilities and objectivity of the independent appraiser who prepared the appraisal report for the property and equipment and the external valuation specialist who valued the trademark and other intangible assets by considering their qualifications, relevant experience and reporting responsibilities. We involved our internal specialist in the review of the methodologies and assumptions used in arriving at the fair values of the property and equipment, trademark and other intangible assets. We compared the key assumptions used such as the cost indices and trends, and adjustment factors by reference to relevant market data for the valuation of property and equipment. We also compared the key assumptions used in the valuation of trademark and other intangible assets such as revenue growth rate, long-term growth rate and royalty rate by reference to existing contractual terms, historical trends and relevant external information. We tested the parameters used in determining the discount rate against market data. We reviewed the adequacy of the disclosures in the consolidated financial statements.

Recoverability of Goodwill and Trademarks with Indefinite Life

Under Philippine Accounting Standard (PAS) 36, *Impairment of Assets*, the JFC Group is required to annually test the amount of goodwill and trademark with indefinite life for impairment. This annual impairment test was significant to our audit because the balance of goodwill and trademark with indefinite life amounting to ₱14,097.3 million and ₱35,048.0 million as of December 31, 2020, respectively, are material to the consolidated financial statements.

In addition, management's assessment process is complex and highly judgmental and is based on assumptions, specifically discount rate, which is applied to the cash flows, net sales forecasts, long-term revenue growth rate, and EBITDA which are affected by expected future market or economic conditions,particularly those in the Philippines, the People's Republic of China, Vietnam and the United States of America. 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 JFC Group's disclosures about goodwill and trademarks with indefinite life are included in Note 14, which specifically explains that small changes in the key assumptions used could give rise to an impairment of the goodwill balance in the future.

Audit Response

We involved our internal specialist in evaluating the methodologies and the assumptions used in determining the recoverable amounts of the cash-generating units (CGUs) for goodwill and the trademarks with indefinite life. These assumptions include the discount rate, net sales forecasts, long-term revenue growth rate and EBITDA. We compared the key assumptions used, such as forecasted long-term revenue growth rate, forecasted net sales and EBITDA against the historical data of the CGUs and inquired from management and operations personnel about the plans to support the forecast, taking into consideration the impact associated with coronavirus pandemic.

Furthermore, we tested the parameters used in the determination of discount rate against market data. We reviewed the weighted average cost of capital (WACC) used in the impairment test by comparing it with the WACC of comparable companies where the CGUs operate. We also reviewed the JFC Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of goodwill and trademarks with indefinite life.

Provisions and Contingencies

The JFC Group is involved in litigations, claims and disputes, and regulatory assessments which are normal to its business. This matter is significant to our audit because the determination of whether any provision should be recognized and the estimation of the potential liability resulting from these assessments require significant judgment by management. The inherent uncertainty over the outcome of these matters is brought about by the differences in the interpretation and implementation of the relevant laws and rulings.

The Group's disclosures about provisions and contingencies are included in Notes 17 and 30 to the consolidated financial statements.

Audit Response

We involved our internal specialist in the evaluation of management's assessment on whether any provisions for contingencies should be recognized, and the estimation of such amount. We discussed with management the status of the litigations, claims and disputes, and assessments. In addition, we read correspondences with the relevant government agencies, and any relevant laws and rulings on similar matters, and obtained replies from third party legal counsels. We evaluated the position of the JFC Group by considering the relevant laws, rulings and jurisprudence.

Recognition of Deferred Income Tax Assets

The Parent Company and certain subsidiaries (foreign and local) have recognized deferred tax assets amounting to ₱15,463.9 million as at December 31, 2020. Of that amount, around 21% relates to net operating loss carryover and excess minimum corporate income tax over regular corporate income tax. Management evaluated the recognition of these deferred tax assets based on the forecasted taxable income taking into account the period in which the deductible temporary differences can be claimed in the Philippines, the People's Republic of China and the United States of America. The recognition of deferred tax assets is significant to our audit because the assessment process is complex and judgmental, and is based on assumptions that are affected by expected future market or economic conditions and the expected future performance as well as management's plans and strategies of the relevant taxable entities, including the Parent Company and certain subsidiaries. The estimation uncertainty increased as a result of the effect of coronavirus pandemic on the macroeconomic factors used in developing the assumptions.

The disclosures in relation to deferred income taxes are included in Note 24 to the consolidated financial statements.

Audit Response

We updated our understanding of the Parent Company and its subsidiaries' deferred income tax calculation process and, together with our internal specialist, the applicable tax rules and regulations. We reviewed management's assessment on the availability of future taxable income with reference to financial forecasts and tax strategies. We evaluated management's forecast by comparing the forecasts of future taxable income against approved budgets, historical performance of the relevant entities like past revenue growth rates and with relevant external market information such as inflation, taking into consideration the impact associated with coronavirus pandemic. We also reviewed the timing of the reversal of future taxable and deductible temporary differences.

Impairment Assessment of Property, Plant and Equipment, Right-of-Use Assets and Accounting for Pre-termination of Leases

The JFC Group's store operations were impacted by the coronavirus pandemic and certain stores incurred losses in the current financial year. The JFC Group has embarked on a business transformation initiative to rationalize these losing or non-performing stores, including its store network and supply chain facilities. Accordingly, certain stores have been permanently closed and the underlying lease agreements have been pre-terminated in 2020, while certain stores were planned to be closed in 2021. Management has identified these as impairment indicators and has performed impairment assessment on its property, plant and equipment and right-of-use assets and has identified the related lease pre-termination costs, if any. In 2020, the JFC Group recognized loss on retirements and disposals of property, plant and equipment of ₱1,489.2 million, lease pre-termination costs of ₱488.7 million and impairment loss of ₱661.4 million and ₱1,185.5 million on its right-of-use assets and property, plant and equipment, respectively. Due to the judgments involved in the impairment assessment, the number of stores affected and the significant amounts involved, we consider this to be a key audit matter.

The disclosures in relation to impairment assessment of property, plant and equipment, right-of-use assets and the accounting for pre-termination of leases are included in Notes 12 and 29 to the consolidated financial statements.

Audit Response

As part of our audit, we obtained an understanding of management's impairment assessment process, including the evaluation of the impact of coronavirus pandemic on its store network, the performance of the stores and the identification of impairment indicators, if any, on the JFC Group's property, plant and equipment and right-of-use assets. We obtained an understanding of the number of stores involved in the permanent or planned closures, their locations, the terms and conditions of the underlying lease agreements and management's basis of the determination of the recoverable amount. On a sample basis, we traced the net book values of the property, plant and equipment and right-of-use assets of the affected stores to the JFC Group's asset register. On a test basis, we also traced the lease pre-termination costs to the terms and conditions of the lease contracts. We test computed the JFC Group's computation of the loss on retirements and disposals and the impairment loss and lease pre-termination costs recognized. We reviewed the adequacy of the disclosures in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020 are expected to be made available to us after the date of this auditor's report.

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.

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 JFC 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 JFC Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the JFC 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 JFC 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 JFC 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 JFC 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 JFC 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.

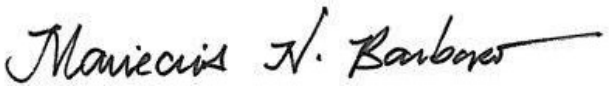
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 Mariecris N. Barbaso.

SYCIP GORRES VELAYO & CO.



Mariecris N. Barbaso
Partner
CPA Certificate No. 97101
SEC Accreditation No. 1513-AR-1 (Group A),
November 16, 2018, valid until November 15, 2021
Tax Identification No. 202-065-716
BIR Accreditation No. 08-001998-108-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534222, January 4, 2021, Makati City

April 8, 2021

JOLLIBEE FOODS CORPORATION
Doing business under the name and style of Jollibee
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousand Pesos)

	December 31	
	2020	2019 (As restated - Note 11)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6, 31 and 32)	**₱21,361,486**	₱20,892,021
Short-term investments (Notes 6, 31 and 32)	**441,000**	2,130,000
Financial assets at fair value through profit or loss (Notes 10, 31 and 32)	**35,658,565**	–
Receivables and contract assets (Notes 7, 31 and 32)	**7,049,934**	5,906,289
Inventories (Note 8)	**8,295,828**	9,966,084
Other current assets (Note 9)	**7,233,744**	6,725,008
Total Current Assets	**80,040,557**	45,619,402
Noncurrent Assets		
Financial assets at fair value through profit or loss (Notes 10, 31 and 32)	**33,792**	38,202
Interests in and advances to joint ventures, co-venturers and associates (Note 11)	**7,329,618**	6,832,102
Property, plant and equipment (Note 12)	**28,684,131**	32,592,122
Right-of-use assets (Note 29)	**34,224,143**	42,466,962
Investment properties (Note 13)	**572,722**	572,722
Trademarks, goodwill and other intangible assets (Note 14)	**50,224,078**	50,815,332
Operating lease receivables (Notes 29, 31 and 32)	**87,160**	98,749
Finance lease receivables (Notes 29 and 31)	**70,800**	161,934
Deferred tax assets - net (Note 24)	**6,114,384**	4,449,262
Other noncurrent assets (Notes 15, 31 and 32)	**3,428,745**	3,795,974
Total Noncurrent Assets	**130,769,573**	141,823,361
	₱210,810,130	₱187,442,763
LIABILITIES AND EQUITY		
Current Liabilities		
Trade payables and other current liabilities and contract liabilities (Notes 16, 31 and 32)	**₱31,366,014**	₱34,317,557
Income tax payable	**196,658**	391,914
Short-term debt (Note 18)	**15,875,457**	22,180,320
Current portion of:		
Lease liabilities (Notes 29, 31 and 32)	**6,479,140**	7,036,754
Long-term debt (Notes 18, 31 and 32)	**4,720,096**	3,415,975
Provisions (Note 17)	**291,110**	–
Liability for acquisition of a business (Notes 31 and 32)	**–**	2,800
Total Current Liabilities	**58,928,475**	67,345,320
Noncurrent Liabilities		
Senior debt securities (Notes 18 and 31)	**28,628,999**	–
Noncurrent portion of:		
Lease liabilities (Notes 29, 31 and 32)	**32,604,585**	40,270,650
Long-term debt (Notes 18, 31 and 32)	**14,538,117**	19,179,748
Interest in an associate (Note 11)	**127,894**	–
Pension liability (Note 25)	**2,917,500**	2,221,320
Derivative liability (Notes 18, 31 and 32)	**141,480**	58,241
Provisions (Note 17)	**1,035,636**	825,109
Deferred tax liabilities - net (Note 24)	**3,855,579**	4,172,633
Total Noncurrent Liabilities	**83,849,790**	66,727,701
Total Liabilities (*Carried Forward*)	**142,778,265**	134,073,021

(Forward)

	December 31	
	2020	2019 (As restated - Note 11)
Total Liabilities *(Brought Forward)*	**₱142,778,265**	₱134,073,021
Equity Attributable to Equity Holders of the Parent Company (Note 31)		
Capital stock - net of subscription receivable (Note 19)	**1,105,079**	1,092,971
Additional paid-in capital (Note 19)	**9,913,890**	8,797,360
Other reserve (Note 11)	**1,877,400**	1,877,400
Cumulative translation adjustments of foreign subsidiaries and interests in joint ventures and associates (Note 11)	**(477,554)**	832,080
Remeasurement loss on net defined benefit plan - net of tax (Note 25)	**(1,401,113)**	(965,391)
Comprehensive loss on derivative liability (Note 18)	**(141,480)**	(58,241)
Excess of cost over the carrying value of non-controlling interests acquired (Notes 11 and 19)	**(2,026,340)**	(1,804,766)
Retained earnings (Note 19):		
Appropriated for future expansion	**20,000,000**	20,000,000
Unappropriated	**9,869,889**	23,879,437
	38,719,771	53,650,850
Less cost of common stock held in treasury (Note 19)	**180,511**	180,511
	38,539,260	53,470,339
Senior perpetual securities (Notes 10 and 19)	**30,588,000**	–
Non-controlling interests (Note 11)	**(1,095,395)**	(100,597)
Total Equity	**68,031,865**	53,369,742
	₱210,810,130	₱187,442,763

See accompanying Notes to Consolidated Financial Statements.

JOLLIBEE FOODS CORPORATION
Doing business under the name and style of Jollibee
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousand Pesos, Except Per Share Data)

	Years Ended December 31		
	2020	2019 (As Restated - Note 11)	2018
REVENUES			
Gross sales	**₱124,577,293**	₱170,291,063	₱153,068,666
Sales discount	**(3,332,250)**	(3,381,699)	(2,867,840)
Net sales	**121,245,043**	166,909,364	150,200,826
Royalty, set-up fees and others (Note 20)	**6,467,134**	9,715,716	8,443,464
	127,712,177	176,625,080	158,644,290
PFRS 15 impact on system-wide advertising fees	**1,600,825**	3,001,108	2,523,492
	129,313,002	179,626,188	161,167,782
DIRECT COSTS (Note 21)	**115,726,337**	150,257,881	132,420,585
GROSS PROFIT	**13,586,665**	29,368,307	28,747,197
EXPENSES			
General and administrative expenses - net (Note 22)	**23,754,221**	18,906,734	15,460,619
Advertising and promotions	**2,643,907**	3,982,583	4,027,609
	26,398,128	22,889,317	19,488,228
INTEREST INCOME (EXPENSE) (Note 23)			
Interest income	**226,616**	400,657	424,419
Interest expense	**(3,787,652)**	(3,187,298)	(2,617,463)
	(3,561,036)	(2,786,641)	(2,193,044)
EQUITY IN NET EARNINGS (LOSSES) OF JOINT VENTURES AND ASSOCIATES - Net (Note 11)	**(1,081,308)**	23,384	(86,750)
OTHER INCOME - Net (Note 23)	**4,161,177**	6,850,218	3,342,528
INCOME (LOSS) BEFORE INCOME TAX	**(13,292,630)**	10,565,951	10,321,703
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 24)			
Current	**1,546,619**	3,255,664	2,822,092
Deferred	**(2,205,626)**	(200,494)	(141,975)
	(659,007)	3,055,170	2,680,117
NET INCOME (LOSS)	**(12,633,623)**	7,510,781	7,641,586
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:			
Translation adjustments of foreign subsidiaries	**(1,331,909)**	428,818	666,867
Translation adjustments of foreign joint ventures and associates (Note 11)	**69,126**	(131,893)	(382,259)
Comprehensive income (loss) on derivative liability (Note 18)	**(83,239)**	(141,093)	70,903
	(1,346,022)	155,832	355,511
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) on pension - net of tax (Note 25)	**(435,722)**	(657,396)	153,774
	(1,781,744)	(501,564)	509,285
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱14,415,367)**	₱7,009,217	₱8,150,871
Net Income (Loss) Attributable to:			
Equity holders of the Parent Company (Note 28)	**(₱11,510,727)**	₱7,302,726	₱8,212,608
Non-controlling interests	**(1,122,896)**	208,055	(571,022)
	(₱12,633,623)	₱7,510,781	₱7,641,586
Total Comprehensive Income (Loss) Attributable to:			
Equity holders of the Parent Company	**(₱13,339,322)**	₱6,748,918	₱8,685,959
Non-controlling interests	**(1,076,045)**	260,299	(535,088)
	(₱14,415,367)	₱7,009,217	₱8,150,871
Earnings (Loss) Per Share for Net Income (Loss) Attributable to Equity Holders of the Parent Company (Note 28)			
Basic	**(₱10.445)**	₱6.684	₱7.555
Diluted	**(10.433)**	6.608	7.443

See accompanying Notes to Consolidated Financial Statements.



JOLLIBEE FOODS CORPORATION
Doing business under the name and style of Jollibee
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019
(Amounts in Thousand Pesos)

	Equity Attributable to Equity Holders of the Parent Company (Note 31)												
	Capital Stock - Net of Subscription Receivable (Note 19)	Additional Paid-in Capital (Note 19)	Other Reserve (Note 11)	Cumulative Translation Adjustments of Foreign Subsidiaries and Interests in Joint Ventures and Associates (Note 11)	Remeasurement Gain (Loss) on Net Defined Benefit Plan - Net of tax (Note 25)	Comprehensive Income (Loss) on Derivative Liability (Note 18)	Excess of Cost Over the Carrying Value of Non-controlling Interests Acquired (Notes 11 and 19)	Retained Earnings (Note 19)		Cost of Common Stock Held in Treasury (Note 19)	Total	Senior Perpetual Securities (Note 19)	Non-controlling Interests (Note 11)	Total Equity
								Appropriated for Future Expansion	Unappropriated					
Balance at January 1, 2019, As previously reported	**₱1,092,971**	**₱8,797,360**	**₱1,877,400**	**₱832,080**	**(₱965,391)**	**(₱58,241)**	**(₱1,804,766)**	**₱20,000,000**	**₱23,009,145**	**(₱180,511)**	**₱52,600,047**	**₱–**	**(₱318,170)**	**₱52,281,877**
Effect of CBTL's final purchase price allocation (Note 11)	–	–	–	–	–	–	–	–	**870,292**	–	**870,292**	–	**217,573**	**1,087,865**
Balance at January 1, 2019, As restated	**1,092,971**	**8,797,360**	**1,877,400**	**832,080**	**(965,391)**	**(58,241)**	**(1,804,766)**	**20,000,000**	**23,879,437**	**(180,511)**	**53,470,339**	–	**(100,597)**	**53,369,742**
Net loss	–	–	–	–	–	–	–	–	**(11,510,727)**	–	**(11,510,727)**	–	**(1,122,896)**	**(12,633,623)**
Other comprehensive income (loss)	–	–	–	**(1,309,634)**	**(435,722)**	**(83,239)**	–	–	–	–	**(1,828,595)**	–	**46,851**	**(1,781,744)**
Total comprehensive income (loss)	–	–	–	**(1,309,634)**	**(435,722)**	**(83,239)**	–	–	**(11,510,727)**	–	**(13,339,322)**	–	**(1,076,045)**	**(14,415,367)**
Movements in other equity accounts:														
Issuances of and subscriptions to capital stock	**12,108**	**1,268,689**	–	–	–	–	–	–	–	–	**1,280,797**	–	–	**1,280,797**
Cost of stock options granted - net of tax (Note 26)	–	**(152,159)**	–	–	–	–	–	–	–	–	**(152,159)**	–	–	**(152,159)**
Cash dividends (Note 19)	–	–	–	–	–	–	–	–	**(1,431,090)**	–	**(1,431,090)**	–	–	**(1,431,090)**
Issuance of senior perpetual securities (Note 19)	–	–	–	–	–	–	–	–	–	–	–	**30,588,000**	–	**30,588,000**
Acquisition of noncontrolling interest (Note 11)	–	–	–	–	–	–	**(221,574)**	–	–	–	**(221,574)**	–	**72,122**	**(149,452)**
Senior perpetual securities' coupon payment and accrual (Note 19)	–	–	–	–	–	–	–	–	**(1,067,731)**	–	**(1,067,731)**	–	–	**(1,067,731)**
Additional investment during the year (Note 11)	–	–	–	–	–	–	–	–	–	–	–	–	**9,125**	**9,125**
	12,108	**1,116,530**	–	–	–	–	**(221,574)**	–	**(2,498,821)**	–	**(1,591,757)**	**30,588,000**	**81,247**	**29,077,490**
Balances at December 31, 2020	**₱1,105,079**	**₱9,913,890**	**₱1,877,400**	**(₱477,554)**	**(₱1,401,113)**	**(₱141,480)**	**(₱2,026,340)**	**₱20,000,000**	**₱9,869,889**	**(₱180,511)**	**₱38,539,260**	**₱30,588,000**	**(₱1,095,395)**	**₱68,031,865**
Balance at January 1, 2019	₱1,088,036	₱8,638,438	₱–	₱587,399	(₱307,995)	₱82,852	(₱1,804,766)	₱20,000,000	₱19,391,656	(₱180,511)	₱47,495,109	₱–	₱1,500,988	₱48,996,097
Net income (loss), As previously reported	–	–	–	–	–	–	–	–	6,432,434	–	6,432,434	–	(9,518)	6,422,916
Effect of CBTL's final purchase price allocation (Note 11)	–	–	–	–	–	–	–	–	870,292	–	870,292	–	217,573	1,087,865
Net income (loss), As restated	–	–	–	–	–	–	–	–	7,302,726	–	7,302,726	–	208,055	7,510,781
Other comprehensive income (loss)	–	–	–	244,681	(657,396)	(141,093)	–	–	–	–	(553,808)	–	52,244	(501,564)
Total comprehensive income (loss)	–	–	–	244,681	(657,396)	(141,093)	–	–	7,302,726	–	6,748,918	–	260,299	7,009,217
Movements in other equity accounts:														
Issuances of and subscriptions to capital stock	4,935	580,526	–	–	–	–	–	–	–	–	585,461	–	–	585,461
Cost of stock options granted - net of tax (Note 26)	–	(421,604)	–	–	–	–	–	–	–	–	(421,604)	–	–	(421,604)
Cash dividends (Note 19)	–	–	–	–	–	–	–	–	(2,814,945)	–	(2,814,945)	–	–	(2,814,945)
Cash dividend received by non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(14,912)	(14,912)
Arising from incorporation of a subsidiary (Note 11)	–	–	1,877,400	–	–	–	–	–	–	–	1,877,400	–	(1,877,400)	–
Additional investment during the year (Note 11)	–	–	–	–	–	–	–	–	–	–	–	–	30,428	30,428
	4,935	158,922	1,877,400	–	–	–	–	–	(2,814,945)	–	(773,688)	–	(1,861,884)	(2,635,572)
Balances at December 31, 2019	₱1,092,971	₱8,797,360	₱1,877,400	₱832,080	(₱965,391)	(₱58,241)	(₱1,804,766)	₱20,000,000	₱23,879,437	(₱180,511)	₱53,470,339	₱–	(₱100,597)	₱53,369,742

	Equity Attributable to Equity Holders of the Parent Company (Note 31)													
									Retained Earnings (Note 19)					
	Capital Stock - Net of Subscription Receivable (Note 19)	Additional Paid-in Capital (Note 19)	Other Reserve (Note 11)	Cumulative Translation Adjustments of Foreign Subsidiaries and Interests in Joint Ventures and Associates (Note 11)	Remeasurement Gain (Loss) on Net Defined Benefit Plan - Net of tax (Note 25)	Unrealized Gain on Change in Fair Value of Available-for-Sale Financial Assets (Note 10)	Comprehensive Income (Loss) on Derivative Liability (Note 18)	Excess of Cost Over the Carrying Value of Non-controlling Interests Acquired (Notes 11 and 19)	Appropriated for Future Expansion	Unappropriated	Cost of Common Stock Held in Treasury (Note 19)	Total	Non-controlling Interests (Note 11)	Total Equity
Balance at January 1, 2018	₱1,084,478	₱7,520,383	₱–	₱338,725	(₱461,769)	₱–	₱11,949	(₱2,152,161)	₱18,200,000	₱15,670,835	(₱180,511)	₱40,031,929	₱1,758,351	₱41,790,280
Net income (loss)	–	–	–	–	–	–	–	–	–	8,212,608	–	8,212,608	(571,022)	7,641,586
Other comprehensive income	–	–	–	248,674	153,774	–	70,903	–	–	–	–	473,351	35,934	509,285
Total comprehensive income (loss)	–	–	–	248,674	153,774	–	70,903	–	–	8,212,608	–	8,685,959	(535,088)	8,150,871
Movements in other equity accounts:														
Issuances of and subscriptions to capital stock	3,558	471,979	–	–	–	–	–	–	–	–	–	475,537	–	475,537
Cost of stock options granted - net of tax	–	646,076	–	–	–	–	–	–	–	–	–	646,076	–	646,076
Cash dividends (Note 19)	–	–	–	–	–	–	–	–	–	(2,691,787)	–	(2,691,787)	–	(2,691,787)
Appropriation during the year (Note 19)	–	–	–	–	–	–	–	–	20,000,000	(20,000,000)	–	–	–	–
Reversal of appropriated retained earnings during the year (Note 19)	–	–	–	–	–	–	–	–	(18,200,000)	18,200,000	–	–	–	–
Acquisition of minority interests	–	–	–	–	–	–	–	347,395	–	–	–	347,395	266,308	613,703
Arising from incorporation of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	11,417	11,417
	3,558	1,118,055	–	–	–	–	–	347,395	1,800,000	(4,491,787)	–	(1,222,779)	277,725	(945,054)
Balances at December 31, 2018	₱1,088,036	₱8,638,438	₱–	₱587,399	(₱307,995)	₱–	₱82,852	(₱1,804,766)	₱20,000,000	₱19,391,656	(₱180,511)	₱47,495,109	₱1,500,988	₱48,996,097

See accompanying Notes to Consolidated Financial Statements.

JOLLIBEE FOODS CORPORATION
Doing business under the name and style of Jollibee
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousand Pesos)

	Years Ended December 31		
	2020	2019 (As restated - Note 11)	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	**(₱13,292,630)**	₱10,565,951	₱10,321,703
Adjustments for:			
Depreciation and amortization (Notes 12, 14, 15, 21, 22 and 29)	**14,568,740**	13,495,399	11,885,752
Interest expense (Note 23)	**3,787,652**	3,187,298	2,617,463
Rent concessions (Note 29)	**(1,411,781)**	–	–
Impairment losses on:			
Property, plant and equipment (Notes 12 and 22)	**1,185,512**	399,212	–
Right-of-use assets (Notes 22 and 29)	**661,365**	–	–
Receivables (Notes 7 and 22)	**281,866**	25,342	10,188
Inventories (Notes 8 and 22)	**332,505**	16,670	8,278
Loss (gain) on retirements and disposals of:			
Property, plant and equipment, and other intangibles (Notes 12, 14 and 22)	**1,489,155**	(278,318)	45,540
Other noncurrent assets (Notes 15 and 22)	**(227,279)**	–	–
Unrealized loss (gain) from financial assets at fair value through profit or loss (Notes 10 and 23)	**(1,317,728)**	1,640	–
Equity in net losses (earnings) of joint ventures and associates (Note 11)	**1,081,308**	(23,384)	86,750
Pre-termination of leases (Note 23)	**(886,339)**	(400,367)	(193,230)
Provision for business transformation and contingencies (Notes 17 and 23)	**501,637**	–	–
Interest income (Note 23)	**(226,616)**	(400,657)	(424,419)
Stock options expense (Notes 22 and 26)	**188,290**	262,875	311,964
Reversals of provision for impairment on:			
Inventories (Notes 8 and 22)	**(82,354)**	(26,465)	(6,148)
Property, plant and equipment (Notes 12 and 22)	**(76,173)**	(29,179)	(408,184)
Receivables (Notes 7 and 22)	**–**	(91,402)	(23,675)
Movement in pension liability (Note 25)	**95,575**	(9,595)	39,705
Net unrealized foreign exchange loss (gain)	**77,696**	265,042	(5,007)
Amortization of debt issue cost (Note 18)	**29,377**	19,551	14,945
Gain from acquisition of a business and re-measurement of the previously held interest (Notes 11 and 23)	**–**	(4,255,324)	(754,804)
Loss on movement in derivative liability (Notes 11 and 23)	**–**	–	49,791
Income before working capital changes	**6,759,778**	22,724,289	23,576,612
Decreases (increases) in:			
Receivables	**(1,447,487)**	(639,261)	(740,070)
Inventories	**1,420,105**	18,425	(1,919,312)
Other current assets	**(151,717)**	(1,886,442)	(509,335)
Increase (decrease) in trade payables and other current liabilities	**(5,531,063)**	2,604,248	2,485,785
Net cash generated from operations	**1,049,616**	22,821,259	22,893,680
Income taxes paid	**(1,741,875)**	(3,127,223)	(2,782,392)
Interest received	**186,982**	369,400	361,394
Net cash provided by (used in) operating activities	**(505,277)**	20,063,436	20,472,682
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property, plant and equipment (Note 12)	**(5,879,525)**	(10,041,912)	(9,520,681)
Interest in joint ventures (Note 11)	**(1,543,214)**	(2,174,784)	(1,410,885)
Minority interests (Note 11)	**(149,455)**	–	(528,800)
Intangible assets (Note 14)	**(42,478)**	–	(111,216)
Decreases (increases) in:			
Financial assets at fair value through profit or loss (Note 10)	**(37,857,050)**	–	–
Short term-investments	**1,689,000**	(1,246,800)	530,200
Other noncurrent assets	**274,099**	689,993	(102,327)
Proceeds from:			
Redemption of financial assets at fair value through profit or loss (Note 10)	**3,066,548**	–	–
Disposals of property, plant and equipment (Note 12)	**321,954**	1,802,465	932,283
Cash from acquisition of business - net of cash received (paid for) (Note 11)	**64,316**	(16,941,556)	(3,798,118)
Dividends received from a non-controlling interest (Note 11)	**53,047**	95,661	34,637
Advances to a joint venture (Note 11)	**–**	(1,236,720)	–
Net cash used in investing activities	**(40,002,758)**	(29,053,653)	(13,974,907)

(Forward)

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Senior perpetual securities (Note 19)	**₱30,588,000**	₱–	₱–
Senior debt securities (Note 18)	**29,499,047**	–	–
Short-term debt (Note 18)	**14,327,250**	22,180,320	–
Issuances of and subscriptions to capital stock (Note 19)	**1,280,798**	585,461	475,537
Long-term debt (Note 18)	**375,703**	1,485,526	11,126,459
Payments of:			
Short-term debt (Note 18)	**(20,272,000)**	–	–
Lease liabilities (Note 29)	**(7,803,114)**	(8,419,749)	(6,979,019)
Long-term debt (Note 18)	**(3,405,787)**	(4,900,541)	(5,524,746)
Cash dividends (Note 19)	**(1,429,994)**	(2,807,766)	(2,667,060)
Coupons for senior perpetual securities	**(577,688)**	–	–
Interest paid	**(1,471,818)**	(1,434,897)	(731,670)
Contributions from non-controlling interests	**9,125**	30,428	11,417
Net cash provided by (used in) financing activities (Note 33)	**41,119,522**	6,718,782	(4,289,082)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**611,487**	(2,271,435)	2,208,693
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(142,022)**	(122,459)	(30,252)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**20,892,021**	23,285,915	21,107,474
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱21,361,486**	₱20,892,021	₱23,285,915

See accompanying Notes to Consolidated Financial Statements.

1. General Information

Corporate Information

Jollibee Foods Corporation Doing business under the name and style of Jollibee (the Parent Company or Ultimate Parent Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on January 11, 1978. The Parent Company and its subsidiaries (collectively referred to as "the JFC Group") and affiliates are involved primarily in the development, operations and franchising of quick service restaurants (QSRs) under the trade names "Jollibee", "Greenwich", "Chowking", "Yong He King", "Red Ribbon", "Hong Zhuang Yuan", "Mang Inasal", "Burger King", "Highlands Coffee", "Pho24", "Hard Rock Cafe", "Dunkin' Donuts", "Smashburger", "Tortazo", "Tim Ho Wan", "The Coffee Bean & Tea Leaf" and "Panda Express". The other activities of the JFC Group include manufacturing and property leasing in support of the QSR systems and other business activities (see Notes 2 and 5). The corporate life of the Parent Company is fifty (50) years from the date of incorporation or until 2028.

The common shares of the Parent Company are listed and traded in the Philippine Stock Exchange (PSE) beginning July 14, 1993.

The registered office address of the Parent Company is 10/F Jollibee Plaza Building, 10 F. Ortigas Jr. Ave., Ortigas Center, Pasig City.

Coronavirus (Covid-19) Pandemic

The impact of Covid-19 to the JFC Group's business operations relates to interruptions or disruptions. Starting March 2020, a significant number of stores globally were temporarily closed due to the Covid-19 pandemic. Most of the JFC Group's stores across brands and regions that have remained open serve customers through take out, drive-thru and delivery business channels. These business channels helped in reducing lost sales from the closure of the JFC Group's dining areas.

In June 2020, JFC Group implemented significant changes to its global business structure (business transformation initiative). This business transformation initiative enabled the JFC Group to address and adapt to the impact of Covid-19. The changes include the rationalization of the number of restaurants within certain geography or area, the rationalization of resources deployed in the restaurants, implementation of safety and social distancing protocol in the dining area, investment in digital commerce and technology, the increase in the capacity for delivery-to-home and office, take out and drive thru, the installation of mobile applications to facilitate food ordering and payment, the establishment of "cloud kitchen" or unmarked delivery outlets with no dine-in facility located in discreet, low rent sites and the rationalization of production and distribution facilities. The changes include the transformation of support and management groups in the field and in the offices.

In relation to this business transformation initiative, the JFC Group incurred costs of rationalization of resources included under personnel costs, loss on disposals and retirements of property, plant and equipment, impairment loss on property, plant and equipment and right-of-use assets and other costs incidental to stores and production and distribution facilities amounting to ₱6,708.9 million in 2020 (see Notes 12, 21, 22 and 29). The remaining balance of the recognized provisions for business transformation initiative included under "Current liabilities" section in the consolidated statements of financial position amounted to ₱291.1 million as at December 31, 2020 (see Notes 17 and 23).

The JFC Group has assessed the following impact of Covid-19 on its assets and liabilities:

- Collectability of accounts with customers continues to be closely monitored. An increase in the provision for impairment of trade receivables has been identified because of extended credit terms provided to the franchisees.

- Recognition of impairment losses on inventories, property, plant and equipment and right-of-use assets and derecognition of right-of-use assets and lease liabilities relating to pre-termination of closed and nonperforming stores.

- The forecast used for impairment testing of goodwill and trademarks with indefinite life include the JFC 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 JFC Group, upon which the recognition of deferred tax assets is assessed, was considered.

The JFC Group continues to monitor the risks and the ongoing impact of Covid-19 on its business.

Approval and Authorization for Issuance of Audited Consolidated Financial Statements
The consolidated financial statements as at December 31, 2020 and 2019 and for each of the three years ended December 31, 2020 were reviewed and recommended for approval by the Audit Committee as well as approved and authorized for issuance by the BOD on April 8, 2021.

2. Basis of Preparation, Statement of Compliance, Changes in Accounting Policies and Basis of Consolidation

Basis of Preparation
The consolidated financial statements of the JFC Group have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL) and derivative financial instruments which are measured at fair value. The consolidated financial statements are presented in Philippine peso, which is the Parent Company's functional and presentation currency. All values are rounded to the nearest thousand pesos, except par values, per share amounts, number of shares and when otherwise indicated.

The accompanying consolidated financial statements have been prepared under the going concern assumption. The JFC Group believes that its businesses would remain relevant despite challenges posed by the Covid-19 pandemic. Despite the adverse impact of the Covid-19 pandemic on short-term business results, long-term prospects remain attractive.

Statement of Compliance
The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

New Standards, Interpretations and Amendments adopted by the JFC Group

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new accounting pronouncements starting January 1, 2020. Adoption of these pronouncements did not have any significant impact on the consolidated statement of financial position and performance unless otherwise indicated.

- 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 years should the JFC 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.

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

  The JFC Group adopted the amendments beginning January 1, 2020. The JFC Group applied the practical expedient to all the rent concessions that meet the criteria above. The waiver of lease payments were recognized in profit or loss in the year when the event or condition that triggers those changes in lease payments occur.

  In 2020, the JFC Group received rent concessions from lessors amounting to ₱1,411.8 million accounted for as negative variable lease payments in profit or loss.

Future Changes in Accounting Policies

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the JFC Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The JFC Group intends to adopt the following pronouncements when these 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; and
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

The JFC 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 years beginning on or after January 1, 2021 and apply retrospectively, however, the JFC Group is not required to restate prior years.

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 from 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 years beginning on or after January 1, 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 years 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 year presented when the entity first applies the amendment.

  The amendments are not expected to have a material impact to the JFC 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 years beginning on or after January 1, 2022. The JFC Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting year 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 years beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact to the JFC 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 year in which the entity first applies the amendment.

    The amendment is effective for annual reporting years beginning on or after January 1, 2022 with earlier adoption permitted. The JFC Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting year in which the entity first applies the amendment. The amendments are not expected to have a material impact to the JFC 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 year beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact to the JFC 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; and
  - 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 years beginning on or after January 1, 2023 and must be applied retrospectively. The JFC 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 years beginning on or after January 1, 2023, with comparative figures required. Early application is permitted. Adoption of this standard is not expected to have any impact to the JFC Group.

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.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2020 and 2019 and for each of the three years ended December 31, 2020.

Control is achieved when the JFC Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the JFC Group controls an investee if, and only if, the JFC Group 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.

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

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

The JFC Group 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 JFC Group obtains control over the subsidiary and ceases when the JFC Group 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 financial statements from the date the JFC Group gains control until the date the JFC Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the Parent Company 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 JFC Group's accounting policies. All intra and inter-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the JFC Group are eliminated in full at consolidation.

The reporting dates of the Parent Company and the associates or joint ventures are identical and the latter's accounting policies conform to those used by the Parent Company for like transactions and events in similar circumstances.

If the JFC Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Derecognizes the cumulative translation differences recorded in equity;



- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and,
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the JFC Group had directly disposed of the related assets or liabilities.

Non-controlling interests represent the interests in the subsidiaries not held by the Parent Company, and are presented separately in the consolidated statement of comprehensive income and consolidated statement of financial position, separately from equity attributable to equity holders of the Parent Company.

A change in ownership interest in a subsidiary that does not result in a loss of control is accounted for as an equity transaction. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in the JFC Group's relative interests in the subsidiary. The JFC Group recognizes directly in equity any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the equity holders of the Parent Company. These include acquisitions of non-controlling interests of Greenwich, Yong He King, Adgraphix, Mang Inasal, Happy Bee Foods Processing Pte. Ltd. and Smashburger. In particular cases where the JFC Group acquires non-controlling interest in a subsidiary at a consideration in excess of its carrying amount, the excess is charged to the "Excess of cost over the carrying value of non-controlling interests acquired" account under equity. These changes in the ownership interest in a subsidiary do not result in the recognition of a gain or loss in profit or loss.

The consolidated financial statements include the accounts of the Parent Company and the following wholly-owned and majority-owned subsidiaries as at December 31, 2020 and 2019:

			2020		2019	
	Country of Incorporation	Principal Activities	**Direct Ownership**	**Indirect Ownership**	Direct Ownership	Indirect Ownership
Fresh N' Famous Foods Inc. (Fresh N' Famous)	Philippines	Food service	**100**	–	100	–
- Chowking Food Corporation USA	United States of America (USA)	Holding company	–	**100**	–	100
Zenith Foods Corporation (Zenith)	Philippines	Food service	**100**	–	100	–
Freemont Foods Corporation (Freemont)	Philippines	Food service	**100**	–	100	–
RRB Holdings, Inc. (RRBH):	Philippines	Holding company	**100**	–	100	–
Red Ribbon Bakeshop, Inc. (RRBI)	Philippines	Food service	–	**100**	–	100
Red Ribbon Bakeshop, Inc. USA (RRBI USA)	USA	Food service	–	**100**	–	100
Mang Inasal Philippines Inc. (Mang Inasal)	Philippines	Food service	**100**	–	100	–
Grandworth Resources Corporation (Grandworth):	Philippines	Leasing	**100**	–	100	–
Adgraphix, Inc. (Adgraphix)	Philippines	Digital printing	–	**100**	–	100
IConnect Multi Media Network, Inc. (IConnect)	Philippines	Dormant	–	**60**	–	60
JC Properties & Ventures Co.	Philippines	Dormant	–	**50**	–	50
Honeybee Foods Corporation (HFC):	USA	Food service	**100**	–	100	–
Tokyo Teriyaki Corporation (TTC)	USA	Food service	–	**100**	–	100
Honeybee Foods (Canada) Corporation (HFCC)	Canada	Food service	–	**100**	–	100
Jollibee Worldwide Pte. Ltd. (JWPL):	Singapore	Holding company	**100**	–	100	–
Regional Operating Headquarters of JWPL (JWS)	Philippines	Financial accounting, human resources and logistics services	–	**100**	–	100
Golden Plate Pte., Ltd. (GPPL):	Singapore	Holding company	–	**100**	–	100
- Golden Beeworks Pte. Ltd.	Singapore	Food service	–	**60**	–	60
- Golden Piatto Pte. Ltd. [n]	Singapore	Holding company	–	**75**	–	75
• Cibo Felice S.R.L. [l]	Italy	Food service	–	**100**	–	100
- Bee World Spain, Sociedad Limitada [i]	Spain	Food service	–	**100**	–	–
- Hong Yun Hong (Shanghai) Food and Beverages Management Company Ltd. [b]	PRC	Food service	–	**60**	–	60

	Country of Incorporation	Principal Activities	2020 Direct Ownership	2020 Indirect Ownership	2019 Direct Ownership	2019 Indirect Ownership
Golden Cup Pte.Ltd.	Singapore	Holding company	–	**60**	–	60
- Beijing Golden Coffee Cup Food & Beverage Management Co., Ltd.	PRC	Food service	–	**100**	–	100
Beijing New Hongzhuangyuan Food and Beverage Management Co., Ltd. (Hong Zhuang Yuan)	PRC	Food service	–	**100**	–	100
Southsea Binaries Ltd. (Southsea)	British Virgin Island (BVI)	Holding company	–	**100**	–	100
Beijing Yong He King Food and Beverage Co., Ltd.	PRC	Food service	–	**100**	–	100
Shenzhen Yong He King Food and Beverage Co., Ltd.	PRC	Food service	–	**100**	–	100
Hangzhou Yongtong Food and Beverage Co., Ltd.	PRC	Food service	–	**100**	–	100
Hangzhou Yong He King Food and Beverage Co., Ltd.	PRC	Food service	–	**100**	–	100
Wuhan Yong He King Food and Beverage Co., Ltd.	PRC	Food service	–	**100**	–	100
Tianjin Yong He King Food and Beverage Co., Ltd.	PRC	Food service	–	**100**	–	100
Happy Bee Foods Processing Pte. Ltd. (HBFPPL)	Singapore	Holding company	–	**100**	–	100
- Happy Bee Foods Processing (Anhui) Co. Ltd.	PRC	Food service	–	**100**	–	100
JSF Investments Pte. Ltd. (JSF):	Singapore	Holding company	–	**100**	–	100
- SF Vung Tau Joint Stock Company [m]	Vietnam	Holding company	–	**60**	–	60
• Highland Coffee Service Joint-stock Company	Vietnam	Food service	–	**100**	–	100
• Quantum Corporation	Vietnam	Food service	–	**100**	–	100
▪ Pho Viet Joint Stock Company	Vietnam	Food service	–	**100**	–	100
▪ Pho 24 Service Trade Manufacture Corporation	Vietnam	Food service	–	**100**	–	100
- Blue Sky Holdings Limited [m]	Hong Kong	Holding company	–	**60**	–	60
• Sino Ocean Limited	Hong Kong	Food service	–	**100**	–	100
• Blue Sky Holdings (Macau) Limited	Macau	Food service	–	**100**	–	100
Jollibee (China) Food & Beverage Management Co.Ltd.	PRC	Management company	–	**100**	–	100
Jollibee International (BVI) Ltd. (JIBL):	BVI	Holding company	–	**100**	–	100
- Jollibee Vietnam Corporation Ltd.	Vietnam	Food service	–	**100**	–	100
• Goldstar Food Trade and Service Company Limited (GSC)	Vietnam	Food service	–	**100**	–	100
- PT Chowking Indonesia	Indonesia	Dormant	–	**100**	–	100
- PT Jollibee Indonesia	Indonesia	Dormant	–	**100**	–	100
- Jollibee (Hong Kong) Limited	Hong Kong	Dormant	–	**85**	–	85
- Belmont Enterprises Ventures Limited (Belmont):	BVI	Holding company	–	**100**	–	100
• Shanghai Belmont Enterprises Management and Adviser Co., Ltd. (SBEMAC) [c]	PRC	Business management service	–	–	–	–
• Yong He Holdings Co., Ltd.	BVI	Holding company	–	**100**	–	100
▪ Centenary Ventures Ltd.	BVI	Holding company	–	**100**	–	100
Bee Good! Inc. (BGI)	USA	Holding company	–	**100**	–	100
- SJBF LLC (SJBF)[j]	USA	Food service	–	**100**	–	100
Bee World UK Limited (UK) [k]	UK	Food service	–	**100**	–	–
Super Magnificent Coffee Company Pte. Ltd. (SMCC-SG) [g]	Singapore	Holding company	–	**80**	–	80
- Super Magnificent Coffee Company Ireland Limited (SMCC-IE) [f]	Ireland	Holding company	–	**100**	–	100
- Super Magnificent Coffee Company Hungary Kft. (SMCC-HU) [e]	Hungary	Holding company	–	**100**	–	100
• Java Ventures, LLC (JVL) [h]	USA	Holding company	–	**100**	–	100
• International Coffee & Tea, LLC (ICTL) (d)	USA	Food service	–	**100**	–	100
▪ 6000 Jefferson BH, LLC	USA	Holding company	–	**100**	–	100
▪ CBTL Ventures, LLC	USA	Food service	–	**100**	–	100
▪ CBTL Franchising, LLC	USA	Franchising company	–	**100**	–	100
- The Coffee Bean & Tea Leaf (Singapore) Pte., Ltd. (CBTL-SG) [d]	Singapore	Food service	–	**100**	–	100
• The Coffee Bean & Tea Leaf (Malaysia) Sdn. Bhd.	Malaysia	Food service	–	**100**	–	100
• The Coffee Bean & Tea Leaf (Hongkong) Limited	Hong Kong	Dormant	–	**100**	–	100
- Magnificent Coffee Trading Pte. Ltd. [a]	Singapore	Food Service	–	**100**	–	–
Chanceux, Inc.	Philippines	Holding company	**100**	–	100	–
BKTitans Inc. (BKTitans)	Philippines	Holding company	–	**54**	–	54
- PFN Holdings Corporation	Philippines	Holding company	–	**99**	–	99
• PERF Restaurants, Inc.	Philippines	Food service	–	**100**	–	100
▪ PERF Trinoma	Philippines	Food service	–	**100**	–	100
▪ PERF MOA	Philippines	Food service	–	**100**	–	100

	Country of Incorporation	Principal Activities	2020 Direct Ownership	2020 Indirect Ownership	2019 Direct Ownership	2019 Indirect Ownership
Jollibee Foods Corporation (USA)	USA	Holding company	**100**	–	100	–
Donut Magic Phils., Inc. (Donut Magic)[o]	Philippines	Dormant	**100**	–	100	–
Ice Cream Copenhagen Phils., Inc. (ICCP)[o]	Philippines	Dormant	**100**	–	100	–
Mary's Foods Corporation (Mary's)[o]	Philippines	Dormant	**100**	–	100	–
QSR Builders, Inc.	Philippines	Dormant	**100**	–	100	–

(a) On December 7, 2020, the JFC Group, through SMCC-SG incorporated Magnificent Coffee Trading Pte. Ltd. in Singapore.
(b) On November 18, 2019, the JFC Group, through GPPL incorporated Hong Yun Hong (Shanghai) Food and Beverages Management Company Ltd. in PRC.
(c) On August 28, 2019, SBEMAC was deregistered with the Shanghai Administration for Industry and Commerce and completely dissolved and liquidated on December 23, 2019.
(d) On September 24, 2019, the JFC Group, through Java Ventures, LLC completed the acquisition of 100% share of International Coffee & Tea, LLC.
(e) On September 11, 2019, Super Magnificent Coffee Company Hungary Kft. was incorporated.
(f) On August 22, 2019, Super Magnificent Coffee Company Ireland Limited was incorporated.
(g) On June 28, 2019, the JFC Group, through JWPL incorporated Super Magnificent Coffee Company Pte. Ltd. in Singapore.
(h) On June 4, 2019, Java Ventures, LLC (USA) was incorporated.
(i) On May 23, 2019, Bee World Spain, Sociedad Limitada was incorporated and registered in the Mercantile Registry of Madrid.
(j) On April 17, 2018, the JFC Group, through BGI completed the acquisition of additional 45% share of SJBF, increasing its ownership from 40% to 85%. Subsequently, on December 14, 2018, the JFC Group, through BGI acquired the remaining 15% share resulting to 100% share in SJBF.
(k) On April 16, 2018, Bee World UK Limited (UK) was incorporated.
(l) On July 31, 2017, the JFC Group, through Golden Piatto Pte. Ltd. incorporated Cibo Felice in Italy.
(m) On May 10, 2017, the JFC Group, through JSF increased its shareholding in SF Vung Tau Joint Stock Company (SFVT) and Blue Sky Holdings Limited (Blue Sky) to 60%.
(n) On April 12, 2017, the JFC Group, through GPPL, incorporated Golden Piatto Pte. Ltd. to own and operate Jollibee restaurants in Italy.
(o) On June 18, 2004, the stockholders of the JFC Group approved the Plan of Merger of the three (3) dormant companies. The application is pending approval from the SEC as at December 31, 2020.

3. Summary of Significant Accounting Policies

Current versus Noncurrent Classification

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

An asset is classified as current when it is:

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

A liability is classified as current when:

- It is expected to be settled in the 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 JFC Group classifies all other assets and liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

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 by the JFC 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 non-financial 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 fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations, without any deduction for transaction costs. Where the JFC Group has financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk, it has elected to use the measurement exception to measure the fair value of its net risk exposure by applying the bid or ask price to the net open position as appropriate. For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities), the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible) and the cost approach (i.e., based on the amount required to replace the service capacity of an asset).

The JFC 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 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

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the JFC Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest-level input that is significant to the fair value measurement as a whole) at the end of each reporting year.



The JFC Group's management determines the policies and procedures for both recurring fair value measurement and non-recurring measurement. At each reporting date, the management analyzes the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the JFC Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the JFC Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of acquisition and are subject to an insignificant risk of change in value.

Short-term Investments
Short-term investments are deposits with original maturities of more than three months to one year from acquisition date.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Date of Recognition. The JFC Group recognizes a financial asset or a financial liability in the consolidated statement of financial position, when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the JFC Group commits to purchase or sell the asset.

Financial Instruments - Initial Recognition and Subsequent Measurement

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 FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the JFC Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the JFC Group has applied the practical expedient, the JFC Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the JFC Group has applied the practical expedient 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 '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 an instrument level.



The JFC 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 designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

The JFC Group has no financial assets at FVOCI as at December 31, 2020 and 2019.

Financial Assets at Amortized Cost (Debt Instruments). This category is the most relevant to the JFC Group. The JFC 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 the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The JFC Group's cash in banks, short-term deposits, short-term investments, receivables (excluding receivables from government agencies), security and other deposits, operating lease receivables and finance lease receivables are classified under this category as at December 31, 2020 and 2019.

Financial Assets at FVTPL. Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL 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.

The JFC Group's investments in golf, leisure club shares and bond funds are classified under this category as at December 31, 2020 and 2019.



Impairment of Financial Assets. The JFC Group recognizes an allowance for Expected Credit Losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows the JFC Group expects to receive discounted at an approximation of the original EIR. 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 and contract assets, and operating lease receivables, the JFC Group applies a simplified approach in calculating ECLs. Therefore, the JFC Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The JFC 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.

For security and other deposits, the JFC Group applies the general approach and calculates ECL based on the 12-month ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instruments since initial recognition.

For cash in banks, short-term deposits and short-term investments, the JFC Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the JFC Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The JFC Group assesses that there is a significant increase in credit risk of a financial asset when default occurs. The JFC Group uses the ratings from Moody's to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The JFC Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the JFC Group may also consider a financial asset to be in default when internal or external information indicates that the JFC Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the JFC Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The JFC Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. To do this, the JFC Group has considered a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs.

Based on the JFC Group's evaluation and assessment and after taking into consideration external actual and forecast information, the JFC Group considers two or more economic scenarios and the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions.



The JFC Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The JFC Group considers macro-economic factors such as gross domestic product growth rates and inflation rates in its analysis.

Financial Liabilities

Initial Recognition and Measurement. Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, 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 JFC Group's financial liabilities include loans and borrowings, payables and derivative financial liabilities as at December 31, 2020 and 2019.

Subsequent Measurement

- *Financial Liabilities at FVTPL.* Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the JFC Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

  Gains or losses on liabilities held for trading are recognized in profit or loss.

  Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The JFC Group has not designated any financial liability as at FVTPL.

- *Loans and Borrowings, and Other Payables*. This is the category most relevant to the JFC Group. After initial recognition, interest-bearing loans and borrowings, and other payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss 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, including debt issue costs for the JFC Group's debts that are an integral part of the effective interest rate. The effective interest rate amortization is included as interest expense in the consolidated statement of comprehensive income.

  This category includes the JFC Group's trade payables and other current liabilities (excluding local and other taxes payable and unearned revenue from gift certificates), short-term and long-term debts lease liabilities and senior debt securities as at December 31, 2020 and 2019.

- *Debt Issue Costs.* Debt issue costs are specific incremental costs, other than those paid to the lender, that are directly related to issuing a debt instrument. These are presented in the consolidated statement of financial position as a reduction from the related debt instrument and are amortized through the EIR amortization process.



Derecognition of Financial Assets and Liabilities

Financial Assets. 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 JFC Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or,

- The JFC 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 JFC Group has transferred substantially all the risks and rewards of the asset, or (b) the JFC Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the JFC 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 JFC Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the JFC Group also recognized an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the JFC 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 JFC Group could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement 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;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the 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 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 based on other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the JFC Group recognizes the difference between the transaction price and fair value (a 'Day 1 difference') in the profit or loss unless it qualifies for recognition as some other type of asset. In cases where unobservable data is used, the difference between the transaction price and model value is recognized in the profit or loss only when the inputs become observable or when the instrument is derecognized. For each transaction, the JFC Group determines the appropriate method of recognizing the 'Day 1 difference' amount.

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 offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously. The JFC 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 JFC Group and all of the counterparties.

Derivative Financial Instruments and Hedge Accounting

Initial Recognition and Subsequent Measurement. The JFC Group uses derivative financial instruments, such as cross currency swaps and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and later reclassified to profit or loss when the hedge item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment; and
- Hedges of a net investment in a foreign operation.

The JFC Group's interest rate swap is cash flow hedge. The JFC Group has no fair value hedge and hedge of a net investment in a foreign operation as at December 31, 2020 and 2019.

At the inception of a hedge relationship, the JFC Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.



The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the JFC Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument;
- The effect of credit risk does not 'dominate the value changes' that result that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the JFC Group actually hedges and the quantity of the hedging instrument that the JFC Group actually uses to hedge that quantity of hedged item.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Cash Flow Hedges. Cash flow hedges are hedges of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset, liability or a highly probable forecast transaction and could affect the consolidated statements of comprehensive income. Changes in the fair value of a hedging instrument that qualifies as a highly effective cash flow hedge are recognized as "Comprehensive income (loss) on derivative liability" in the consolidated statement of comprehensive income, whereas any hedge ineffectiveness is immediately recognized in profit or loss.

The JFC Group has an interest rate swap for its exposure to volatility in interest rates.

Amounts recognized as other comprehensive are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged income or expense is recognized or when a forecast sale occurs.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in other comprehensive income remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Contract Balances

Contract Assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the JFC 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.

Trade Receivables. A receivable represents the JFC 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 JFC Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the JFC 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 JFC Group performs under the contract.

Inventories
Inventories are valued at the lower of cost and net realizable value. Costs are accounted for as follows:

Processed inventories	-	Standard costing, which is reviewed on a quarterly basis and revised as necessary to approximate current costs determined using first in, first out (FIFO). Cost includes direct materials, labor and a proportion of manufacturing overhead costs based on normal operating capacity.
Food supplies, packaging, store and other supplies, and novelty items	-	Standard costing which is reviewed on a quarterly basis and revised as necessary to approximate current costs determined using FIFO.

Net realizable value of processed inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Net realizable value of food supplies, packaging, store and other supplies is the current replacement cost. Food and other supplies are held for use in the production of processed inventories.

Net realizable value of novelty items is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Other Current Assets
Other current assets include prepaid expenses which are paid in advance and recorded as asset before these are utilized, deposits which pertain to advance payments to suppliers to be applied for future purchases, and creditable withholding taxes, which will be applied in the following year against corporate income tax or be claimed for refund with the Bureau of Internal Revenue. Prepaid expenses are amortized over time and recognized as expense as the benefit is derived from the asset.

Interests in and Advances to Joint Ventures, Co-venturers and Associates
An associate is an entity over which the JFC Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not in control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The JFC Group's investments in its associates and joint ventures are accounted for using the equity method based on the percentage share of ownership and capitalization. Interests in joint ventures are accounted for under the equity method from the date the joint control is obtained.

Under the equity method, the JFC Group's investments in joint ventures and associates are carried in the consolidated statement of financial position at cost plus the JFC Group's share in post-acquisition changes in the net assets of associates or joint ventures, less any impairment in value. Goodwill relating to the joint ventures or associates is included in the carrying amount of the investment and is not amortized. The consolidated statement of comprehensive income includes the JFC Group's share in the financial performance of the associates or joint ventures. The JFC Group's share in profit or loss of the associates is shown on the face of the consolidated statement of comprehensive income as "Equity in net earnings (losses) of joint ventures and associates - net", which is the profit or loss attributable to equity holders of the joint ventures and associates.

When the JFC Group's share of losses in the joint ventures or associates equals or exceeds its interest, including any other unsecured receivables, the JFC Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associates or joint ventures. Where there has been a change recognized directly in the equity of the associate or joint venture, the JFC Group recognizes its share in any changes and discloses this, when applicable, in the consolidated statement of changes in equity.

Unrealized gains arising from transactions with the associates or joint ventures are eliminated to the extent of the JFC Group's interests in the associates or joint ventures against the related investments. Unrealized losses are eliminated similarly but only to the extent that there is no evidence of impairment in the asset transferred.

The JFC Group ceases to use the equity method of accounting on the date from which it no longer has joint control in the joint ventures, no longer has significant influence over the associates, or when the interest becomes held for sale.

Upon loss of significant influence over the associate or joint control over the joint ventures, the JFC Group measures and recognizes its remaining investment at its fair value. Any difference between the carrying amount of the former associate or former jointly controlled entities upon loss of significant influence or joint control, and the fair value of the remaining investment and proceeds from disposal is recognized in profit or loss. When the remaining interest in the former jointly controlled entity constitutes significant influence, it is accounted for as interest in an associate.

Property, Plant and Equipment

Property, plant and equipment, except land and construction in progress, are stated at cost less accumulated depreciation and amortization and any accumulated impairment in value. Such cost includes the cost of replacing part of property, plant and equipment at the time that cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing. Land is stated at cost less any impairment in value.

The initial cost of property, plant and equipment consists of its purchase price, including import duties and nonrefundable taxes and any other costs directly attributable in bringing the asset to its working condition and location for its intended use. Cost also includes any related asset retirement obligation and interest incurred during the construction year on funds borrowed to finance the construction of the asset. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to profit or loss in the year in which the 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, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property, plant and equipment.

Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives of the assets:

Land improvements	5 years
Plant, buildings, commercial condominium units and improvements	5 - 40 years
Leasehold rights and improvements	2 - 10 years or term of the lease, whichever is shorter
Office, store and food processing equipment	1 - 15 years
Furniture and fixtures	3 - 5 years
Transportation equipment	3 - 5 years

The residual values, if any, useful lives and depreciation and amortization method of the assets are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

Fully depreciated assets are retained in the accounts until they are disposed or retired.

An item of property, plant 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 asset (calculated as the difference between the disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

Construction in progress represents assets under construction and is stated at cost less any impairment in value. This includes the cost of construction and other direct costs. Cost also includes interest on borrowed funds incurred during the construction year. Construction in progress is not depreciated until such time that the relevant assets are completed and ready for use.

Investment Properties

Investment properties consist of land and buildings and building improvements held by the JFC Group for capital appreciation and rental purposes. Investment properties, except land, are carried at cost, including transaction costs, less accumulated depreciation and amortization and any impairment in value. Cost also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Land is carried at cost less any impairment in value.

The depreciation of buildings and building improvements are calculated on a straight-line basis over the estimated useful lives of the assets which are five (5) to thirty-five (35) years.

The residual values, if any, useful lives and method of depreciation and amortization of the assets are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Investment property is derecognized when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Transfers to investment property are made only when there is a change in use, evidenced by ending of ownership-occupation, or commencement of an operating lease to another party.

Transfers from investment property are made only when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

For a transfer from investment property to owner-occupied property, the cost of property for subsequent accounting is its carrying value at the date of change in use. If the property occupied by the JFC Group as an owner-occupied property becomes an investment property, the JFC Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial year of time to get ready for its intended use or sale are capitalized as part of the cost of asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use. All other borrowing



costs are expensed as incurred. Borrowing costs consist of interest and other cost that an entity incurs in connection with the borrowing of funds.

Business Combinations

Business combinations are accounted for using the acquisition method. Applying the acquisition method requires the (a) determination whether the JFC Group will be identified as the acquirer; (b) determination of the acquisition date; (c) recognition and measurement of the identifiable assets acquired, liabilities assumed and any non-controlling interest in the acquiree; and (d) recognition and measurement of goodwill or a gain from a bargain purchase.

When the JFC Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at acquisition date.

The cost of an acquisition is measured as the aggregate of the (a) consideration transferred by the JFC Group, measured at acquisition-date fair value, (b) amount of any non-controlling interest in the acquiree and (c) acquisition-date fair value of the JFC Group's previously held equity interest in the acquiree in a business combination achieved in stages. Acquisition costs incurred are expensed and included in "General and administrative expenses" account in the consolidated statement of comprehensive income.

Initial Measurement of Non-controlling Interest. For each business combination, the JFC Group measures the non-controlling interest in the acquiree using the proportionate share of the acquiree's fair value of identifiable net assets.

Business Combination Achieved in Stages. In a business combination achieved in stages, the JFC Group remeasures its previously held equity interests in the acquiree at its acquisition-date fair value and recognizes the resulting gain or loss, if any, in profit or loss.

Measurement Period. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the JFC Group reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. The measurement period ends as soon as the JFC Group receives the information it was seeking about facts and circumstances that existed as at the acquisition date or learns that more information is not obtainable. The measurement period does not exceed one year from the acquisition date.

Initial Measurement of Goodwill or Gain on a Bargain Purchase. Goodwill is initially measured by the JFC Group at cost being the excess of the total consideration transferred over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss as gain on a bargain purchase. Before recognizing a gain on a bargain purchase, the JFC Group determines whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognize any additional assets or liabilities that are identified in that review.

Subsequent Measurement of Goodwill. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Impairment Testing of Goodwill. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the JFC Group's CGU, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.



Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the JFC Group at which the goodwill is monitored for internal management purposes; and
- is not larger than an operating segment as defined in PFRS 8, *Operating Segments*, before aggregation.

Frequency of Impairment Testing. Irrespective of whether there is any indication of impairment, the JFC Group tests goodwill acquired in a business combination for impairment annually as at December 31 and more frequently when circumstances indicate that the carrying amount is impaired.

Allocation of Impairment Loss. An impairment loss is recognized for a CGU if the recoverable amount of the unit or group of units is less than the carrying amount of the unit or group of units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit or group of units first to reduce the carrying amount of goodwill allocated to the CGU or group of units and then to the other assets of the unit or group of units pro rata on the basis of the carrying amount of each asset in the unit or group of units. In allocating the impairment loss, the JFC Group cannot reduce the carrying amount of an asset below the highest of its fair value less costs of disposal if measurable, its value in use if determinable and zero.

Intangible Assets

Intangible assets acquired separately are measured at cost on initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment loss. The useful lives of intangible assets are assessed at the individual asset level as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life using the straight-line method and assessed for impairment whenever there is an indication that the intangible assets may be impaired. At a minimum, the amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level. Such intangible assets are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the 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.

Amortization of computer software, trademarks and other intangible assets are calculated on a straight-line basis over the following estimated useful lives of the assets:

Computer software	10 years
Trademarks	5 years
Other intangible assets	5 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.



Impairment of Nonfinancial Assets

The carrying values of interests in and advances to joint ventures, co-venturers and associates, property, plant and equipment, right-of-use assets, investment properties, trademarks, goodwill and other intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and if the carrying value exceeds the estimated recoverable amount, the assets or CGU are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell or value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's-length transaction between knowledgeable and willing parties, less costs of disposal. 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

For nonfinancial assets, excluding goodwill, 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 profit or loss. After such a reversal, the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount, less any residual value on a systematic basis over its remaining useful life.

Equity

Capital Stock and Additional Paid-in Capital. Capital stock is measured at par value for all shares issued. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as additional paid-in capital. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Additional paid-in capital is also credited for the cost of the JFC Group's equity-settled share-based payments to its employees.

Subscription Receivable. Subscription receivable represents the unpaid balance of the subscription price for subscribed common stock of the Parent Company.

Retained Earnings. Retained earnings represent the JFC Group's accumulated earnings, net of dividends declared. The balance includes accumulated earnings of subsidiaries, joint ventures and associates, which are not available for dividend declaration.

Dividends. The JFC Group recognizes a liability to make cash distribution to its equity holders when the distribution is authorized and the distribution is no longer at the discretion of the JFC Group. A corresponding amount is recognized directly in the equity. Dividends for the year that are approved after the financial reporting date are dealt with as an event after the reporting year.



Other Comprehensive Income. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognized in profit or loss. These include cumulative translation adjustments, gains or losses on derivatives designated as hedging instruments in an effective hedge, unrealized gains or losses on financial assets at FVOCI, remeasurement gains or losses on pension and their income tax effects.

Treasury Shares. Acquisitions of treasury shares are recorded at cost. The total cost of treasury shares is shown in the consolidated statement of financial position as a deduction from the total equity. Upon re-issuance or resale of the treasury shares, cost of common stock held in treasury account is credited for the cost of the treasury shares determined using the simple average method. Gain on sale is credited to additional paid-in capital. Losses are charged against additional paid-in capital but only to the extent of previous gain from original issuance, sale or retirement for the same class of stock. Otherwise, losses are charged to retained earnings.

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 JFC Group expects to be entitled in exchange for those goods or services. The JFC Group assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent. The JFC 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:

Sale of Goods. Revenue from sale of goods is recognized at the point in time when control is transferred to the customer, which is normally upon delivery. Sales returns and discounts are deducted from sales to arrive at net sales shown in the consolidated statement of comprehensive income.

Royalty Fees. Revenue from royalty fees is recognized as the royalty accrues based on certain percentages of the franchisees' net sales.

Set-up Fees. Revenue from set-up fees is recognized on a straight-basis over the term of the franchise agreement and when performance obligations relating to the payment of set-up fees have been satisfied.

System-wide Advertising Fees. Revenues consisting of reimbursements of network advertising and promotional costs from franchisees are recognized upon performance of service.

Service Fees. Revenue is recognized in the period in which the service has been rendered.

Management Fees. Revenue is recognized in the period in which the administration services has been rendered based on a certain percentage of the total costs incurred.

Other Revenues

The following specific recognition criteria must also be met before other revenue is recognized:

Rent Income. Rent income from short-term leases and leases of low-value asset is recognized on a straight-line basis over the lease terms.

Interest Income. Interest income is recognized as the interest accrues, taking into account the effective yield on the asset.

Other Income. Other income is recognized when there is an incidental economic benefit, other than the usual business operations, that will flow to the JFC Group through an increase in asset or reduction in liability and that can be measured reliably.

Cost and Expenses

Cost and expenses are decreases in economic benefits during the reporting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Cost and expenses are recognized as incurred.

Advertising and promotion expenses include costs incurred for advertising schemes and promotional activities for new products.

Pension Benefits

The pension 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 (if any), 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.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Pension expense comprises the following:

- Service cost; and
- Net interest on the net defined benefit liability 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 pension expense. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the pension liability or asset is the change during the period in the liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the pension liability or asset. Net interest on the pension liability or asset is recognized under “Direct costs” and “General and administrative expenses” in the consolidated statement of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan liability or assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) 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 or qualifying insurance policies. Plan assets are not available to the creditors of the JFC Group, nor can they be paid directly to the JFC Group. 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). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is



limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The JFC Group also participates in various government-defined contribution schemes for the PRC-based and USA-based subsidiaries. Under these schemes, pension benefits of existing and retired employees are guaranteed by the local pension benefit plan, and each subsidiary has no further obligations beyond the annual contribution.

Employee Leave Entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. JFC Group recognizes undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period.

Share-based Payments
The JFC Group has stock option plans granting its management and employees an option to purchase a fixed number of shares of stock at a stated price during a specified period ("equity-settled transactions").

The cost of the options granted to the JFC Group's management and employees that becomes vested is recognized in profit or loss over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant management and employees become fully entitled to the award ("vesting date").

The fair value is determined using the Black-Scholes Option Pricing Model. The cumulative expense recognized for the share-based transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the JFC Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit in profit or loss or the investment account for a period represents the movement in cumulative expense recognized as of the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest.

Where the terms of a share-based award are modified, at a minimum, an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any modification, which increases the total fair value of the share-based payment agreement, or is otherwise beneficial to the management and employees as measured at the date of modification.

Where a share-based award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if there were a modification of the original award.

Leases
The JFC 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.

JFC Group as Lessee. The JFC Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The JFC Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.



- *Right-of-Use Assets*. The JFC 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. The cost of right-of-use assets also includes an estimate of costs to be incurred by the lessee in dismantling and removing 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 JFC 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. Right-of-use assets are subject to impairment.

- *Lease Liabilities*. At the commencement date of the lease, the JFC 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 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 JFC Group uses the incremental borrowing rate (IBR) at the lease commencement date if the interest rate implicit in the lease is not readily determinable. In determining the IBR, the JFC Group uses risk-free rate plus credit spread where the credit spread is based on the credit risk of the lessee. 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.

  The JFC Group's lease liabilities are included in interest-bearing loans and borrowings.

- *Short-term Leases and Leases of Low-value Assets*. The JFC Group applies the short-term lease recognition exemption to its short-term leases of QSR outlets. It also applies the lease of low-value assets recognition exemption to leases of that are considered of low value (i.e., below USD5,000 or approximately ₱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.

- *Subleases of Underlying Asset*. The JFC Group continues to account for the original lease (the head lease) as a lessee and accounts for the sublease as the lessor (intermediate lessor).

- *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 sope 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 from lessors were accounted for as negative variable lease payments in profit or loss.

JFC Group as Lessor. Leases in which the JFC Group does not transfer to the lessee substantially all the risks and benefits incidental to ownership an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the operating lease receivable and recognized over the lease term on the same basis as rent income. Rent income from operating leases is accounted for on a straight-line basis over the lease term and is recognized as income in profit or loss. Contingent rents are recognized as revenue in the period in which they are earned.

JFC Group as an Intermediate Lessor. Sublease is classified at the inception date as a finance lease or an operating lease. Subleases in which the JFC Group determined that the lease term constitute a major part of the economic life of the underlying asset and at the inception date, the present value of the minimum lease payments amounts to substantially all of the fair value of the underlying asset are classified as finance lease.

If the sublease is classified as finance lease, JFC Group as an intermediate lessor:

- derecognizes the right-of-use asset relating to the head lease that it transfers to the sublessee and recognizes the net investment in the sublease;
- recognizes any difference between the right-of-use asset and the net investment in the sublease in profit or loss; and
- retains the lease liability relating to the head lease in its consolidated statement of financial position, which represents the lease payments owed to the head lessor.

During the term of the sublease, JFC Group recognizes both finance income on the sublease and interest expense on the head lease.

If the sublease is classified as an operating lease, JFC Group retains the lease liability and the right-of-use asset relating to the head lease in its consolidated statement of financial position. During the term of the sublease, JFC Group recognizes a depreciation charge for the right-of-use asset and interest on the lease liability and recognizes rent income from the sublease.

Foreign Currency Transactions and Translations

The consolidated financial statements are presented in Philippine Peso, which is the Parent Company's functional and presentation currency. Each entity in the JFC Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of subsidiaries domiciled and operating in the Philippines are also determined to be the Philippine Peso. Where the functional currency is the Philippine Peso, transactions in foreign currencies 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 rate of exchange at reporting date. All differences are recognized in profit or loss. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

The functional currencies of the JFC Group's foreign operations are US dollar (USD), PRC Renminbi (RMB), Indonesia rupiah, Vietnam dong, Singapore dollar, Hong Kong dollar, Canadian dollar, Macau pataca, Euro and Malaysian ringgit. As of the reporting date, the assets and liabilities of foreign subsidiaries are translated into the presentation currency of the Parent Company at the rate of exchange ruling at the reporting date while the income and expense accounts are translated at the weighted average exchange rates for the year. The resulting translation differences are included in equity under the account "Cumulative translation adjustments of foreign subsidiaries and interests in joint ventures and associates". On disposal of a foreign subsidiary, the accumulated exchange differences are recognized in profit or loss.

Taxes

Current Tax. Current tax liabilities for the current and prior periods are measured at the amount expected to be 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 reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity (not in the profit or loss). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax. Deferred tax is provided using balance sheet 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 assets are recognized for all deductible temporary differences and carryforward benefits of unused tax credits from excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry forward benefits of excess of MCIT over RCIT and NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and

- in respect of deductible temporary differences associated with investments in subsidiaries and interest in joint ventures and associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the 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 taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transactions, affects neither the accounting profit nor taxable profit; and

- in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in another equity account.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as reduction in goodwill, as long as it does not exceed goodwill, if it was incurred during the measurement year or recognize in profit or loss.

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



Value Added Tax (VAT). Revenue, expenses and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as part of "Trade payables and other current liabilities" account in the consolidated statement of financial position. When VAT passed on from purchases of gods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as part of "Other current assets" account in the consolidated statement of financial position.

Earnings per Share (EPS) Attributable to Equity Holders of the Parent Company
Basic EPS is calculated by dividing the net income for the year attributable to the equity holders of the Parent Company by the weighted average number of common shares outstanding during the year, after considering the retroactive effect of stock dividend declaration, if any.

Diluted EPS is computed by dividing the net income for the year attributable to the equity holders of the Parent Company by the weighted average number of common shares outstanding during the period, adjusted for any potential common shares resulting from the assumed exercise of outstanding stock options. Outstanding stock options will have dilutive effect under the treasury stock method only when the average market price of the underlying common share during the period exceeds the exercise price of the option.

Where the EPS effect of the shares to be issued to management and employees under the stock option plan would be anti-dilutive, the basic and diluted EPS would be stated at the same amount.

Provisions
Provisions are recognized when the JFC 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 provision 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 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 when an inflow of economic benefits is probable.

Business Segments
The JFC Group is organized and managed separately according to the nature of operations and geographical locations of businesses. The three major operating businesses of the JFC Group are food service, franchising and leasing while geographical segments are segregated to Philippine businesses and international businesses. These operating and geographical businesses are the basis upon which the JFC Group reports its primary segment information presented in Note 5.

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



4. 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 in the consolidated financial statements and related notes at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

The JFC Group believes the following represents a summary of these significant judgments, estimates and assumptions and the related impact and associated risks on the JFC Group's consolidated financial statements.

Judgments

In the process of applying the JFC Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Functional Currency. Management has determined that the functional and presentation currency of the Parent Company and its Philippine-based subsidiaries is the Philippine Peso, being the currency of the primary environment in which the Parent Company and its major subsidiaries operate. The functional currencies of its foreign operations are determined as the currency in the country where the subsidiary operates. For consolidation purposes, the foreign subsidiaries' balances are translated to Philippine Peso which is the Parent Company's functional and presentation currency.

Revenue Contracts with Customers - Determining the Timing of Satisfaction of Set-up Fees. The JFC Group undertakes activities prior to store opening (e.g., initial training, site development, systems set-up, etc.) as indicated in the franchise agreement. The JFC Group determines whether these activities are capable of being distinct (i.e., whether the franchisee can benefit on each of these activities on a standalone basis) and whether these activities are distinct within the context of the franchise agreement (i.e., whether these activities can be separated from the franchise license granted to the franchisee).

The JFC Group determined that revenue from set-up fees should be recognized on a straight-line basis over the term of the franchise agreement and when performance obligations relating to the payment of set-up fees have been satisfied.

Principal versus Agent Consideration. The JFC Group's agreement with the franchisee includes the right to charge the franchisee its share in the JFC Group's nationwide advertising and marketing efforts as well as fees for the JFC Group's administration of various advertisements, network and media placements. The JFC Group determined that it is acting as principal for the nationwide advertising because it is the JFC Group who retains the right to direct the service provider of the advertisements, network and media placements, and has the discretion on how to price the advertising fee charges. The JFC Group considers both the legal form and the substance of its agreement to determine each party's respective roles in the agreement.

Determining the Lease Term of Contracts with Renewal Options - JFC Group as Lessee. The JFC Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The JFC Group has the option, under some of its leases to lease the assets for additional terms of 5 to 15 years. The JFC Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it



to exercise the renewal. After the commencement date, the JFC 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 (e.g., a change in business strategy). The JFC Group included the renewal period as part of the lease term for leases of QSR outlets and warehouses due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., 5 to 10 years) and there will be a significant negative effect on operations if a replacement is not readily available.

Property Lease Classification - JFC Group as Lessor. The JFC Group has entered into commercial property leases on its investment property portfolio. Management has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains substantially all the risks and rewards incidental to ownership of these properties and thus, accounts for the contracts as operating leases.

Rent income amounted to ₱35.8 million, ₱58.5 million and ₱25.0 million in 2020, 2019 and 2018, respectively (see Notes 13, 20 and 29).

Assessing Joint Control of an Arrangement and the Type of Arrangement. Joint control is the contractually agreed sharing of control of an arrangement which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The JFC Group assessed that it has joint control in all joint arrangements by virtue of a contractual agreement with other stockholders. The JFC Group's joint ventures have separate legal entities and the shareholders have right to their net assets (see Note 11).

Material Partly-Owned Subsidiaries. The consolidated financial statements include additional information about subsidiaries that have non-controlling interests that are material to the JFC Group (see Note 11). Management determined material partly-owned subsidiaries as those with balance of non-controlling interest greater than 5% of total non-controlling interests and those subsidiaries with activities that are important to the JFC Group as at end of the period.

Material Joint Ventures and Associates. The consolidated financial statements include additional information about joint ventures and associates that are material to the JFC Group (see Note 11). Management determined material joint ventures and associates as those joint ventures and associates where the JFC Group's carrying amount of investment is greater than 5% of the total interests in joint ventures and investments in associates as at end of the period.

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at reporting date that has 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 JFC 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 changes on market circumstances arising beyond the control of the JFC Group. Such changes are reflected in the assumptions when they occur.

Determination of Purchase Price Allocation. On September 24, 2019, the JFC Group, through SMCC-HU, acquired CBTL for the total consideration of ₱17,098.7 million (see Note 11). In identifying the assets acquired and liabilities assumed, management has determined that part of the assets being acquired pertains to the trademark and other intangibles of CBTL amounting to ₱19,333.0 million (see Note 14).

Management has measured the trademarks and other intangible assets based on the valuation report prepared by the external valuation specialist and the property and equipment that were acquired using the appraisal reports that were prepared by an independent appraiser. The trademarks were valued using the



relief-from-royalty method wherein the fair value of trademarks is based on cost savings from owning the trademarks. Significant assumptions and estimates used include comparable royalty rates, long-term growth rates, discount rates based on available market data and revenue growth rate forecasts. The property and equipment were valued using the replacement cost. Adjustments were made to replacement cost to reflect depreciation. The valuation of other intangible assets was based on market values using income approach.

Recoverability of Trademarks, Goodwill and Other Intangible Assets. The JFC Group determines whether trademarks, goodwill and other intangible assets with indefinite useful life is impaired at least on an annual basis or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. This requires an estimation of the value in use of the CGU to which the goodwill is allocated. Estimating the value in use requires the JFC Group to make an estimate of the expected net sales, long-term growth rates and earnings before interest, taxes, depreciation and amortization (EBITDA) from the CGU and also consider market data in determining discount rate in order to calculate the present value of those cash flows. 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.

Management has determined that trademarks, goodwill and other intangible assets are not impaired. The carrying amount of trademarks, goodwill and other intangible assets amounted to ₱50,224.1 million and ₱50,815.3 million as at December 31, 2020 and 2019, respectively (see Note 14).

Recoverability of Interests in and Advances to Joint Ventures, Co-venturers and Associates. The JFC Group performs impairment test of its interests in and advances to joint ventures, co-venturers and associates when there are facts and circumstances indicating that their carrying amounts exceed their recoverable amounts. Determining the recoverable amount of assets, which requires the determination of future cash flows expected to be generated from the continued operations of joint ventures and associates, requires the JFC Group to make significant assumptions that can materially affect the consolidated financial statements. These assumptions include long-term growth rates, EBITDA and discount rate. Future events could cause the JFC Group to conclude that the assets are impaired. Any resulting impairment loss could have a material adverse impact on the JFC Group's financial position and performance.

The carrying amounts of interests in and advances to joint ventures, co-venturers and associates as at December 31 are as follows (see Note 11):

	2020	2019
Interests in joint ventures	**₱4,904,383**	₱3,102,559
Interests in associates	**796,054**	824,405
Advances to co-venturers	**1,629,181**	2,905,138

Recognition of Deferred Income Tax Assets. The carrying amounts of deferred tax assets at each reporting date is reviewed and reduced to the extent that sufficient taxable profits are available to allow all or part of the deferred tax assets to be utilized. The JFC Group's assessment on the recognition of deferred tax assets is based on the forecasted taxable income taking into account the period in which the deductible temporary differences can be claimed in the Philippines, PRC and USA. This forecast is based on assumptions that are affected by expected future market or economic conditions and the expected future performance as well as management's plans and strategies of the relevant taxable entities, including the Parent Company and certain subsidiaries. The effect of Covid-19 pandemic on the macroeconomic factors are also used in developing the assumptions.

The carrying amount of the recognized deferred tax assets amounted to ₱15,463.9 million and ₱15,424.0 million as at December 31, 2020 and 2019, respectively. Unrecognized deferred tax assets amounted to ₱3,308.5 million and ₱1,636.3 million as at December 31, 2020 and 2019, respectively (see Note 24).

Impairment of Property, Plant and Equipment, Right-of-use Assets and Investment Properties. The JFC Group performs impairment review of right-of-use assets, property, plant and equipment and investment properties when certain impairment indicators are present. Management has identified store closures and pre-termination of underlying lease agreements due to Covid-19 pandemic as impairment indicators and has performed impairment assessment on its property, plant and equipment and right-of-use assets and has identified the related lease pre-termination costs, if any.

Determining the fair value of assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the JFC Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the JFC Group to conclude that the assets are impaired. Any resulting impairment loss could have a material adverse impact on the JFC Group's financial position and performance.

Provision for impairment loss on property, plant and equipment and right-of-use assets amounted to ₱1,846.9 million, ₱399.2 million and nil in 2020, 2019 and 2018, respectively. Reversal of previously recognized impairment loss amounted to ₱76.2 million, ₱29.2 million and ₱408.2 million in 2020, 2019 and 2018, respectively (see Notes 12 and 22).

The aggregate carrying values of property, plant and equipment, right-of-use assets and investment properties as at December 31 are as follows:

	2020	2019
Property, plant and equipment (see Note 12)	**₱28,684,131**	₱32,592,122
Right-of-use assets (see Note 29)	**34,224,143**	42,466,962
Investment properties (see Note 13)	**572,722**	572,722

Impairment of Receivables and Contract Assets. The JFC Group uses a provision matrix to calculate ECLs for its receivables and contract assets. The provision rates are based on days past due.

The provision matrix is initially based on the JFC Group's historical observed default rates. The JFC 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 ECLs is sensitive to changes in circumstances and of forecast economic conditions. The JFC Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future.

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.



Provision for impairment loss on receivables amounted to ₱281.9 million, ₱25.3 million and ₱10.2 million in 2020, 2019 and 2018, respectively (see Note 22). Reversal of previously recognized impairment loss amounted to nil, ₱91.4 million and ₱23.7 million in 2020, 2019 and 2018, respectively (see Note 22). The carrying amount of receivables and contract assets amounted to ₱7,049.9 million and ₱5,906.3 million as at December 31, 2020 and 2019, respectively (see Note 7).

Net Realizable Value of Inventories. The JFC Group writes down inventories to net realizable value, through the use of an allowance account, whenever the net realizable value of inventories becomes lower than the cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes (i.e., Covid-19 pandemic).

The estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made of the amounts the inventories are expected to be realized. These estimates take into consideration fluctuations of prices or costs directly relating to events occurring after reporting date to the extent that such events confirm conditions existing at reporting date. The allowance account is reviewed on a regular basis to reflect the accurate valuation in the financial records.

The JFC Group assessed that the net realizable value for some inventories is lower than cost, hence, it recognized provision for inventory obsolescence amounting to ₱332.5 million, ₱16.7 million and ₱8.3 million in 2020, 2019 and 2018, respectively (see Note 22). Reversal of previously recognized impairment loss amounted to ₱82.4 million, ₱26.5 million and ₱6.1 million in 2020, 2019 and 2018, respectively (see Note 22). The carrying amount of inventories amounted to ₱8,295.8 million and ₱9,966.1 million as at December 31, 2020 and December 31, 2019, respectively (see Note 8).

Present Value of Defined Benefit Obligation. The pension expense as well as the present value of the defined benefit obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates and the future salary 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.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

Future salary increases are based on budgetary salary increases.

The carrying amount of pension liability amounted to ₱2,917.5 million and ₱2,221.3 million as at December 31, 2020 and 2019, respectively (see Note 25).

Share-based Payments. The Parent Company measures the cost of its equity-settled transactions with management and employees by reference to the fair value of the equity instruments at the grant date. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about these inputs. The fair value of the share option is being determined using the Black-Scholes Option Pricing Model. The expected life of the stock options is based on the expected exercise behavior of the stock option holders and is not necessarily indicative of the exercise patterns that may occur. The volatility is based on the average historical price volatility which may be different from the expected volatility of the shares of the Parent Company.

Total expense arising from share-based payment recognized by the JFC Group amounted to ₱188.3 million, ₱262.9 million and ₱312.0 million in 2020, 2019 and 2018, respectively (see Notes 19, 22 and 26).



Estimation of Useful Lives of Property, Plant and Equipment, Investment Properties and Intangible Assets with Definite Useful Lives. The JFC Group estimates the useful lives of property, plant and equipment, investment properties and intangible assets with definite useful lives based on the year over which the property, plant and equipment, investment properties and intangible assets are expected to be available for use and on the collective assessment of the industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of property, plant and equipment, investment properties and intangible assets are reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits in the use of the said assets. However, it is possible that future financial performance could be materially affected by changes in the estimates brought about by changes in the factors mentioned above. The amount and timing of recording the depreciation and amortization for any year would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property, plant and equipment, investment properties and intangible assets would increase the recorded depreciation and amortization and decrease noncurrent assets.

There was no change in the estimated useful lives of property, plant and equipment, investment properties and intangible assets in 2020 and 2019.

Leases - Determining the IBR. The JFC Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the JFC 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 JFC Group would have to pay, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions). The JFC Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Fair Value of Financial Assets and Liabilities. When the fair values of financial assets and financial liabilities recorded or disclosed in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but when this is not feasible, a degree of judgment is required in establishing fair values. 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 value of financial assets and liabilities are discussed in Note 32.

Provisions and Contingencies. The JFC Group is involved in litigations, claims and disputes, and regulatory assessments which are normal to its business. The estimate of the probable costs for the resolution of these claims has been developed in consultation with the JFC Group's legal counsels and based upon an analysis of potential results (see Note 17). The inherent uncertainty over the outcome of these matters is brought about by the differences in the interpretation and application of laws and rulings. Management believes that the ultimate liability, if any, with respect to the litigations, claims and disputes, and regulatory assessments will not materially affect the financial position and performance of the JFC Group.

Total outstanding provisions amounted to ₱1,326.7 million and ₱825.1 million as at December 31, 2020 and 2019, respectively (see Notes 1, 17 and 30).



5. Segment Information

For management purposes, the JFC Group is organized into segments based on the nature of the products and services offered and geographical locations. The Executive Management Committee monitors the operating results of its segments separately for resource allocation and performance assessment. Segment results are evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Business Segments

The JFC Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

- The food service segment is involved in the operations of QSRs and the manufacture of food products to be sold to JFC Group-owned and franchised QSR outlets.
- The franchising segment is involved in the franchising of the JFC Group's QSR store concepts.
- The leasing segment leases store sites mainly to the JFC Group's independent franchisees.

The following tables present certain information on revenues, expenses, assets and liabilities and other segment information of the different business segments as at and for the years ended December 31, 2020, 2019 and 2018:

	2020				
	Food Service	Franchising	Leasing	Eliminations	Consolidated
Revenues from external customers	₱121,887,963	₱7,143,865	₱281,174	₱–	₱129,313,002
Inter-segment revenues	21,848,511	3,090,888	5,358,264	(30,297,663)	–
Segment revenues	143,736,474	10,234,753	5,639,438	(30,297,663)	129,313,002
Segment expenses	(160,006,111)	(4,691,713)	(5,421,583)	30,297,663	(139,821,744)
Impairment losses on receivables, inventories, property, plant and equipment, right-of-use assets and other assets - net of reversals	(2,302,721)	–	–	–	(2,302,721)
Equity in net losses of joint ventures and associates - net	(1,081,308)	–	–	–	(1,081,308)
Other segment income	4,161,177	–	–	–	4,161,177
Segment result	(₱15,492,489)	₱5,543,040	₱217,855	₱–	(9,731,594)
Interest income					226,616
Interest expense					(3,787,652)
Income before income tax					(13,292,630)
Provision for income tax					(659,007)
Net loss					(₱12,633,623)

	2020				
	Food Service	Franchising	Leasing	Eliminations	Consolidated
Assets and Liabilities					
Segment assets	₱204,238,510	₱–	₱457,236	₱–	₱204,695,746
Deferred tax assets - net	6,118,812	–	(4,428)	–	6,114,384
Consolidated assets	₱210,357,322	₱–	₱452,808	₱–	₱210,810,130
Segment liabilities	₱119,377,629	₱–	₱90,187	₱–	₱119,467,816
Deferred tax liabilities - net	3,855,579	–	–	–	3,855,579
Long-term debt, including current portion	19,258,213	–	–	–	19,258,213
Income tax payable	195,664	–	994	–	196,658
Consolidated liabilities	₱142,687,085	₱–	₱91,181	₱–	₱142,778,266
Other Segment Information					
Capital expenditures	₱5,922,003	₱–	₱–	₱–	₱5,922,003
Depreciation and amortization	14,564,126	–	4,614	–	14,568,740

	2019 (As Restated)				
	Food Service	Franchising	Leasing	Eliminations	Consolidated
Revenues from external customers	₱167,227,077	₱11,949,859	₱449,252	₱–	₱179,626,188
Inter-segment revenues	41,824,266	3,707,162	7,605,038	(53,136,466)	–
Segment revenues	209,051,343	15,657,021	8,054,290	(53,136,466)	179,626,188
Segment expenses	(211,536,195)	(6,708,270)	(7,745,021)	53,136,466	(172,853,020)
Impairment losses on receivables, inventories and property, plant and equipment - net of reversals	(294,178)	–	–	–	(294,178)
Equity in net earnings of joint ventures and associates - net	23,384	–	–	–	23,384
Other segment income	6,849,340	–	878	–	6,850,218
Segment result	₱4,093,694	₱8,948,751	₱310,147	₱–	13,352,592
Interest income					400,657
Interest expense					(3,187,298)
Income before income tax					10,565,951
Provision for income tax					(3,055,170)
Net income					₱7,510,781

	2019 (As Restated)				
	Food Service	Franchising	Leasing	Eliminations	Consolidated
Assets and Liabilities					
Segment assets	₱182,464,010	₱–	₱529,491	₱–	₱182,993,501
Deferred tax assets - net	4,448,761	–	501	–	4,449,262
Consolidated assets	₱186,912,771	₱–	₱529,992	₱–	₱187,442,763
Segment liabilities	₱106,713,741	₱–	₱199,010	₱–	₱106,912,751
Deferred tax liabilities - net	4,172,633	–	–	–	4,172,633
Long-term debt - including current portion	22,595,723	–	–	–	22,595,723
Income tax payable	388,442	–	3,472	–	391,914
Consolidated liabilities	₱133,870,539	₱–	₱202,482	₱–	₱134,073,021
Other Segment Information					
Capital expenditures	₱10,041,912	₱–	₱–	₱–	₱10,041,912
Depreciation and amortization	13,488,007	–	7,392	–	13,495,399

	2018				
	Food Service	Franchising	Leasing	Eliminations	Consolidated
Revenues from external customers	₱150,498,395	₱10,114,292	₱555,095	₱–	₱161,167,782
Inter-segment revenues	43,571,728	3,225,369	8,824,495	(55,621,592)	–
Segment revenues	194,070,123	13,339,661	9,379,590	(55,621,592)	161,167,782
Segment expenses	(193,222,950)	(5,748,861)	(8,978,135)	55,621,592	(152,328,354)
Reversal of impairment losses on receivables, inventories and property, plant and equipment - net of provisions	419,541	–	–	–	419,541
Equity in net losses of joint ventures and associates - net	(86,750)	–	–	–	(86,750)
Other segment income	3,339,416	–	3,112	–	3,342,528
Segment result	₱4,519,380	₱7,590,800	₱404,567	₱–	12,514,747
Interest income					424,419
Interest expense					(2,617,463)
Income before income tax					10,321,703
Provision for income tax					(2,680,117)
Net income					₱7,641,586
Other Segment Information					
Capital expenditures	₱9,520,681	₱–	₱–	₱–	₱9,520,681
Depreciation and amortization	11,881,172	–	4,580	–	11,885,752

Geographical Segments

The JFC Group's geographical segments are based on the location of the assets producing revenues in the Philippines and in other locations which include PRC, USA, Canada, Vietnam, UAE, Hongkong, Macau, Brunei, Singapore, Malaysia, Italy and UK. Sales to external customers disclosed in the geographical segments are based on the geographical location of the customers.

Majority of the JFC Group's revenues were generated from the Philippines, which is the Parent Company's country of domicile.

The JFC Group does not have a single external customer which revenue amounts to 10% or more of the JFC Group's revenues.

The following tables present segment revenues, segment assets and capital expenditures of the JFC Group's geographical segments:

	2020			
	Philippines	**International**	**Eliminations**	**Consolidated**
Segment revenues	**₱78,405,439**	**₱51,886,417**	**(₱978,854)**	**₱129,313,002**
Segment assets	**64,631,999**	**140,063,747**	**–**	**204,695,746**
Capital expenditures	**1,900,199**	**4,021,804**	**–**	**5,922,003**

	2019 (As Restated)			
	Philippines	International	Eliminations	Consolidated
Segment revenues	₱129,913,889	₱50,551,864	(₱839,565)	₱179,626,188
Segment assets	82,313,934	100,679,567	–	182,993,501
Capital expenditures	6,449,194	3,592,718	–	10,041,912

	2018			
	Philippines	International	Eliminations	Consolidated
Segment revenues	₱120,272,288	₱41,621,421	(₱725,927)	₱161,167,782
Segment assets	75,431,186	70,369,898	–	145,801,084
Capital expenditures	7,121,815	2,508,537	–	9,630,352

Revenue from Contracts with Customers

Set out below is the disaggregation of the JFC Group's revenue from contracts with customers:

	2020		
Revenue Source	**Food Service**	**Franchising**	**Total**
Sale of goods	**₱121,245,043**	**₱–**	**₱121,245,043**
Royalty fees	–	**5,426,460**	**5,426,460**
Set-up fees	–	**116,580**	**116,580**
System-wide advertising fees	–	**1,600,825**	**1,600,825**
Other revenues	**9,465**	–	**9,465**
Total revenue from contracts with customers	**₱121,254,508**	**₱7,143,865**	**₱128,398,373**

Timing of recognition:	
Goods transferred at a point in time	**₱121,371,088**
Services transferred over time	**7,027,285**
	₱128,398,373

	2019		
Revenue Source	Food Service	Franchising	Total
Sale of goods	₱166,909,364	₱–	₱166,909,364
Royalty fees	–	8,477,040	8,477,040
Set-up fees	–	471,711	471,711
System-wide advertising fees	–	3,001,108	3,001,108
Other revenues	317,713	–	317,713
Total revenue from contracts with customers	₱167,227,077	₱11,949,859	₱179,176,936
Timing of recognition:			
Goods transferred at a point in time			₱167,227,077
Services transferred over time			11,949,859
			₱179,176,936

	2018		
Revenue Source	Food Service	Franchising	Total
Sale of goods	₱150,200,826	₱–	₱150,200,826
Royalty fees	–	7,043,891	7,043,891
Set-up fees	–	546,909	546,909
System-wide advertising fees	–	2,523,492	2,523,492
Other revenues	297,569	–	297,569
Total revenue from contracts with customers	₱150,498,395	₱10,114,292	₱160,612,687
Timing of recognition:			
Goods transferred at a point in time			₱150,498,395
Services transferred over time			10,114,292
			₱160,612,687

6. Cash and Cash Equivalents and Short-term Investments

Cash and Cash Equivalents
This account consists of:

	2020	2019
Cash on hand	**₱324,779**	₱376,882
Cash in banks	**14,170,871**	13,790,804
Short-term deposits	**6,865,836**	6,724,335
	₱21,361,486	₱20,892,021

Cash in banks earn interest at the respective savings or special demand deposit rates. Short-term deposits are made for varying periods of up to three months depending on the immediate cash requirements of the JFC Group, and earn interest at the respective short-term deposit rates.

Short-term Investments
The JFC Group also has short-term investments amounting to ₱441.0 million and ₱2,130.0 million as at December 31, 2020 and 2019, respectively. These pertain to deposits with maturities of more than three months but less than a year.

Interest income earned from cash and cash equivalents and short-term investments amounted to ₱114.8 million, ₱273.0 million and ₱313.3 million in 2020, 2019 and 2018, respectively (see Note 23).

7. Receivables and Contract Assets

This account consists of:

	2020	2019
Trade	**₱5,466,778**	₱5,348,930
Less allowance for impairment loss	**658,633**	392,357
	4,808,145	4,956,573
Receivable from retirement fund (see Notes 25 and 27)	**878,710**	193,618
Advances to employees	**221,045**	175,400
Current portion of employee receivables (see Note 15)	**59,337**	83,279
Interest receivable	**6,685**	8,921
Others	**87,674**	75,400
	6,061,596	5,493,191
Contract assets	**988,338**	413,098
	₱7,049,934	₱5,906,289

The terms and conditions of the receivables are as follows:

- Trade receivables are noninterest-bearing and are generally settled on a 14-day term. The JFC Group classified accrued receivables as contract assets, which are billed and collected in the next 12 months.
- Advances to employees, current portion of employee car plan receivables and other receivables are normally collectible within the next financial year.
- Other receivables consist of receivables from the Social Security System (SSS) and insurance claims.

The movements in the allowance for impairment loss on trade receivables as at December 31 are as follows:

	2020	2019
Balance at beginning of year	**₱392,357**	₱676,906
Provisions (see Note 22)	**281,866**	25,342
Write-offs	**(11,582)**	(216,968)
Reversals (see Note 22)	**–**	(91,402)
Translation adjustments	**(4,008)**	(1,521)
Balance at end of year	**₱658,633**	₱392,357

8. Inventories

This account consists of:

	2020	2019
At net realizable value:		
Food supplies and processed inventories	**₱7,590,490**	₱–
Novelty items	**89,472**	228,221
	7,679,962	228,221
At cost:		
Packaging, store and other supplies	**615,866**	622,220
Food supplies and processed inventories	**–**	9,115,643
Total inventories at lower of cost and net realizable value	**₱8,295,828**	₱9,966,084

The cost of food supplies and processed inventories, and novelty items carried at net realizable value amounted to ₱7,694.9 million and ₱253.6 million, respectively, as at December 31, 2020. While, the cost novelty items carried at net realizable value amounted to ₱249.6 million as at December 31, 2019.

The movements in the allowance for inventory obsolescence as at December 31 are as follows:

	2020	2019
Balance at beginning of year	**₱21,430**	₱34,694
Provisions (see Note 22)	**332,505**	16,670
Reversals (see Note 22)	**(82,354)**	(26,465)
Write-offs	**(1,804)**	(3,400)
Translation adjustments	**(1,213)**	(69)
Balance at end of year	**₱268,564**	₱21,430

9. Other Current Assets

This account consists of:

	2020	2019
Prepaid expenses:		
Taxes	**₱3,232,092**	₱2,472,580
Rent	**909,537**	1,119,030
Supplies	**61,917**	147,188
Insurance and others	**457,824**	696,780
Current portion of security and other deposits (see Note 15)	**140,736**	239,096
Deposits to suppliers and other third parties	**2,431,638**	2,050,334
	₱7,233,744	₱6,725,008

Terms and conditions of other current assets are as follows:

- Prepaid taxes represent creditable withholding taxes that can be applied in the following year against the corporate income tax due or can be claimed as tax refund from the BIR. This also includes prepaid real property taxes which are expected to be utilized within the next twelve months.

- Prepaid rent pertains to short-term leases of store and office spaces that are paid in advance. Supplies consist of various office and administrative supplies. Prepaid rent, insurance and others are normally utilized within the next financial year.

- Deposits to suppliers and other third parties are generally applied to purchase of inventories and availment of services within the next financial year.

10. Financial Assets at FVTPL

In July 2020, unused proceeds from the issuance of senior perpetual securities and senior debt securities in January 2020 and June 2020, respectively, totaling to USD759.8 million (₱37,857.1 million) were invested by the JFC Group in bond funds (see Notes 18 and 19). As at December 31, 2020, the carrying value of these investments amounted to USD742.6 million (₱35,658.6 million) presented as part of "Current Assets" section in the consolidated statements of financial position.

This account also includes of investment in shares of stocks of Manila Polo Club, Tagaytay Highlands and other golf and leisure clubs amounting to ₱33.8 million and ₱38.2 million as at December 31, 2020 and 2019, respectively, presented as part of "Noncurrent Assets" section in the consolidated statements of financial position.

The net unrealized fair value gain (loss) from these investments amounted to ₱1,317.7 million and (₱1.6 million) in 2020 and 2019, respectively (see Note 23).

The movements in financial assets at FVTPL as at December 31 are as follows:

	2020	2019
Balance at beginning of year	**₱38,202**	₱39,842
Additions	**37,857,050**	–
Redemption	**(3,066,548)**	–
Marked-to-market gain (loss) on financial assets at FVTPL (see Note 23)	**1,317,728**	(1,640)
Translation adjustment	**(454,075)**	–
Balance at end of year	**35,692,357**	38,202
Less current portion	**35,658,565**	–
Noncurrent portion	**₱33,792**	₱38,202

The fair value of financial assets at FVTPL has been determined directly by reference to quoted prices in active market or inputs other than quoted prices that are directly or indirectly observable (see Note 32).

11. Business Combinations, Incorporation of New Subsidiaries, Material Non-controlling Interests and Interests in and Advances to Joint Ventures, Co-venturers and Associates

A. Business Combinations

Acquisition of CBTL. On June 4, 2019 and June 28, 2019, JWPL, a wholly owned subsidiary, incorporated Java Ventures, LLC in the state of Delaware, USA and Super Magnificent Coffee Company Pte. Ltd. (SMCC-SG) in Singapore, respectively.

On July 24, 2019, the JFC Group, through its wholly owned subsidiary, JWPL, entered into an agreement with Brewheal Pte. Ltd. (Brewheal), a company based in Singapore, to invest USD100.0 million (₱5,118.0 million) in SMCC-SG to acquire 100% of The Coffee Bean & Tea Leaf (CBTL), specialty coffee and tea brand based in Los Angeles, California, USA. Consequently, Brewheal subscribed to 20% ordinary shares of SMCC-SG for a total consideration of USD70.0 million (₱3,650.5 million). SMCC-SG is 80% owned by JWPL and 20% owned by Brewheal. The difference between the value of the ordinary shares purchased and the subscription price amounting to USD36.0 million (₱1,877.4 million) is recognized and included in equity under "Other reserve" account in the consolidated statements of financial position.

The agreement between JWPL and Brewheal provides a mechanism wherein JWPL has the option, but not the obligation, to purchase the 20% ordinary shares of SMCC-SG held by Brewheal and to subscribe for up to 10% of the ordinary shares of SMCC-SG, respectively, upon the occurrence of a call option event enumerated in the agreement from the date of acquisition of CBTL up to September 24, 2029.

On September 11, 2019, the JFC Group, through SMCC-SG, incorporated Super Magnificent Coffee Company Hungary Kft. (SMCC-HU), a holding company based in Hungary.

On September 24, 2019, SMCC-SG, through its wholly owned subsidiary, SMCC-HU, completed the 100% acquisition of CBTL. The closing of the transactions was effected after the completion of closing conditions, including required government approvals, provided under the executed Unit Purchase Agreement (UPA).

Consistent with the terms of the executed UPA, the JFC Group, through SMCC-HU acquired CBTL for USD350.0 million (₱18,252.5 million) on a debt-free basis. SMCC-HU paid in cash amounting to USD329.1 million (₱17,163.0 million). The balance amounting to USD20.9 million (₱1,089.5 million) was applied to CBTL's debt from unearned revenue from gift certificates sold assumed by SMCC-HU at acquisition date.

Transaction costs of USD0.7 million (₱36.6 million) have been expensed and are included in general and administrative expenses in the consolidated statement of comprehensive income for the year ended December 31, 2019.

The JFC Group included CBTL in its financial consolidation starting September 24, 2019 (the "acquisition date").

The fair value of the identifiable assets acquired and liabilities assumed as at the date of the acquisition were as follows:

Cash and cash equivalents	₱221,426
Receivables	361,192
Inventories	1,162,540
Other current assets	144,177
Right-of-use assets (see Note 29)	11,709,851
Property, plant and equipment (see Note 12)	3,978,818
Trademarks and other intangibles (see Note 14)	19,333,001
Other noncurrent assets	350,294
Total identifiable assets acquired	37,261,299
Less:	
Trade payables and other current liabilities	1,957,587
Lease liabilities (see Note 29)	12,472,792
Other noncurrent liabilities	731,091
Deferred tax liabilities	745,839
Total identifiable liabilities assumed	15,907,309
Net identifiable assets acquired	₱21,353,990

In 2020, the fair values of the assets acquired, and liabilities assumed were finalized, resulting to changes or adjustments made from that of previously recognized in 2019 as shown below.

Impact on the consolidated statements of financial position [increase (decrease)] as at December 31, 2019:

Other intangible assets (see Note 14)	₱607,214
Right-of-use assets (see Note 29)	(440,456)
Trade payables and other current liabilities and contract liabilities	(334,508)
Deferred tax liabilities - net	(581,130)
Noncontrolling interest	220,910

Impact on the consolidated statements of comprehensive income [increase (decrease)] for the year ended December 31, 2019:

General and administrative expenses	₱22,152
Other income	1,104,547
Income tax expense	(5,470)

Consequently, the 2019 consolidated statement of comprehensive income has been restated to increase the provisional gain on bargain purchase from ₱3,150.8 million to ₱4,255.3 million shown as part of "Other Income" (see Note 23), determined as follows:

Cash consideration	₱17,098,666
Less fair value of net identifiable assets acquired	21,353,990
Gain on bargain purchase	₱4,255,324

The net cash outflow from the acquisition is as follows:

Cash paid on acquisition	₱17,098,666
Less cash acquired from subsidiary	221,426
	₱16,877,240

Management has measured the trademarks that were acquired using the valuation report that was prepared by an independent valuation specialist. The trademarks were valued using the relief-from-royalty method wherein the fair value of the trademarks is based on cost savings from owning the trademarks. Significant assumptions and estimates used include comparable royalty rates, long-term growth rates, discount rates based on available market data and revenue growth rate forecasts. On September 24, 2019, SMCC-HU completed the acquisition of 100% of CBTL from previous shareholders. The previous shareholders had been looking for buyers for the past two years and were unable to sell CBTL. Upon notification and after doing due diligence, JFC Group agreed to purchase the business.

As part of the ownership restructuring, the trademarks of CBTL are required to be valued by an independent third party. Management determined that the bargain purchase gain was mainly attributable to the value of trademarks. The legal structure of CBTL is being redesigned for fast growth both in the United States and Asia, to be driven mainly by franchising. This is in line with JFC Group's plan to build a truly global business. Management expects CBTL to be accretive to JFC Group's profit within a short period of time. The acquisition of the CBTL brand is JFC Group's largest and most multinational with business presence in 27 countries. This will bring JFC Group closer to its vision to be one of the top 5 restaurant companies in the world in terms of market capitalization. Combined with Highlands Coffee, the business mostly in Vietnam, the CBTL acquisition will enable JFC Group to become an important player in the large, fast growing, and profitable coffee business. CBTL will be JFC Group's second largest business after Jollibee brand. Management's priority is to accelerate the growth of the CBTL brand particularly in Asia, by strengthening its brand development, marketing and franchise support system.

From the acquisition date, CBTL contributed ₱4,436.8 million of revenues and ₱153.5 million net loss to the JFC Group. If the business combination had taken place at the beginning of 2019, contribution to consolidated revenues and net loss for the year ended December 31, 2019 would have been ₱15,645.1 million and ₱1,634.1 million, respectively.

Business Combination Achieved in Stages

SJBF. On March 1, 2020 , the JFC Group, through SJBF's wholly-owned subsidiary, Icon Burger Acquisition LLC (Icon Burger), acquired the remaining 30% interest in Smashburger Long Island JV LLC (Long Island) for a total cash consideration of USD2.9 million (₱149.5 million). The acquisition resulted to Smashburger Long Island becoming a wholly owned subsidiary of SJBF.On November 20, 2020, Icon Burger amended and restated a limited liability agreement to hold the 49% abandoned equity interest in Smashburger Westchester JV LLC (Westchester) without any cash consideration. The abandonment of membership interest resulted to Westchester becoming a wholly owned subsidiary of SJBF.

The difference in the carrying values of the minority interests over the acquisition cost at the date of acquisition of Long Island and Westchester, amounted to ₱95.8 million and ₱125.8 million, respectively. These were recognized under the "Excess of cost over the carrying value of non-controlling interests acquired", a separate component of "Equity Attributable to Equity Holders of the Parent Company" in the consolidated statements of financial position (see Note 19).

B. Incorporation of New Subsidiaries and Additional Investment to a Subsidiary

Magnificent Coffee Trading Pte. Ltd. (MCT). On December 7, 2020, the JFC Group, through its majority owned subsidiary SMCC-SG, incorporated MCT in Singapore. As at December 31, 2020, no capital investment has been made other than the investment to incorporate the new entity.

Hong Yun Hong (Shanghai) Food and Beverages Management Company Ltd. (Hong Yun Hong). On November 13, 2019, the JFC Group through its wholly owned subsidiary, GPPL, entered into an agreement with Dim Sum Pte. Ltd. (DSPL) to develop and operate Tim Ho Wan stores in Shanghai and other cities within PRC as may be agreed with the Franchisor.

Hong Yun Hong, incorporated on November 18, 2019, is 60% owned by GPPL and 40% owned by DSPL. GPPL and DSPL have committed to invest up to USD13 million (₱658.3 million) to Hong Yun Hong. As at December 31, 2020 and 2019, the capital contribution of GPPL amounted to USD0.9 million (₱45.6 million). Hong Yun Hong started its commercial operations on September 23, 2020.

Super Magnificent Coffee Company Hungary Kft (SMCC-HU). On September 11, 2019, the JFC Group, through SMCC-SG, incorporated SMCC-HU, a holding company in Hungary. As at December 31, 2020, SMCC-HU owns the US Entities of CBTL and the capital contribution of SMCC-SG amounted to USD28.9 million (₱1,508.2 million).

Super Magnificent Coffee Company Ireland Limited (SMCC-IE). On August 22, 2019 the JFC Group, through SMCC-SG, incorporated SMCC-IE in Ireland. As at December 31, 2020, the capital contribution of SMCC-SG amounted to USD307.1 million (₱16,017.1 million). SMCC-IE owns the intellectual property and existing contracts of CBTL starting from October 1, 2019.

Bee World Spain, Sociedad Limitada (Bee World Spain). On May 23, 2019, the JFC Group, through its wholly owned subsidiary, GPPL, incorporated Bee World Spain. As at December 31, 2020, the capital contribution of GPPL amounted to USD0.003 million (₱0.2 million). Bee World Spain will own and operate Jollibee stores in Spain.

Bee World UK Limited (Bee World UK). On April 16, 2018 the JFC Group, through its wholly owned subsidiary, JWPL, incorporated Bee World UK in UK. As at December 31, 2018, no capital investment has been made other than the investment to incorporate the new entity. The first store started its commercial operations on October 20, 2018.

On September 4, 2019, advances from JWPL amounting to USD1.5 million (₱76.3 million) were converted to equity and registered at Companies House in UK. On February 17, 2020, JWPL made an additional investment to Bee World UK amounting to USD 4.1 million (₱211.0 million). As at December 31, 2020, capital contribution of JWPL to Bee World UK amounted to USD5.6 million (₱287.4 million).

Golden Piatto Pte. Ltd. (Golden Piatto). On March 31, 2017, the JFC Group, through its wholly owned subsidiary, GPPL, entered into an agreement with Blackbird Holdings Pte. Ltd. (Blackbird) to own and operate Cibo Felice S. R. L. (Cibo Felice), the first Jollibee store in Italy. The first store started its commercial operations on March 18, 2018.

Golden Piatto, incorporated on April 12, 2017, is 75% owned by GPPL and 25% owned by Blackbird. GPPL and Blackbird have committed to invest up to EUR1 million (₱60.2 million) to Golden Piatto, of which EUR0.8 million (₱48.2 million) will be contributed by GPPL in proportion to its ownership in the business.

On January 31, 2018, GPPL and Blackbird made additional investments to Golden Piatto amounting to EUR0.5 million (₱33.5 million) and EUR0.2 million (₱11.2 million), respectively.

On March 25, 2020, GPPL made an additional investment to Golden Piatto amounting to EUR0.5 million (₱27.7 million). Blackbird made its additional investment amounting to EUR0.2 million (₱9.1 million) on April 21, 2020. As at December 31, 2020 and 2019, capital contribution of GPPL to Golden Piatto amounted to EUR1.8 million (₱104.7 million) and EUR1.3 million (₱77.0 million), respectively.

C. Material Non-Controlling Interests

The JFC Group has subsidiaries with material non-controlling interests as provided below.

Proportion of equity interest held by non-controlling interests in 2020, 2019 and 2018:

	Country of incorporation and operation	
GCPL	Singapore	40%
SuperFoods Group	Vietnam	40%

The summarized financial information of GCPL and SuperFoods Group in 2020 and 2019 are provided below. These information are based on amounts before intercompany eliminations.

Summarized Statements of Comprehensive Income for the year ended December 31

	GCPL		
	2020	2019	2018
Revenues	**₱72,507**	₱140,255	₱276,325
Net loss	**(87,189)**	(212,868)	(472,122)
Other comprehensive income (loss)	**(50,925)**	(5,134)	95,338
Total comprehensive loss	**(138,115)**	(218,002)	(376,784)
Total comprehensive loss attributable to non-controlling interests	**(55,246)**	(87,201)	(150,714)

	SuperFoods Group		
	2020	2019	2018
Revenues	**₱4,936,689**	₱5,733,569	₱4,756,001
Net loss	**(200,433)**	(312,410)	(18,571)
Other comprehensive income (loss)	**(45,985)**	(14,584)	3,398
Total comprehensive loss	**(246,418)**	(326,994)	(15,173)
Total comprehensive loss attributable to non-controlling interests	**(98,567)**	(130,798)	(6,069)

Summarized Statements of Financial Position as at December 31

	GCPL	
	2020	2019
Current assets	**₱721,385**	₱1,486,976
Noncurrent assets	**108,460**	287,379
Current liabilities	**509,744**	1,204,788
Total equity	**320,100**	569,567
Equity attributable to non-controlling interests	**128,040**	227,827

	SuperFoods Group	
	2020	2019
Current assets	**₱747,343**	₱838,302
Noncurrent assets	**5,891,257**	4,277,400
Current liabilities	**3,182,817**	3,269,974
Noncurrent liabilities	**2,949,194**	1,298,578
Total equity	**506,589**	547,150
Equity attributable to non-controlling interests	**202,635**	218,860

Summarized Cash Flow Information for the year ended December 31

	GCPL		
	2020	2019	2018
Net cash used in operating activities	**(₱802,924)**	(₱87,408)	(₱58,718)
Net cash provided by investing activities	**46,984**	71,160	89,220
Net increase (decrease) in cash and cash equivalents	**(755,940)**	(16,248)	30,502

	SuperFoods Group		
	2020	2019	2018
Net cash provided by (used in) operating activities	**(₱46,194)**	₱178,732	₱310,283
Net cash used in investing activities	**(318,347)**	(163,132)	(335,086)
Net cash provided by financing activities	**429,843**	160,051	51,678
Net increase in cash and cash equivalents	**65,302**	175,651	26,875

D. Interests in and Advances to Joint Ventures, Co-venturers and Associates

	2020	2019
Interests in joint ventures:		
Titan Dining LP	**₱4,618,007**	₱2,804,247
Golden Bee Foods Restaurant LLC	**233,062**	240,553
JBPX Foods Inc.	**53,314**	57,759
	4,904,383	3,102,559
Interests in associates:		
Tortas Frontera	**660,675**	678,793
Entrek (B) SDN BHD	**124,149**	137,065
C-Joy Poultry Realty, Inc.	**11,230**	8,547
C-Joy Poultry Meats Production, Inc.	**–**	–
	796,054	824,405
Advances to an associate and co-venturer:		
VTI Group	**1,629,181**	1,664,532
C-Joy Poultry Meats Production, Inc.	**–**	1,240,606
	1,629,181	2,905,138
	₱7,329,618	₱6,832,102

Interests in Joint Ventures

Titan Dining LP (Titan). On May 23, 2018, the JFC Group, through JWPL, invested SGD18.0 million (₱706.9 million) in Titan, a private equity fund that has executed (through a wholly-owned subsidiary) a binding agreement for the acquisition of 100% of the Asia Pacific master franchise holder of the "Tim Ho Wan" brand, Tim Ho Wan Pte. Ltd. and its affiliate Dim Sum Pte. Ltd., which owns and operates Tim Ho Wan stores in Singapore.

The investment provides an opportunity for the JFC Group to have a significant interest in the Tim Ho Wan franchise in the long-term.

Consistent with the agreement that JWPL shall invest up to SGD45.0 million (₱1,687.1 million) or 45% of the total maximum fund of SGD100.0 million (₱3,749.0 million) in Titan, JWPL made additional investments to Titan amounting to SGD2.7 million (₱102.7 million) and SGD0.9 million (₱35.3 million) on May 31, 2019 for the third capital call and on August 29, 2018, respectively.

On October 2, 2019, the total maximum fund of Titan increased from SGD100.0 million (₱3,749.0 million) to SGD200.0 million (₱7,498.0 million). As such, JWPL, increased its capital commitment to Titan from SGD45.0 million (₱1,687.1 million) to SGD120.0 million (₱4,498.8 million) which, when completed, JWPL's investment will constitute 60% of the total maximum fund. The increase in the total maximum fund and additional capital commitment of JWPL are in furtherance of certain strategic projects currently being undertaken by Titan, consistent with its mandate to invest in the food service sector and grow strong Asia Pacific food service brands.

On October 28, 2019 and March 12, 2020, JWPL made additional investments for the 4th and 5th capital call amounting to SGD53.4 million (₱2,006.1 million) and SGD2.4 million (₱89.7 million), respectively.

On October 30, 2020, JWPL acquired the 25% interest of a partner in Titan for a total cash consideration of SGD36.3 million (₱1,297.0 million). The acquisition increased JWPL's interest in Titan from 60% to 85%.

On November 27, 2020, JWPL made additional investment for the 6th capital call amounting to SGD4.4 million (₱156.5 million).

The details of the JFC Group's interest in Titan as at December 31, 2020 and 2019 are as follows:

	2020	2019
Interest in a joint venture - cost:		
Balance at beginning of year	**₱2,850,966**	₱742,206
Additions during the year	**1,543,214**	2,108,760
	4,394,180	2,850,966
Cumulative equity in net earnings (losses):		
Balance at beginning of year	**(46,719)**	–
Equity in net earnings (loss) during the year	**270,546**	(46,719)
	223,827	(46,719)
	₱4,618,007	₱2,804,247

Summarized financial information of Titan based on its financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

	2020	2019
Current assets	**₱52,862**	₱2,916,421
Noncurrent assets	**4,997,840**	1,701,864
Total assets	**₱5,050,702**	₱4,618,285
Current liabilities	**₱34,528**	₱8,916

The amounts of assets and liabilities above include:

	2020	2019
Cash and cash equivalents	**₱52,576**	₱2,916,251

The amounts of the income and expense accounts include the following:

	2020	2019
Net income	**₱450,910**	₱77,865
Total comprehensive income	**450,910**	77,865

	2020	2019
Net assets	**₱5,250,789**	₱4,609,369
Proportion of the JFC Group's ownership	**85%**	60%
	4,463,171	2,765,621
Cumulative translation adjustments	**154,836**	38,626
	₱4,618,007	₱2,804,247

Golden Bee Foods Restaurant LLC (Golden Bee). On February 25, 2014, the JFC Group, through GPPL, signed a joint agreement with Golden Crown Foods LLC (GCFL) to establish a joint venture entity to own and operate the Jollibee brand in the United Arab Emirates.

The joint venture entity, incorporated as Golden Bee on January 28, 2015, is 49% owned by GPPL and 51% owned by GCFL. GPPL and GCFL will share joint control and management of Golden Bee. GPPL has invested USD0.8 million (₱33.9 million) in Golden Bee. The first store started commercial operations on May 4, 2015.

The details of the JFC Group's interest in the Golden Bee joint venture as at December 31 are as follows:

	2020	2019
Interest in a joint venture - cost	**₱33,926**	₱33,926
Cumulative equity in net earnings:		
Balance at beginning of year	**206,627**	193,659
Equity in net earnings (loss) during the year	**(7,491)**	47,526
Dividends received during the year	**–**	(34,558)
Balance at end of year	**199,136**	206,627
	₱233,062	₱240,553

Summarized financial information of Golden Bee based on its financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

	2020	2019
Current assets	**₱661,382**	₱686,984
Noncurrent assets	**246,533**	294,675
Total assets	**₱907,915**	₱981,659
Current liabilities	**₱454,736**	₱488,174

The amounts of assets and liabilities above include:

	2020	2019
Cash and cash equivalents	**₱335,811**	₱352,633

The amounts of the income and expense accounts include the following:

	2020	2019	2018
Revenues	**₱1,302,792**	₱1,687,621	₱1,601,623
Depreciation and amortization	**92,344**	90,077	78,438
Net income (loss)	**(15,287)**	96,991	129,501
Total comprehensive income (loss)	**(15,287)**	96,991	129,501

	2020	2019
Net assets	**₱453,179**	₱493,485
Proportion of the JFC Group's ownership	**49%**	49%
	222,058	241,808
Cumulative translation adjustments	**11,004**	(1,255)
	₱233,062	₱240,553

JBPX Foods Inc. (Panda Express). On September 27, 2018, the JFC Group, through the Parent Company, entered into an agreement with Panda Restaurant Group, Inc. to establish a joint venture entity to own and operate Panda Express restaurants in the Philippines.

The joint venture entity, incorporated as JBPX Foods Inc. on July 3, 2019, is 50% owned by the Parent Company and 50% owned by Panda Restaurant Group, Inc. Panda Express started commercial operations on December 12, 2019.

The details of JFC Group's interest in Panda Express as at December 31 are as follows:

	2020	2019
Interest in a joint venture - cost	**₱66,023**	₱66,023
Cumulative equity in net losses:		
Balance at beginning of year	**(8,264)**	–
Equity in net loss during the year	**(4,445)**	(8,264)
Balance at end of year	**(12,709)**	(8,264)
	₱53,314	₱57,759

Summarized financial information of Panda Express based on its financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

	2020	2019
Current assets	**₱93,245**	₱134,065
Noncurrent assets	**80,842**	51,673
Total assets	**₱174,087**	₱185,738
Current liabilities	**₱24,885**	₱46,386
Noncurrent liabilities	**42,575**	23,834
Total liabilities	**₱67,460**	₱70,220

The amounts of assets and liabilities above include:

	2020	2019
Cash and cash equivalents	**₱89,898**	₱130,379
Current financial liabilities (excluding trade payables and other current liabilities and provisions)	**4,899**	4,372
Noncurrent financial liabilities	**42,575**	23,834

The amounts of the income and expense accounts include the following:

	2020	2019
Revenues	**₱101,839**	₱8,266
Depreciation and amortization	**10,574**	460
Taxes and licenses	**20**	1,672
Interest income	**615**	614
Interest expense	**(1,366)**	(122)
Net loss	**(8,890)**	(16,528)
Total comprehensive loss	**(9,145)**	(16,528)

	2020	2019
Net assets	**₱106,627**	₱115,518
Proportion of the JFC Group's ownership	**50%**	50%
	₱53,314	₱57,759

Interest in Associates

Tortas Frontera LLC (Tortas). On September 7, 2018, the JFC Group, through Jollibee Foods Corporation (USA), entered into a business venture with award-winning Chef Rick Bayless to build a Mexican fast-casual restaurant business in the USA.

This partnership was formalized through an investment by the JFC Group of USD12.6 million (₱668.7 million) in Tortas, which owns the Tortazo business founded by Chef Bayless, in consideration for 47% of the fully-diluted membership interests therein. The remaining 53% membership interests in Tortas shall be held by Chef Ricky Bayless and other shareholders. The transaction is subject to the fulfillment of agreed closing conditions.

On December 21, 2018, upon fulfillment of the closing conditions, Jollibee Foods Corporation (USA) paid Chef Bayless in cash.

The details of the JFC Group's interest in Tortas as at December 31 are as follows:

	2020	2019
Interest in an associate - cost	**₱668,679**	₱668,679
Cumulative equity in net earnings (losses):		
Balance at beginning of year	**10,114**	**-**
Equity in net earnings (loss) during the year	**(18,118)**	10,114
Balance at end of year	**(8,004)**	10,114
	₱660,675	₱678,793

Summarized financial information of Tortas based on its financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

	2020	2019
Current assets	**₱364,264**	₱417,627
Noncurrent assets	**339,336**	302,116
Total Assets	**₱703,600**	₱719,743
Current liabilities	**₱15,382**	₱331

The amounts of assets and liabilities above include:

	2020	2019
Cash and cash equivalents	**₱360,215**	₱408,756

The amounts of the income and expense accounts include the following:

	2020	2019	2018
Revenues	**₱28,047**	₱128,138	₱48,213
Net income (loss)	**(34,696)**	24,899	34,717
Total comprehensive income (loss)	**(34,696)**	24,899	34,717

	2020	2019
Net assets	**₱688,218**	₱719,412
Proportion of the JFC Group's ownership	**52.22%**	52.22%
	359,387	375,677
Goodwill	**381,532**	381,532
Cumulative translation adjustments	**(80,244)**	(78,416)
	₱660,675	₱678,793

Entrek (B) SDN BHD (Entrek). The JFC Group, through JIBL, has 1/3 or 33.3% ownership in Entrek, a company that operates Jollibee stores in Brunei.

The details of the JFC Group's interest in Entrek as at December 31 are as follows:

	2020	2019
Interest in an associate - cost	**₱16,660**	₱16,660
Cumulative equity in net earnings:		
Balance at beginning of year	**120,405**	175,084
Equity in net earnings during the year	**40,131**	21,336
Dividends received during the year	**(53,047)**	(76,015)
Balance at end of year	**107,489**	120,405
	₱124,149	₱137,065

Summarized financial information of Entrek based on its financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

	2020	2019
Current assets	**₱463,626**	₱538,882
Noncurrent assets	**287,414**	314,943
Total assets	**₱751,040**	₱853,825
Current liabilities	**₱350,213**	₱388,928
Noncurrent liabilities	**12,973**	13,643
Total liabilities	**₱363,186**	₱402,571

The amounts of the income and expense accounts include the following:

	2020	2019	2018
Revenues	**₱967,500**	₱973,596	₱888,909
Depreciation	**74,809**	66,523	52,429
Net income	**120,393**	64,009	113,543
Total comprehensive income	**120,393**	64,009	113,543

	2020	2019
Net assets	**₱387,854**	₱451,254
Proportion of the JFC Group's ownership	**33.33%**	33.33%
	129,285	150,418
Cumulative translation adjustments	**(5,136)**	(13,353)
	₱124,149	₱137,065

C-Joy Poultry Realty, Inc. (C-Joy Realty). On May 24, 2016, the Parent Company entered into an agreement with Cargill Philippines to establish C-Joy Realty, which leases the land where the C-Joy Poultry plant is located.

The details of the JFC Group's interest in C-Joy Realty as at December 31 are as follows:

	2020	2019
Interest in an associate - cost	**₱10,586**	₱10,586
Cumulative equity in net earnings (losses):		
Balance at beginning of year	**(2,039)**	(1,431)
Equity in net earnings (loss) during the year	**2,683**	(608)
Balance at end of year	**644**	(2,039)
	₱11,230	₱8,547

Summarized financial information of C-Joy Realty based on its financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

	2020	2019
Current assets	**₱4,477**	₱715
Noncurrent assets	**62,152**	62,152
Total assets	**₱66,629**	₱62,867
Current liabilities	**₱5,126**	₱3,244
Noncurrent liabilities	**24,069**	31,133
Total liabilities	**₱29,195**	₱34,377

The amounts of assets and liabilities above include the following:

	2020	2019
Cash and cash equivalents	**₱3,412**	₱371
Current financial liabilities (excluding trade payables and other current liabilities and provisions)	**4,532**	1,067
Noncurrent financial liabilities	**24,069**	31,133

The amounts of the income and expense accounts include the following:

	2020	2019	2018
Revenues	**₱15,486**	₱2,400	₱2,400
Taxes and licenses	**73**	208	281
Interest expense	**1,212**	2,465	2,177
Net income (loss)	**8,945**	(2,027)	(1,699)
Total comprehensive income (loss)	**8,945**	(2,027)	(1,699)

	2020	2019
Net assets	**₱37,434**	₱28,490
Proportion of the JFC Group's ownership	**30%**	30%
	₱11,230	₱8,547

C-Joy Poultry Meats Production, Inc. (C-Joy Poultry). On May 24, 2016, the Parent Company entered into an agreement with Cargill Philippines, Inc., a wholly owned subsidiary of Cargill, Inc. (Cargill), to establish a joint venture entity to build and operate a poultry processing plant in Sto. Tomas, Batangas, Philippines. Cargill will oversee the setting up, management and operations of this facility.

C-Joy Poultry, the joint venture entity, formerly incorporated as Cargill Joy Poultry Meats Production, Inc., is 70% owned by Cargill and 30% owned by the Parent Company. C-Joy Poultry is estimated to create 1,000 new full-time jobs and develop new opportunities in the farming community in Batangas and nearby provinces as local poultry farmers are contracted to grow chicken to supply the requirements of the processing plant. The poultry processing plant started its commercial operations on December 5, 2017.

The details of JFC Group's interest in C-Joy Poultry as at December 31 are as follows:

	2020	2019
Interest in an associate – cost:		
Balance at beginning of year	**₱233,406**	₱233,406
Conversion of advances	**1,236,720**	–
	1,470,126	233,406
Cumulative equity in net losses:		
Balance at beginning of year	**(233,406)**	(233,406)
Equity in net loss	**(1,364,614)**	–
Balance at end of year	**(1,598,020)**	(233,406)
	(₱127,894)	₱–

The JFC Group's equity share in net losses amounting to ₱527.1 million in 2018 exceeded the carrying value of its interest in C-Joy Poultry amounting to ₱151.5 million as at December 31, 2017. Consequently, the JFC Group's unrecognized equity share in net losses amounted to ₱591.7 million and ₱375.6 million for the years ended December 31, 2019 and 2018, respectively.

On May 20, 2020, the BOD approved the conversion of C-Joy Poultry's advances from Parent Company to equity amounting to ₱1,236.7 million.

On September 9, 2020, the BOD ratified the Minutes of Special Meeting dated May 20, 2020 for the conversion of JFC Group's advances amounting ₱1,236.7 million to additional interest in C-Joy Poultry. Consequently, the equity in net loss amounting to ₱1,364.6 million recognized in the consolidated statements of comprehensive income includes the unrecognized equity share in net losses amounting to ₱967.3 million as at December 31, 2019. The loss in excess of interest in C-Joy Poultry of ₱127.9 million as at December 31, 2020 is presented as part of "Noncurrent liabilities" account in the consolidated statements of financial position.

Summarized financial information of the C-Joy Poultry based on its financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

	2020	2019
Current assets	**₱1,008,150**	₱2,039,066
Noncurrent assets	**2,138,033**	2,026,536
Total Assets	**₱3,146,183**	₱4,065,602
Current liabilities	**₱3,528,140**	₱7,242,810
Noncurrent liabilities	**44,358**	47,207
Total liabilities	**₱3,572,498**	₱7,290,017

The amounts of assets and liabilities above include the following:

	2020	2019
Cash and cash equivalents	**₱156,071**	₱1,224,437
Current financial liabilities (excluding trade payables and other current liabilities and provisions)	**473,970**	522,880
Noncurrent financial liabilities	**44,358**	47,207

The amounts of the income and expense accounts include the following:

	2020	2019	2018
Revenues	**₱4,841,680**	₱4,764,375	₱4,014,768
Depreciation and amortization	**187,781**	118,088	109,629
Taxes and licenses	**22,781**	93,660	35,788
Interest income	**757**	1,706	593
Interest expense	**182,848**	283,992	101,939
Net loss	**(1,324,300)**	(1,972,303)	(1,756,971)
Total comprehensive loss	**(1,342,048)**	(1,978,024)	(1,755,682)

	2020	2019
Net liabilities	**(₱426,315)**	(₱3,224,415)
Proportion of the JFC Group's ownership	**30%**	30%
	(₱127,894)	(₱967,324)

Advances to Co-venturers

Advances to VTI Group. The details of the JFC Group's advances to VTI Group as at December 31 are as follows:

	2020	2019
Balance at beginning of year	**₱1,664,532**	₱1,672,861
Accrual of interest (see Note 23)	**52,451**	53,531
Translation adjustments and others	**(87,802)**	(61,860)
Balance at end of year	**₱1,629,181**	₱1,664,532

On December 14, 2016, a loan of USD9.0 million (₱447.5 million) was extended to the VTI Group with an interest rate of 3.5% per annum. The loan was agreed to be used for SuperFoods Group's capital needs. The loan is part of the total agreed loan of USD30.0 million payable in eight (8) years from the first utilization date. On June 2, 2017, the additional loan of USD21.0 million (₱1,060.0 million) was granted to the VTI Group. The loan is secured by pledged shares in SFVT and Blue Sky which will be released in proportion to the amount of the principal paid. Total interest from this loan, recognized as interest income, amounted to USD1.1 million (₱52.5 million), USD1.1 million (₱53.5 million) and USD1.1 million (₱55.5 million) in 2020, 2019 and 2018, respectively (see Note 23).

Advances to an Associate

Advances to C-Joy Poultry. The details of the JFC Group's advances to C-Joy Poultry as at December 31 are as follows:

	2020	2019
Balance at beginning of year	**₱1,240,606**	₱1,236,720
Conversion to equity during the year	**(1,236,720)**	–
Accrual (collection) of interest	**(3,886)**	3,886
Balance at end of year	**₱–**	₱1,240,606

On May 30, 2019, loans totaling to ₱615.0 million were extended by the Parent Company to C-Joy Poultry payable on May 29, 2020. The loans were subject to interest rate based on PHP BVAL Reference Rates for the 6-month tenor (6-month BVAL) plus spread of 0.50%.

On June 28, 2019, additional loan was extended amounting to ₱315.0 million due on June 26, 2020. The loan was subject to interest rate based on 6-month BVAL plus spread of 0.50%.

On December 20, 2019, additional loan amounting to ₱306.7 million was extended subject to interest rate based on 6-month BVAL plus spread of 0.50%.

Total interest from the loans recognized as interest income amounted to ₱17.5 million and ₱32.5 million in 2020 and 2019, respectively (see Note 23).

On September 9, 2020, upon ratification of the BOD Minutes of Special Meeting dated May 20, 2020, total advances amounting ₱1,236.7 million were converted to equity.

12. Property, Plant and Equipment

The rollforward analysis of property, plant and equipment are as follows:

	2020							
	Land and Land Improvements	Plant, Buildings, Commercial Condominium Units and Improvements	Leasehold Rights and Improvements	Office, Store and Food Processing Equipment	Furniture and Fixtures	Transportation Equipment	Construction in Progress	Total
Cost								
Balance at beginning of year	₱1,069,759	₱7,508,767	₱25,861,381	₱25,871,816	₱3,068,656	₱626,159	₱3,709,083	₱67,715,621
Additions	–	376,853	890,409	972,162	121,595	22,491	3,496,015	5,879,525
Retirements and disposals	(7,564)	(213,559)	(3,303,598)	(2,152,757)	(413,546)	(26,151)	(83,829)	(6,201,004)
Reclassifications	–	361,437	2,002,990	900,283	63,792	29	(3,328,531)	–
Translation adjustments	(21,391)	(70,302)	(417,364)	(279,655)	(139,407)	(1,083)	(41,378)	(970,580)
Balance at end of year	1,040,804	7,963,196	25,033,818	25,311,849	2,701,090	621,445	3,751,360	66,423,562
Accumulated Depreciation and Amortization								
Balance at beginning of year	7,564	2,187,141	13,889,198	16,266,305	1,901,747	467,697	–	34,719,652
Depreciation and amortization (see Notes 21 and 22)	–	510,583	2,303,053	3,252,511	398,087	59,489	–	6,523,723
Retirements and disposals	(7,564)	(211,207)	(1,639,531)	(1,992,015)	(219,683)	(23,059)	–	(4,093,059)
Reclassifications	–	(2)	(181,386)	163,148	18,240	–	–	–
Translation adjustments	–	(29,071)	(260,704)	(216,056)	(102,054)	(494)	–	(608,379)
Balance at end of year	–	2,457,444	14,110,630	17,473,893	1,996,337	503,633	–	36,541,937
Accumulated Impairment Losses								
Balance at beginning of year	–	–	–	403,847	–	–	–	403,847
Additions (see Note 22)	–	1,437	501,327	657,789	4,155	338	20,466	1,185,512
Reversals (see Note 22)	–	–	–	(76,173)	–	–	–	(76,173)
Retirements and disposals	–	–	–	(296,836)	–	–	–	(296,836)
Translation adjustments	–	–	–	(18,856)	–	–	–	(18,856)
Balance at end of year	–	1,437	501,327	669,771	4,155	338	20,466	1,197,494
Net Book Value	₱1,040,804	₱5,504,315	₱10,421,861	₱7,168,185	₱700,598	₱117,474	₱3,730,894	₱28,684,131

	2019							
	Land and Land Improvements	Plant, Buildings, Commercial Condominium Units and Improvements	Leasehold Rights and Improvements	Office, Store and Food Processing Equipment	Furniture and Fixtures	Transportation Equipment	Construction in Progress	Total
Cost								
Balance at beginning of year	₱677,030	₱4,078,145	₱22,621,231	₱21,602,616	₱2,325,794	₱710,293	₱5,306,609	₱57,321,718
Additions	–	640,300	1,185,444	1,579,326	115,295	45,300	6,476,247	10,041,912
Acquisition of a business (see Note 11)	380,174	–	1,806,996	1,155,572	466,519	3,592	165,965	3,978,818
Retirements and disposals	(250,800)	(90,805)	(2,127,825)	(2,090,377)	(211,873)	(152,675)	(142,040)	(5,066,395)
Reclassifications (see Note 13)	276,252	2,951,849	2,887,927	3,900,906	439,723	22,283	(8,075,874)	2,403,066
Translation adjustments	(12,897)	(70,722)	(512,392)	(276,227)	(66,802)	(2,634)	(21,824)	(963,498)
Balance at end of year	1,069,759	7,508,767	25,861,381	25,871,816	3,068,656	626,159	3,709,083	67,715,621

(Forward)

	2019							
	Land and Land Improvements	Plant, Buildings, Commercial Condominium Units and Improvements	Leasehold Rights and Improvements	Office, Store and Food Processing Equipment	Furniture and Fixtures	Transportation Equipment	Construction in Progress	Total
Accumulated Depreciation and Amortization								
Balance at beginning of year	₱7,564	₱1,887,219	₱12,742,046	₱14,143,755	₱1,301,456	₱532,563	₱–	₱30,614,603
Depreciation and amortization (see Notes 21 and 22)	–	216,525	2,129,239	3,364,544	389,518	79,910	–	6,179,736
Retirements and disposals	–	(86,482)	(1,531,475)	(1,681,962)	(120,274)	(142,745)	–	(3,562,938)
Reclassifications	–	194,900	899,878	651,475	380,172	389	–	2,126,814
Translation adjustments	–	(25,021)	(350,490)	(211,507)	(49,125)	(2,420)	–	(638,563)
Balance at end of year	7,564	2,187,141	13,889,198	16,266,305	1,901,747	467,697	–	34,719,652
Accumulated Impairment Losses								
Balance at beginning of year	–	–	–	34,566	–	–	–	34,566
Additions (see Note 22)	–	–	–	399,212	–	–	–	399,212
Reversals (see Note 22)	–	–	–	(29,179)	–	–	–	(29,179)
Translation adjustments	–	–	–	(752)	–	–	–	(752)
Balance at end of year	–	–	–	403,847	–	–	–	403,847
Net Book Value	₱1,062,195	₱5,321,626	₱11,972,183	₱9,201,664	₱1,166,909	₱158,462	₱3,709,083	₱32,592,122

Construction in progress account mainly pertains to costs incurred for ongoing construction of properties, including soon-to-open stores and commissaries. The borrowing cost that has been capitalized for the construction of commissaries amounted to ₱89.7 million as at December 31, 2020 and 2019, respectively.

On December 9, 2019, RRB Holdings Inc., a wholly owned subsidiary, entered into a memorandum of agreement with Robinsons Land Corporation, Double Dragon Properties Corp. and Hotel of Asia, Inc. for the sale of a parcel of land for ₱1,033.2 million with carrying amount of ₱250.8 million.

On December 24, 2019, the Parent Company purchased condominium units in Jollibee Tower for a total cost of ₱1,055.0 million in relation to the contract to sell entered with Double Dragon.

In relation to JFC Group's business transformation initiative, certain stores have been permanently closed resulting in a loss on retirements and disposals of property, plant and equipment amounting to ₱1,489.2 million in 2020. Loss (gain) on retirements and disposals of property, plant and equipment amounted to (₱299.0 million) and ₱45.5 million in 2019 and 2018, respectively (see Note 22).

The JFC Group also performed impairment assessments of fixed assets considering that there are observable indications that the assets' values have significantly declined specially that certain stores were planned to be closed in 2021 resulting to recognition of provision for impairment amounting to ₱1,185.5 million, ₱399.2 million and nil in 2020, 2019 and 2018, respectively (see Note 22).

Management reassessed the recoverable amount of the JFC Group's office, store and food processing equipment and recognized reversal of provision amounting to ₱76.2 million and ₱29.2 million in 2020 and 2019, respectively (see Note 22). Consequently, allowance for impairment loss amounted to ₱1,197.5 million and ₱403.8 million as at December 31, 2020 and 2019, respectively.

No property, plant and equipment as at December 31, 2020 and 2019 have been pledged as security or collateral.

13. Investment Properties

The rollforward analysis of this account are as follows:

	2020		
	Land	**Buildings and Building Improvements**	**Total**
Cost			
Balance at beginning and end of year	**₱572,722**	**₱179,377**	**₱752,099**
Accumulated Depreciation and Amortization			
Balance at beginning and end of year	–	**179,377**	**179,377**
Net Book Value	**₱572,722**	**₱–**	**₱572,722**

	2019		
	Land	Buildings and Building Improvements	Total
Cost			
Balance at beginning of year	₱848,974	₱179,377	₱1,028,351
Reclassification to property, plant and equipment (see Note 12)	(276,252)	–	(276,252)
Balance at end of year	572,722	179,377	752,099
Accumulated Depreciation and Amortization			
Balance at beginning and end of year	–	179,377	179,377
Net Book Value	₱572,722	₱–	₱572,722

In 2019, the land, with a cost of ₱276.3 million, was transferred at cost to property, plant and equipment due to change in use, evidenced by commencement of owner-occupation (see Note 12).

The JFC Group's investment properties have an aggregate fair value of ₱1,537.3 million as at December 31, 2020 as determined by independent appraisers who holds a recognized and relevant professional qualification. The fair value represents the amount at which the assets and liabilities can be exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions in accordance with International Valuation Standards.

In determining the fair value of the investment properties, the independent appraisers used the market data approach for land and cost approach for buildings and building improvements. For land, fair value is based on sales and listings of comparable properties within the vicinity after adjustments for differences in location, size and shape of the lot, time elements and other factors between the properties and their comparable properties. For buildings and building improvements, fair value is based on the current cost to replace the properties in accordance with prevailing market prices for materials, labor, and contractors' overhead, profit and fees in the locality after adjustments for depreciation due to physical deterioration, and functional and economic obsolescence based on personal inspection of the buildings and building improvements and in comparison to similar properties. Fair value hierarchy disclosures for investment properties have been provided in Note 32.

Rent income derived from income-generating properties amounted to ₱20.1 million and ₱28.8 million in 2020 and 2019, respectively (see Notes 20 and 29).

Direct operating costs relating to the investment properties which include maintenance expenses totaled to ₱12.8 million and ₱15.0 million in 2020 and 2019, respectively.

In 2015, the Parent Company entered into an agreement to develop a commercial and office condominium building (the "Project") in a parcel of its land in consideration for cash and assigned units in the Project. The completion of the transaction is conditional upon fifty percent (50%) completion of the Project, as certified by the general contractor of the Project, and when all of the assigned units are fully constructed and accepted in accordance with the specifications contained in the Agreed Design. As at December 31, 2020, the assigned units have not been accepted by and conveyed to the JFC Group.

No investment properties as at December 31, 2020 and 2019 have been pledged as security or collateral for the JFC Group's debts.

14. Trademarks, Goodwill and Other Intangible Assets

This account consists of:

	2020	2019 (As restated - Note 11)
Trademarks (Note 11)	**₱35,047,990**	₱35,047,990
Goodwill (Note 11)	**14,097,283**	14,497,162
Computer software, net of accumulated amortization	**479,463**	570,685
Other intangible assets, net of accumulated amortization	**599,342**	699,495
	₱50,224,078	₱50,815,332

Trademarks and Goodwill
Trademarks and goodwill acquired through business combinations are attributable to the following group of CGUs as at December 31:

	2020	2019
Trademarks:		
CBTL (see Note 11)	**₱18,484,721**	₱18,484,721
Smashburger	**10,414,000**	10,414,000
SuperFoods Group:		
Highlands Coffee	**3,681,912**	3,681,912
Pho 24	**463,101**	463,101
Mang Inasal	**2,004,256**	2,004,256
Total	**35,047,990**	35,047,990
Goodwill:		
Smashburger (see Note 11)	**4,929,722**	5,198,690
Hong Zhuang Yuan	**2,756,350**	2,718,848
SuperFoods Group	**2,340,102**	2,464,156
Mang Inasal	**1,781,267**	1,781,267

(Forward)

	2020	2019
Red Ribbon Bakeshop:		
Philippine operations	**₱737,939**	₱737,939
US operations	**379,904**	400,632
Yong He King	**583,642**	575,701
Chowking US operations	**425,403**	448,614
GSC	**157,709**	166,070
Burger King	**5,245**	5,245
	14,097,283	14,497,162
Trademarks and goodwill	**₱49,145,273**	₱49,545,152

The rollforward analysis of the JFC Group's goodwill as at December 31 are as follows:

	2020	2019
Cost		
Balance at beginning and end of year	**₱14,497,162**	₱14,395,717
Translation Adjustments		
Balance at beginning of year	**101,445**	–
Translation adjustments of foreign subsidiaries	**(501,324)**	101,445
Balance at end of year	**(399,879)**	101,445
Net Book Value	**₱14,097,283**	₱14,497,162

Computer Software
The JFC Group's computer software pertains to the Enterprise Resource Planning (ERP) system which the JFC Group started to use on August 1, 2014 and cloud-based hosting arrangements and implementation costs of CBTL.

The rollforward analysis of the JFC Group's computer software as at December 31 are as follows:

	2020	2019
Cost		
Balance at beginning of year	**₱972,468**	₱823,506
Additions	**33,616**	–
Acquisition of a business (see Note 11)	**–**	169,652
Write-off	**–**	(20,690)
Balance at end of year	**1,006,084**	972,468
Accumulated Amortization		
Balance at beginning of year	**397,035**	306,531
Amortizations (see Note 22)	**115,978**	90,504
Balance at end of year	**513,013**	397,035
Translation adjustment	**(13,608)**	(4,748)
Net Book Value	**₱479,463**	₱570,685

Other Intangible Assets
The JFC Group's other intangible assets include other trademarks and patents, liquor licenses and customer list amortized over a useful life of five (5) years.

The rollforward analysis of other intangible assets as at December 31 are as follows:

	2020	2019 (As restated - Note 11)
Cost		
Balance at end of year, As previously reported	**₱121,708**	₱170,970
Effect of CBTL's final purchase price allocation (see Note 11)	**678,628**	(49,262)
Balance at beginning of year, As restated	**800,336**	121,708
Additions	**8,862**	–
Effect of CBTL's final purchase price allocation (see Note 11)	–	678,628
Balance at end of year, As restated	**809,198**	800,336
Accumulated Amortization		
Balance at end of year, As previously reported	**75,055**	55,923
Effect of CBTL's final purchase price allocation (see Note 11)	**22,152**	–
Balance at beginning of year, As restated	**97,207**	55,923
Amortizations (see Note 22)	**116,934**	19,132
Effect of CBTL's final purchase price allocation (see Note 11)	–	22,152
Balance at end of year, As restated	**214,141**	97,207
Translation adjustment	**4,285**	(3,634)
Net Book Value	**₱599,342**	₱699,495

Impairment Testing of Trademarks and Goodwill
Goodwill acquired through business combinations have been allocated to ten (10) groups of CGUs, which are subsidiaries of the Parent Company, owned directly or indirectly. The recoverable amounts of the groups of CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by the BOD covering a five-year period, taking into consideration effect of significant events (i.e., Covid-19) on the macroeconomic factors used in developing the assumptions. Furthermore, the trademarks of Smashburger, SuperFoods Group and Mang Inasal are allocated to the CGU of Smashburger, SuperFoods Group and Mang Inasal, respectively. The recoverable amount of the trademarks of CBTL was determined using the relief-from-royalty method wherein the value is based on cost savings from owning the trademark.

The calculation of value in use is most sensitive to the following assumptions which vary per geographical location:

CGUs	Geographical Location	Pre-tax Discount Rate	Long-term Revenue Growth Rate
Hong Zhuang Yuan	PRC	8.5%	5.5%
Mang Inasal	Philippines	9.8%	5.9%
Red Ribbon Bakeshop:			
Philippine operations	Philippines	10.1%	5.2%
US operations	USA	4.9%	2.4%
Yong He King	PRC	8.5%	5.5%
Chowking US operations	USA	4.8%	2.4%
Burger King	Philippines	9.8%	5.2%
GSC	Vietnam	9.7%	8.4%
SuperFoods Group	Vietnam	9.7%	8.4%
Smashburger	USA	4.9%	2.4%
CBTL	USA	6.3%	4.2%

Key assumptions with respect to the calculation of value in use of the groups of CGUs as at December 31, 2020 used by management in its cash flow projections to undertake impairment testing of goodwill are as follows:

a) Discount rates - discount rates represent the current market assessment of the risks specific to each group of CGUs, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the JFC Group's group of CGUs, derived from the weighted average cost of capital (WACC) of each group of CGUs. The WACC takes into account both the cost of debt and equity. The cost of equity is calculated using the Capital Asset Pricing Model (CAPM). The cost of debt is based on the assumed interest-bearing borrowings each group of CGUs is obliged to service. CGU-specific risk is incorporated by applying individual alpha and beta factors. The beta factors are evaluated annually based on publicly available market data.

b) Long-term growth rates - rates are determined in consideration of historical and projected results, as well as the economic environment where the group of CGUs operate.

c) EBITDA - is based on the most recent value achieved in the year preceding the start of the budget period, and adjusted for planned efficiency improvement, if any.

Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount of the CGUs to exceed its recoverable amount.

No impairment losses were recognized for trademarks and goodwill for the years ended December 31, 2020 and 2019.

15. Other Noncurrent Assets

This account consists of:

	2020	2019
Security and other deposits (see Notes 9, 31 and 32)	**₱2,772,604**	₱2,971,739
Noncurrent portion of:		
Employee car plan receivables (see Notes 7, 31 and 32)	**79,598**	133,434
Rent and other long-term prepayments	**21,209**	136,046
Prepaid market entry fee - net of accumulated amortization of ₱26.0 million and ₱20.8 million in 2020 and 2019, respectively	**76,052**	85,518
Franchise rights - net of accumulated amortization of ₱72.0 million and ₱63.0 million in 2020 and 2019, respectively	**64,499**	80,125
Deferred compensation	**15,913**	24,776
Returnable containers and others	**12,364**	20,482
Tools and other assets	**386,506**	343,854
	₱3,428,745	₱3,795,974

Terms and conditions of other noncurrent assets are as follows:

- Security and other deposits generally represent deposits for leases entered into by the JFC Group as lessee. The security deposits are recoverable from the lessors at the end of the lease terms, which range from three to twenty years. These are carried at amortized cost. The discount rates used range from 1.00%-15.43% and 2.91%-21.57% in 2020 and 2019, respectively. The difference between the fair value at initial recognition and the notional amount of the security deposits is recognized as right-of-use asset.

- Employee car plan receivables are presented at amortized cost. The difference between the fair value at initial recognition and the notional amount of the employee car plan receivables is recognized as "Deferred compensation" and is amortized on a straight-line basis over the credit period.

  Accretion of interest on security and other deposits and employee car plan receivables amounted to ₱35.9 million and ₱33.6 million in 2020 and 2019, respectively (see Note 23).

- Prepaid market entry fee represents upfront fee paid to the franchisor prior to the operations of Dunkin' Donuts restaurants in the PRC. Market entry fee is amortized over twenty (20) years effective February 2016, start of Dunkin' Donuts operations.

  The rollforward analysis of prepaid market entry fee as at December 31 are as follows:

	2020	2019
Market Entry Fee		
Balance at beginning and end of year	**₱93,870**	₱93,870
Accumulated Amortization		
Balance at beginning of year	**20,830**	15,392
Amortizations (see Note 22)	**5,209**	5,438
Balance at end of year	**26,039**	20,830
Translation adjustment	**8,221**	12,478
	₱76,052	₱85,518

- Franchise rights pertain to franchise fees paid by PERF entities to Burger King Asia Pacific for the license to operate Burger King stores in the Philippines. Franchise rights are amortized over ten (10) years.

  The rollforward analysis of franchise rights as at December 31 are as follows:

	2020	2019
Franchise Rights		
Balance at beginning of year	**₱143,172**	₱130,317
Additions	**2,511**	12,855
Write-off	**(9,202)**	–
Balance at end of year	**136,481**	143,172
Accumulated Amortization		
Balance at beginning of year	**63,047**	49,414
Amortizations (see Note 22)	**12,313**	13,633
Write-off	**(3,378)**	–
Balance at end of year	**71,982**	63,047
	₱64,499	₱80,125

- Tools and other assets represent tools for repairs and maintenance of office and store equipment which were still unused as at December 31, 2020 and 2019.

16. Trade Payables and Other Current Liabilities and Contract Liabilities

This account consists of:

	2020	2019 (As restated - Note 11)
Trade	**₱11,665,921**	₱14,404,966
Accruals for:		
Salaries, wages and employee benefits	**2,740,760**	2,774,588
Store operations	**1,687,259**	2,220,719
Local taxes	**1,356,637**	2,580,103
Rent	**1,355,193**	1,259,282
Advertising and promotions	**1,118,474**	1,646,581
Freight	**1,093,078**	753,050
Utilities	**625,803**	569,001
Interest (Note 18)	**543,729**	167,272
Repairs and maintenance	**414,559**	334,262
Operating supplies	**330,252**	301,716
Professional fees	**295,004**	299,894
Security	**212,063**	162,061
Transportation and travel	**145,180**	100,284
Communication	**136,689**	90,226
Insurance	**63,989**	79,263
Trainings and seminars	**20,812**	28,805
Service fees and others	**2,559,020**	1,481,552
Customer deposits	**1,207,191**	1,036,909

(Forward)

	2020	2019 (As restated - Note 11)
Unearned revenue from gift certificates	**₱565,202**	₱1,370,466
Dividends and coupons payable	**579,100**	87,959
Other current liabilities	**1,331,175**	1,560,525
	30,047,090	33,309,484
Contract liabilities	**1,318,924**	1,008,073
	₱31,366,014	₱34,317,557

The terms and conditions of the above liabilities are as follows:

- Trade payables to suppliers are noninterest-bearing and are normally settled on a 30 to 60-day term.

- Accrued expenses are noninterest-bearing and are normally settled within the next financial year. Other accrued liabilities presented under "Service fees and others" consist of asset retirement obligation and other miscellaneous expenses.

- Customer deposits pertain to deposits from franchisees for the sale of store assets, security deposits from operating leases with franchisees which are refundable at the end of the lease term and deposits for kiddie party packages.

  Accretion of interest on customer deposits amounted to ₱0.8 million and ₱0.5 million in 2020 and 2019, respectively (see Note 23).

- Other current liabilities consist of contractors' retention, staled checks, amounts payable for mascots and various subscriptions in newspapers given to customers as a complementary to their meals.

- Contract liabilities pertain to deferred revenues and unearned revenues from gift certificates from international operations.

  Movements of contract liabilities arising from deferred revenues and unearned revenues from gift certificates from international operations are as follows:

	2020	2019
Balance at beginning of year	**₱1,008,073**	₱150,078
Additions	**2,067,725**	728,527
Utilized gift certificates	**(1,713,631)**	(646,179)
Acquisition of a subsidiary (see Note 11)	**–**	803,150
Translation adjustments	**(43,243)**	(27,503)
Balance at end of year	**₱1,318,924**	₱1,008,073

  The amount of contract liabilities arising from deferred revenues and unearned revenues from gift certificates from international operation is expected to be earned within one year.

17. Provisions

The rollforward analysis of provisions is as follows:

	2020	2019
Balance at beginning of year	**₱825,109**	₱825,109
Additions (see Notes 1 and 23)	**501,637**	–
Balance at end of year	**1,326,746**	825,109
Current	**291,110**	–
Noncurrent	**₱1,035,636**	₱825,109

The JFC Group's outstanding provisions consist mainly of provisions for asserted claims which are normal to the JFC Group's business. These include estimates of legal services, settlement amounts and other costs of claims made against the JFC Group. Other information on the claims is not disclosed as this may prejudice the JFC Group's position on such claims (see Note 30).

18. Short and Long-term Debts and Senior Debt Securities

Short-term Debt

The short-term debt consists of the following:

	Availment Date	Maturity Date	Interest Rate	Condition	**2020**	2019
USD-denominated						
Subsidiaries						
Loan 1	September 23, 2019	September 23, 2020	LIBOR plus spread; quarterly	Unsecured	**₱–**	₱2,532,000
Loan 2	September 20, 2019	September 20, 2020	LIBOR plus spread; quarterly	Unsecured	**–**	4,557,600
Loan 3	September 20, 2019	September 20, 2020	LIBOR plus spread; quarterly	Unsecured	**–**	4,557,600
Loan 4	September 20, 2019	September 7, 2020	LIBOR plus spread; quarterly	Unsecured	**–**	2,532,000
Loan 5	September 13, 2019	September 7, 2020	LIBOR plus spread; quarterly	Unsecured	**–**	6,076,800
Loan 6	April 5, 2019-July 19, 2019	March 31, 2021	LIBOR plus spread; quarterly	Unsecured	**960,400**	1,012,800
Loan 7	August 22, 2019 -April 2, 2020	February 3, 2021	LIBOR plus spread; quarterly	Unsecured	**1,680,700**	911,520
Loan 8	September 30, 2020	September 24, 2021	LIBOR plus spread; quarterly	Unsecured	**480,200**	–
Loan 9	March 11, 2020-April 21, 2020	March 4, 2021	LIBOR plus spread; quarterly	Unsecured	**1,440,600**	–
Loan 10	October 27, 2020	September 24, 2021	LIBOR plus spread; quarterly	Unsecured	**480,200**	–
Parent Company						
Loan 11	April 23, 2020	February 26, 2021	2.5% Fixed rate	Unsecured	**1,440,690**	–
Loan 12	April 29, 2020	February 26, 2021	2.5% Fixed rate	Unsecured	**1,392,667**	–
PHP-denominated						
Parent Company						
Loan 13	April 15, 2020	April 10, 2021	BVAL plus spread; quarterly	Unsecured	**4,000,000**	–
Subsidiary						
Loan 14	April 20, 2020	April 15, 2021	Variable rate; quarterly	Unsecured	**1,000,000**	–
Loan 15	September 8, 2020	September 3, 2021	Variable rate; quarterly	Unsecured	**3,000,000**	**–**
					₱15,875,457	₱22,180,320

Loans of JWPL. Loan 1 consists of a short-term loan availed on September 23, 2019 from a local bank amounting to USD50.0 million (₱2,679.5 million) subject to a variable interest rate based on London Interbank Offered Rate (LIBOR) plus spread of 0.55% which is payable and is reset on a quarterly basis. The principal is payable on September 23, 2020, the maturity date. As at December 31, 2020 and 2019, the carrying value of the loan amounted to nil and USD50.0 million (₱2,532.0 million). The loan is guaranteed by the Parent Company.

Loan 2 consists of a short-term loan availed on September 20, 2019 from a local bank amounting to USD90.0 million (₱4,823.1 million) subject to a variable interest rate based on three-month LIBOR plus spread of 0.62% which is payable and is reset on a quarterly basis. The principal is payable on September 20, 2020, the maturity date. As at December 31, 2020 and 2019, the carrying value of the loan amounted to nil and USD90.0 million (₱4,557.6 million). The loan is guaranteed by the Parent Company.

Loan 3 consists of a short-term loan availed on September 20, 2019 from a local bank amounting to USD90.0 million (₱4,823.1 million) subject to a variable interest rate based on LIBOR plus spread of 0.55% which is payable and is reset on a quarterly basis. The principal is payable on September 20, 2020, the maturity date. As at December 31, 2020 and 2019, the carrying value of the loan amounted to nil and USD90.0 million (₱4,557.6 million). The loan is guaranteed by the Parent Company.

Loan 4 consists of a short-term loan availed on September 20, 2019 from a foreign bank amounting to USD50.0 million (₱2,679.5 million) subject to a variable interest rate based on LIBOR plus spread of 0.90% which is payable and is reset on a quarterly basis. The principal is payable on September 7, 2020, the maturity date. As at December 31, 2020 and 2019, the carrying value of the loan amounted to nil and USD50.0 million (₱2,532.0 million). The loan is guaranteed by the Parent Company.

Loan 5 consists of a short-term loan availed on September 13, 2019 from a foreign bank amounting to USD120.0 million (₱6,430.8 million) subject to a variable interest rate based on three-month LIBOR plus spread of 0.50% which is payable and is reset on a quarterly basis. The principal is payable on September 7, 2020, the maturity date. As at December 31, 2020 and 2019, the carrying value of the loan amounted to nil and USD120.0 million (₱6,076.8 million). The loan is guaranteed by the Parent Company.

The short-term debts of JWPL (Loans 1 to 5) have been prepaid on February 3 and 6, 2020 from the proceeds of the issuance of guaranteed Senior Perpetual Securities (see Note 19).

Loans of SJBF. Loan 6 consists of a short-term uncommitted line of credit agreement signed on March 22, 2019 with a local bank up to an aggregate amount of USD20.0 million (₱1,046.4 million) until April 1, 2020. The loan is subject to variable interest rate based on three-month LIBOR plus spread of 0.95% which is payable monthly and subject to quarterly repricing. The initial drawdown was availed on April 5, 2019 amounting to USD5.0 million (₱260.5 million). Subsequently, 2nd , 3rd and 4th drawdowns amounting to USD5.0 million (₱262.2 million), USD5.0 million (₱257.9 million) and USD5.0 million (₱255.2 million) were availed on May 14, 2019, June 21, 2019 and July 19, 2019, respectively. The maturity of the loan was extended from March 23, 2020 to March 31, 2021. As at December 31, 2020 and 2019, the carrying value of the loan amounted to USD20.0 million (₱960.4 million) and USD20.0 million (₱1,012.8 million), respectively.

Loan 7. On August 14, 2019, Smashburger Finance LLC signed a short-term uncommitted line of credit agreement with a local bank up to an aggregate amount of USD20.0 million (₱1,045.6 million) until August 14, 2020. The loan is subject to variable interest rate based on three-month LIBOR plus spread of 0.95% which is payable and repriced quarterly. The initial drawdown was availed on August 22, 2019 amounting to USD5.0 million (₱261.3 million). Subsequently, 2nd and 3rd drawdowns amounting to USD10.0 million (₱507.3 million) and USD3.0 million (₱151.9 million) were availed on November 12, 2019 and December 30, 2019, respectively. The loan will mature on August 14, 2020.

On February 3, 2020, the credit agreement was amended to increase the aggregate amount from USD20.0 million (₱1,045.6 million) to USD35.0 million (₱1,778.0 million). The credit agreement was extended until February 3, 2021, the maturity date, and made available to the JFC Group's other subsidiaries in North America. Each loan is subject to variable interest rate based on three-month LIBOR plus spread of 0.85% which is payable monthly and subject to quarterly repricing. The 4th, 5th and 6th drawdowns amounting to USD10.0 million (₱506.8 million), USD5.0 million (₱253.4 million) and USD2.0 million (₱99.6 million) were availed on February 6, 2020, March 16, 2020 and April 2, 2020, respectively. As at December 31, 2020 and 2019, the carrying value of the loan amounted to USD35.0 million (₱1,680.7 million) and USD18.0 million (₱911.5 million), respectively. On February 3, 2021, the credit agreement was extended up to February 3, 2022.

Loan 8 consists of a short-term loan availed on September 30, 2020 from a local bank amounting to USD10.0 million (₱485.0 million) subject to variable interest rate based on three-month LIBOR plus spread determined by the bank and subject to quarterly repricing. The principal is payable on September 24, 2021, the maturity date. As at December 31, 2020, the carrying value of the loan amounted to USD10.0 million (₱480.2 million).

Loans 6 to 8 are guaranteed by the Ultimate Parent Company.

Loan of HFC and HFC (Canada). Loan 9 consists of a short-term uncommitted line of credit agreement signed on March 5, 2020 with a local bank up to an aggregate amount of USD30.0 million (₱1,517.7 million) until March 4, 2021. The loan is subject to variable interest rate based on three-month LIBOR plus spread of 0.80% which is payable and repriced quarterly. The initial drawdown was availed on March 11, 2020 amounting to USD15.0 million (₱760.2 million). The 2nd drawdown was availed on April 21, 2020 amounting to USD15.0 million (₱761.9 million). As at December 31, 2020, the carrying value of the loan amounted to USD30.0 million (₱1,440.6 million). This loan is guaranteed by the Ultimate Parent Company. On March 3, 2021, the credit agreement was extended up to December 31, 2021.

Loan of ICTL. Loan 10 consist of a short-term uncommitted line of credit agreement signed on September 25, 2020 with a local bank up to an aggregate amount of USD10.0 million (₱483.8 million). The loan was availed on October 27, 2020 and is subject to variable interest rate based on LIBOR plus spread determined by the bank and subject to quarterly repricing. The loan is payable in three months from drawdown date and can be rolled over until September 24, 2021, the maturity date. As at December 31, 2020, the carrying value of the loan amounted to USD10.0 million (₱480.2 million).

Loans of Parent Company. Loan 11 consists of a short-term loan availed on April 23, 2020 from a local bank amounting to USD30.0 million (₱1,520.1 million) subject to a 2.5% fixed interest rate which is payable on a quarterly basis. The principal is payable on February 26, 2021, the maturity date. As at December 31, 2020, the carrying value of the loan amounted to USD30.0 million (₱1,440.7 million). On March 29, 2021, the loan agreement was extended up to September 24, 2021.

Loan 12 consists of a short-term loan availed on April 29, 2020 from a local bank amounting to USD29.0 million (₱1,464.8 million) subject to a 2.5% fixed interest rate which is payable on a quarterly basis. The principal is payable on February 26, 2021, the maturity date. As at December 31, 2020, the carrying value of the loan amounted to USD29.0 million (₱1,392.7 million). On March 29, 2021, the loan agreement was extended up to September 24, 2021.

Loan 13 consists of a short-term loan availed on April 15, 2020 from a local bank amounting to ₱4,000.0 million subject to a variable interest rate based on three-month BVAL plus spread of 1.0%, subject to a floor of 5.0% which is payable and is reset on a quarterly basis. The principal is payable on April 10, 2021, the maturity date.

Loans of ZFC. Loan 14 consists of a short-term loan availed on April 20, 2020 from a local bank amounting to ₱1,000.0 million subject to a variable interest rate which is payable and is reset on a quarterly basis. The principal is payable on April 15, 2021, the maturity date.

Loan 15 consists of a short-term loan availed on September 8, 2020 from a local bank amounting to ₱3,000.0 million subject to a variable interest rate based on three-month BVAL plus spread of 1.0%, subject to a floor of 5.0% which is payable and is reset on a quarterly basis. The principal is payable on September 3, 2021, the maturity date.

Loans 14 and 15 are guaranteed by the Parent Company.

Interest expense recognized on short-term debt amounted to ₱421.8 million and ₱189.9 million for the years ended December 31, 2020 and 2019, respectively (see Note 23).

Long-term Debt

The long-term debt consists of the following:

	2020	2019
Principal	**₱19,326,476**	₱22,682,946
Unamortized debt issue cost	**(68,263)**	(87,223)
	₱19,258,213	₱22,595,723

The details of long-term debt follow:

	Availment Date	Maturity Date	Interest Rate	Condition	**2020**	2019
USD-denominated						
Subsidiaries						
Loan 1	October 21, 2015	October 21, 2025	LIBOR plus spread; quarterly	Unsecured	**₱2,934,556**	₱3,713,600
Loan 2	November 29, 2016	November 29, 2024	3.0% per annum; annually	Unsecured	**1,382,976**	1,473,624
Loan 3	November 29, 2016	November 29, 2022	ROP 2121 and ROP 2024 plus spread; annually	Unsecured	**368,794**	392,966
VND-denominated						
Subsidiaries						
Loan 4	February 19, 2015	February 20, 2020	VIOR plus spread; monthly	Unsecured	**–**	10,743
Loan 5	December 30, 2015	December 20, 2020	VND COF plus spread; quarterly	Unsecured	**–**	37,145
Loan 6	April 3, 2017	April 1, 2022	VND COF plus spread; quarterly	Unsecured	**61,731**	92,863
Loan 7	February 13, 2018	March 20, 2023	VND COF plus spread; quarterly	Unsecured	**167,482**	229,269
Loan 8	November 15, 2018 - October 9, 2019	December 24, 2023	Bank's three-month COF plus spread; quarterly	Unsecured	**383,875**	404,225
Loan 9	November 19 - September 30, 2020	August 30, 2024	Bank's three-month COF plus spread; quarterly	Unsecured	**311,250**	118,511
Loan 10	August 27, 2020-July 26, 2021	July 26, 2026	Bank's three-month COF plus spread; quarterly	Unsecured	**145,812**	–

(Forward)

	Availment Date	Maturity Date	Interest Rate	Condition	**2020**	2019
PHP-denominated						
Parent Company						
Loan 11	April 22, 2016	April 22, 2021	PDST-R2 plus spread; quarterly	Unsecured	**₱124,583**	₱373,583
Loan 12	December 22, 2017	December 22, 2022	PDST-R2 plus spread; quarterly	Unsecured	**796,800**	1,195,200
Loan 13	December 22, 2017	December 22, 2022	PDST-R2 plus spread; quarterly	Unsecured	**1,045,800**	1,568,700
Loan 14	December 22, 2017	December 22, 2022	PDST-R2 plus spread; quarterly	Unsecured	**398,400**	597,600
Loan 15	December 27, 2017	December 27, 2022	PDST-R2 plus spread; quarterly	Unsecured	**298,800**	448,200
Loan 16	March 27, 2018	March 27, 2025	PDST R2 plus spread; quarterly	Unsecured	**3,550,875**	4,176,375
Loan 17	May 11, 2018	May 11, 2025	PDST R2 plus spread; quarterly	Unsecured	**2,685,803**	2,982,589
Loan 18	August 15, 2018	August 15, 2025	PDST-R2 plus spread; quarterly	Unsecured	**2,551,500**	2,683,607
Subsidiaries						
Loan 19	December 21, 2016	December 21, 2021	PDST-R2 plus spread; quarterly	Unsecured	**109,890**	109,780
Loan 20	August 24, 2018	August 24, 2025	PDST-R2 plus spread; quarterly	Unsecured	**945,000**	993,929
Loan 21	May 8, 2019	May 8, 2026	BVAL plus spread	Unsecured	**994,286**	993,214
					19,258,213	22,595,723
Less current portion - net of debt issue costs of ₱18.4 million and ₱17.8 million in 2020 and 2019, respectively					**4,720,096**	3,415,975
Noncurrent portion					**₱14,538,117**	₱19,179,748

LIBOR – London Interbank Offered Rate
VIOR – Vietnam Interbank Offered Rate
BVAL – Bloomberg Valuation Service
PDST-R2 – Philippine Dealing System Treasury - Reference Rate Two

VND-denominated Loans of SuperFoods Group. Loan 7 consists of a 5-year unsecured loan acquired from a local bank in Vietnam amounting to VND113.0 billion (₱262.7 million) available in tranches within eighteen (18) months from February 13, 2018, the date of loan agreement. The loan is subject to a variable interest rate based on three-month VND COF plus spread of 1.3%. The principal is payable in fourteen (14) quarterly installments commencing on the 21st month from the initial drawdown date on March 20, 2018 amounting to VND7.5 billion (₱17.4 million). The loan will mature on March 20, 2023. As at December 31, 2020 and 2019, the carrying value of the loan amounted to VND80.7 billion (₱167.5 million) and VND104.9 billion (₱229.3 million), respectively.

Loan 8 consists of a 5-year unsecured loan acquired from a local bank in Vietnam amounting to VND185.0 billion (₱426.2 million) available in tranches within twenty-four (24) months from November 15, 2018, the date of loan agreement. The loan is subject to a variable interest rate based on the Bank's three-month COF plus spread of 1.35%. The principal is payable in twelve (12) quarterly installments commencing on the 27th month from the initial drawdown date on December 25, 2018 amounting to VND18.2 billion (₱42.0 million). Subsequent tranches amounting to a total of VND166.8 billion (₱374.5 million) were availed in 2019. The loan will mature on December 24, 2023. As at December 31, 2020 and 2019, the carrying value of the loan amounted to VND185.0 billion (₱383.9 million) and VND185.0 billion (₱404.2 million), respectively.

Loan 9 consists of a 5-year unsecured loan acquired from a local bank in Vietnam amounting to VND160.0 billion (₱349.6 million) available in tranches within twelve (12) months from August 29, 2019, the date of loan agreement. The loan is subject to a variable interest rate based on the Bank's three-month COF plus spread of 1.35%. The principal is payable in sixteen (16) quarterly installments commencing on the 16th month from the date of agreement. Initial drawdown amounting to VND4.6 billion (₱10.2 million) was availed on November 19, 2019. Subsequent tranches amounting to a total of VND49.6 billion (₱108.4 million) were availed in November and December 2019 and a total of VND105.8 billion (₱229.6 million) were availed in 2020. The loan will mature on August 30, 2024. As at December 31, 2020 and 2019, the carrying value of the loan amounted to VND150.0 billion (₱311.3 million) and VND54.2 billion (₱118.5 million), respectively.

Loan 10 consists of a 5-year unsecured loan acquired from a local bank in Vietnam amounting to VND232.0 billion (₱484.6 million) available in tranches within twelve (12) months from July 27, 2020, the date of loan agreement. The loan is subject to a variable interest rate based on the Bank's three-month COF plus spread of 1.5%. The principal is payable in sixteen (16) quarterly installments commencing on the 16th month from the date of agreement. Initial drawdown amounting to VND7.2 billion (₱15.0 million) was availed on August 27, 2020. Subsequent tranches amounting to a total of VND63.1 billion (₱131.1 million) were availed in September to December 2020. As at December 31, 2020, the carrying value of the loan amounted to VND70.3 billion (₱145.8 million).

Loans 4 to 10 are guaranteed by the Ultimate Parent Company.

PHP-denominated Loans of the Parent Company. Loan 16 consists of 7-year unsecured loan acquired from a local bank on March 27, 2018 amounting to ₱4,200.0 million. The loan is subject to a variable interest equal to the simple average of the preceding five (5) days of the three-month PDST-R2 rate plus spread of 0.40% and to an interest rate floor of 3.0%. The principal is payable in equal quarterly installments commencing on the 27th month from drawdown date amounting to ₱210.0 million. The Parent Company incurred debt issue cost of ₱31.5 million, representing documentary stamp tax, for this loan. The Parent Company has an option to convert the variable interest rate into a fixed interest rate but in no case later than 365 days from the drawdown date. The conversion to fixed interest rate is based on simple average of the applicable/interpolated "Done" PDST-R2 rates within the preceding five (5) consecutive business days plus spread of 0.60%. In the event that there is no "Done" PDST-R2 rates, it shall be determined by interpolating the "Done" PDST-R2 of other tenors or mutually agreed computation based on the available bids/interpolation. The Parent Company also has an option to prepay the loan in part or in full on any interest payment date subject to certain conditions.

Loan 17 consists of 7-year unsecured loan acquired from a local bank on May 11, 2018 amounting to ₱3,000.0 million. The loan is subject to a variable interest rate equal to simple average of the five (5) trading days of the three-month Treasury Securities Benchmark Yield, as published in the PDST-R2 page of the PDEX preceding and inclusive of the Interest Rate Setting Date plus spread of 0.50%. The Parent Company has a one-time option to convert the variable interest rate into a fixed interest rate until the fourth interest rate setting date subject to certain conditions. The conversion to fixed interest rate is equal to the interpolated Treasury Securities Benchmark Yield based on the remaining tenor of the Loan, as published in the PDST-R2 on the interest setting date plus spread of 0.50%. The principal is payable in twenty (20) quarterly installments commencing on the end of the 8th quarter from the drawdown date. The Parent Company incurred debt issue cost of ₱22.5 million, representing documentary stamp tax, for this loan.

Loan 18 consists of 7-year unsecured loan acquired from a local bank on August 15, 2018 amounting to ₱2,700.0 million. The loan is subject to a variable interest rate equal to simple average of the five (5) trading days of the three-month Treasury Securities Benchmark Yield, as published in the PDST-R2 page of the PDEX preceding and inclusive of the Interest Rate Setting Date plus spread of 0.50%. The Parent Company has a one-time option to convert the variable interest rate into a fixed interest rate until the fourth interest rate setting date subject to certain conditions. The conversion to fixed interest rate is equal to the interpolated Treasury Securities Benchmark Yield based on the remaining tenor of the Loan, as published in the PDST-R2 on the interest setting date plus spread of 0.50%. The principal is payable in twenty (20) quarterly installments commencing on the end of the 8th quarter from the drawdown date. The Parent Company incurred debt issue cost of ₱20.3 million, representing documentary stamp tax, for this loan.



The Parent Company's PHP denominated long-term debt (Loans 11 to 18) amounted to ₱11,452.6 million and ₱14,025.9 million, net of unamortized debt issue cost of ₱57.4 million and ₱74.1 million as at December 31, 2020 and 2019, respectively. The current portion amounted to ₱3,363.9 million and ₱2,573.3 million, net of debt issue cost of ₱16.2 million and ₱16.7 million as at December 31, 2020 and 2019, respectively.

PHP-denominated Loan of Zenith. Loan 20 is a 7-year unsecured loan acquired from a local bank on August 24, 2018 amounting to ₱1,000.0 million. The loan is subject to a variable interest equal to the simple average of the preceding five (5) days of the three-month PDST-R2 on the interest setting date plus spread of 0.48% and to an interest rate floor equal to the BSP Overnight Reverse Repurchase Rate. Zenith has an option to convert the variable interest rate into a fixed interest rate but in no case later than 365 days from the drawdown date. The conversion to fixed interest rate is based on simple average of the applicable/interpolated "Done" PDST-R2 rates within the preceding five (5) consecutive business days plus spread of 0.60%. Zenith incurred debt issue cost of ₱7.5 million, representing documentary stamp tax, in relation to this loan. The principal is payable in equal quarterly installments commencing on the 27th month from the drawdown date and every quarter thereafter until maturity. The carrying amount of the loan is ₱945.0 million and ₱993.9 million, net of unamortized debt issue cost of ₱5.0 million and ₱6.1 million as at December 31, 2020 and 2019, respectively.

Loan 21 consist of 7-year unsecured loan acquired from a local bank on May 8, 2019 amounting to ₱1,000.0 million. The loan is subject to a variable interest equal to the simple average of the preceding five (5) banking days PHP BVAL Reference rate for three (3) months tenor plus spread of 0.66% or to an interest rate floor equal to the BSP Overnight Reverse Repurchase Rate plus spread of 0.50%. Zenith has an option to convert the variable interest rate into a fixed interest within one (1) year from the drawdown date. The conversion to fixed interest rate is based on simple average of the applicable/interpolated PHP BVAL Reference rate for the remaining tenor of the loan plus spread of 1.0%. Zenith incurred debt issue cost of ₱7.5 million, representing documentary stamp tax, in relation to this loan. The principal is payable in equal quarterly installments commencing on the 9th quarter from the drawdown date and every quarter thereafter until maturity. The carrying amount of the loan is ₱994.3 million and ₱993.2 million, net of unamortized debt issue cost of ₱5.7million and ₱6.8 million, as at December 31, 2020 and 2019, respectively.

The loans are guaranteed by the Parent Company. Consequently, the Parent Company is subject to certain debt covenants which include, among others, maintaining a Debt-to-Equity ratio, Debt-to-EBITDA ratio and Debt-to-Service Coverage Ratio. As at December 31, 2019, the Debt-to-EBITDA ratio was amended temporarily from 3.0-4.0 or below to 5.0 or below and Debt-to-Service Coverage Ratio was waived. In 2020, the Debt-to-EBITDA ratio and Debt-to-Service Coverage Ratio were waived until December 31, 2021. The Parent Company is in compliance with the applicable debt covenants as at December 31, 2020 and 2019.

Interest expense recognized on long-term debt amounted to ₱744.1 million and ₱1,172.6 million for the years ended December 31, 2020 and 2019, respectively (see Note 23).



The future expected principal settlements of the JFC Group's loans follow:

	2020	2019
2020	**₱–**	₱3,433,754
2021	**4,738,472**	4,758,007
2022	**5,041,401**	4,928,959
2023	**3,211,366**	3,138,771
2024 to 2026	**6,335,237**	6,423,455
	19,326,476	22,682,946
Less debt issue costs	**(68,263)**	(87,223)
	₱19,258,213	₱22,595,723

Embedded Derivatives
Certain long-term loans of the JFC Group include provisions for an option to convert the variable interest rate into a fixed interest rate. Certain long-term loans are also subject to an interest rate floor. In addition, the JFC Group's long-term loans generally provide an option to pre-pay the loan in full before the maturity date.

The JFC Group assessed that the derivatives embedded in the loan contracts need not be bifurcated since they are clearly and closely related to the economic characteristics and risks of the host loan contract and do not qualify for separate accounting as at December 31, 2020 and 2019.

Freestanding Derivatives, Hedges and Hedge Effectiveness Testing
On November 20, 2015, the JFC Group entered into an Interest Rate Swap (IRS) with a bank to convert its exposure in the variable interest rate of Loan 1 to a fixed interest rate. The IRS will terminate and the loan will mature simultaneously on October 21, 2025. The JFC Group has designated the IRS as a cash flow hedge.

The IRS with a notional amount equal to the principal amount of the loan requires the JFC Group to pay fixed interest payments at 3.36% in exchange of variable interest payments at three-month LIBOR plus spread of 1.20% from the bank throughout the term of the IRS on the notional amount. The IRS settles quarterly on a net basis.

The fair value of the IRS amounted to ₱141.5 million and ₱58.2 million as at December 31, 2020 and 2019, respectively, presented as derivative liability in the consolidated statements of financial position. The terms of the IRS approximately match the terms of the interest payments on the loan. Accordingly, there is no hedge ineffectiveness to be recognized in profit or loss.

Unrealized loss of ₱83.2 million and ₱141.1 million were recognized in other comprehensive income in 2020 and 2019, respectively.

Senior Debt Securities (Notes)
On June 24, 2020, the JFC Group, through JWPL, issued a USD300.0 million (₱14,994.0 million) 5.5-year and USD300.0 million (₱14,994.0 million) 10-year Reg S dual tranche US dollar denominated guaranteed Notes with a coupon rate of 4.125% and 4.750%, respectively, and payable semi-annually. This was listed in the Singapore Exchange Securities Trading Limited on June 25, 2020.

The proceeds from the issuance will be used for general corporate purposes, intended as a precautionary measure from the unforeseen eventualities that may be caused by the Covid-19 pandemic, as well as fund initiatives of the JFC Group (see Note 10).



The JFC Group incurred debt issue cost of USD4.0 million (₱200.4 million) for this transaction. As at December 31, 2020, the carrying value of the Notes amounted to USD596.2 million (₱28,629.0 million), net of unamortized debt issue cost of USD3.9 million (₱183.0 million).

Interest expense recognized on senior debt securities amounted to ₱682.4 million in 2020 (see Note 23).

19. Equity

a. Capital Stock

The movements in the account are as follows:

	2020	2019
Authorized - ₱1 par value 1,450,000,000 shares	**₱1,450,000**	₱1,450,000
Issued and subscribed:		
Balance at beginning of year	**₱1,110,149**	₱1,105,214
Issuances during the year	**12,108**	4,935
Balance at end of year	**1,122,257**	1,110,149
Subscriptions receivable	**(17,178)**	(17,178)
	₱1,105,079	₱1,092,971

The total number of shareholders of the Parent Company is 2,999 and 3,004 as at December 31, 2020 and 2019, respectively.

b. Additional Paid-in-Capital

The movements in the Additional paid in-capital pertain to the difference between the exercise prices of stock options exercised and the par value of Parent Company's shares. For the years ended December 31, 2020 and 2019, stock options totaling 12,108,364 shares and 4,934,701 shares, respectively, were exercised (see Note 26). These resulted to an additional paid-in capital amounting to ₱1,268.7 million and ₱580.5 million in 2020 and 2019, respectively.

Stock options expense, amounting to ₱188.3 million and ₱262.9 million in 2020 and 2019, respectively, were also recognized as part of additional paid-in capital (see Notes 22 and 26).

The Parent Company recognized deferred tax assets on MSOP and ELTIP, resulting to a decrease of ₱340.5 million and ₱684.5 million in additional paid-in capital in 2020 and 2019, respectively.

As at December 31, 2020 and 2019, total additional paid-in capital amounted to ₱9,913.9 million and ₱8,797.4 million, respectively.

c. Treasury Shares

The cost of common stock of the Parent Company held in treasury of ₱180.5 million consists of 16,447,340 shares as at December 31, 2020 and 2019.

d. Senior Perpetual Securities (Securities)

The Securities amounting to USD600.0 million (₱30,588.0 million) was issued by the JFC Group, through JWPL, on January 23, 2020 and was listed in the Singapore Exchange Securities Trading Limited on January 24, 2020. The Securities confer a right to receive a return on the Securities (the "Distribution") every Distribution Payment Date as described in the terms and conditions of the Securities. These distributions are payable semi-annually in arrears on the Distribution Payment Dates of each year. The Securities offered an initial distribution rate of 3.9%, noncallable in five (5) years and payable semi-annually. However, the Issuer may, at its sole and absolute discretion, prior to any Distribution Payment Date, resolve to defer payment of all or some of the Distribution which would otherwise be payable on that Distribution Payment Date subject to exceptions enumerated in the terms and conditions of the Securities. The Securities are perpetual securities in respect of which there is no fixed redemption date, but the Issuer may, at its option change the status of the Securities or redeem the same on instances defined under its terms and conditions. The Securities are unconditionally and irrevocably guaranteed by the Parent Company.

The proceeds from issuance of Securities were partially used to refinance the short-term debt from the acquisition of CBTL (see Note 18) while some were invested to bond funds (see Note 10).

On July 23, 2020, JWPL paid first distributions amounting to USD11.7 million (₱577.7 million). Distributions due as at December 31, 2020 totaling to USD10.2 million (₱490.0 million) has been accrued in 2020.

The Securities are treated as equity as part of non-controlling interests in the consolidated financial statements of the JFC Group because nothing in the terms and conditions of the Securities gives rise to an obligation of the JFC Group to deliver cash or another financial asset in the future as defined by PAS 32.

e. Excess of Cost over the Carrying Value of Non-controlling Interests Acquired

The amount of excess of cost over the carrying value of non-controlling interests acquired as at December 31, 2020 and 2019, recognized as part of "Equity Attributable to Equity Holders of the Parent Company" section in the consolidated statements of financial position, resulted from the following acquisitions of non-controlling interests:

	2020	2019
20% of Greenwich in 2006	**₱168,257**	₱168,257
15% of Belmont in 2007	**375,721**	375,721
40% of Adgraphix in 2010	**(1,214)**	(1,214)
30% of Mang Inasal in 2016	**1,217,615**	1,217,615
30% of HBFPPL in 2016	**391,782**	391,782
15% of SJBF in 2018	**(347,395)**	(347,395)
30% of Smashburger Long Island in 2020 (Note 11)	**95,774**	–
49% of Smashburger Westchester in 2020 (Note 11)	**125,800**	–
	₱2,026,340	₱1,804,766

f. Retained Earnings

The JFC Group has a cash dividend policy of declaring one-third of the JFC Group's net income for the year as cash dividends. It uses best estimate of its net income as basis for declaring cash dividends. Actual cash dividends per share declared as a percentage of the EPS are 12.4%, 38.6% and 32.8% in 2020, 2019 and 2018, respectively.

The Parent Company's cash dividend declarations for 2020, 2019 and 2018 follow:

Declaration Date	Record Date	Payment Date	Cash Dividend per Share	Total Cash Dividends Declared
			(In Thousands, except dividend per share)	
2020				
April 7	April 27	May 22	**₱0.62**	**₱680,528**
November 9	November 24	December 14	**0.68**	**750,562**
			₱1.30	**₱1,431,090**
2019				
April 8	April 26	May 9	₱1.23	₱1,341,178
November 11	November 26	December 10	1.35	1,473,767
			₱2.58	₱2,814,945
2018				
April 6	April 24	May 9	₱1.14	₱1,236,518
November 9	November 26	December 10	1.34	1,455,269
			₱2.48	₱2,691,787

An important part of the JFC Group's growth strategy is the acquisition of new businesses in the Philippines and abroad. Examples were acquisitions of 85% of Yonghe King in 2004 in PRC (₱1,200.0 million), 100% of Red Ribbon in 2005 (₱1,700.0 million), the remaining 20% minority share in Greenwich in 2006 (₱384.0 million), the remaining 15% share of Yonghe King in 2007 (₱413.7 million), 100% of Hong Zhuang Yuan restaurant chain in PRC in 2008 (₱2,600.0 million), 70% of Mang Inasal in 2010 (₱2,976.2 million), 100% of Chowking US operations in 2011 (₱693.3 million), 40% of SJBF LLC, the parent company of the entities comprising the Smashburger business in US (₱4,812.8 million), including transaction costs in 2015, the remaining 30% minority share each in Mang Inasal (₱2,000.0 million) and HBFPPL (₱514.9 million), acquisition of GSC (₱8.6 million) in 2016, the acquisition of additional 10% share in SuperFoods Group (₱2,712.7 million) in 2017, acquisition of the remaining 60% share in SJBF LLC (₱5,735.8 million) in 2018, acquisition of the 80% of The Coffee Bean & Tea Leaf (₱17,163.0 million) in 2019 and the remaining 30% minority share in Smashburger Long Island (₱95.8 million) in 2020.

The JFC Group plans to continue to make substantial acquisitions in the coming years. The JFC Group uses its cash generated from operations to finance these acquisitions and capital expenditures. These limit the amount of cash dividends that it can declare and pay, making the level of the retained earnings higher than the paid-up capital stock.

On November 9, 2018, the BOD approved the following:

- Release of previously appropriated retained earnings amounting to ₱18,200.0 million as at September 30, 2018 related to the completed projects in 2013 to 2018; and,

- Appropriation of retained earnings amounting to ₱20,000.0 million. Details are as follows:

Projects	Timeline	Amount
Capital Expenditures	2019 - 2024	₱12,000,000
Acquisition of Businesses	2019 - 2024	8,000,000
		₱20,000,000

The unappropriated retained earnings of the Parent Company is also restricted to the extent of cost of common stock held in treasury amounting to ₱180.5 million as well as the undistributed retained earnings of its subsidiaries which amounted to nil and ₱1,715.4 million as at December 31, 2020 and 2019, respectively.

The Parent Company's retained earnings available for dividend declaration, computed based on the guidelines provided in SEC Memorandum Circular No. 11, amounted to ₱12,566.0 million and ₱14,183.9 million as at December 31, 2020 and 2019, respectively.

In relation with the Securities Regulation Code, below is the summary of the Parent Company's track record of registration of securities.

	Number of Shares registered	Initial issue/offer price	Listing Date	Number of holders of securities	
				2020	2019
Common shares	75,000,000	₱9	July 14, 1993	**2,999**	3,004

20. Royalty, Set-up Fees and Others

This account consists of:

	2020	2019	2018
Royalty fees	**₱5,426,460**	₱8,477,040	₱7,043,891
Set-up fees	**116,580**	471,711	546,909
Service fees	**237,568**	381,188	489,359
Scrap fees	**103,427**	89,367	109,658
Rent income (see Notes 13 and 29)	**35,771**	58,493	24,992
Other revenues	**547,328**	237,917	228,655
	₱6,467,134	₱9,715,716	₱8,443,464

The JFC Group has existing Royalty and Service Agreements with independent franchisees for the latter to operate quick service restaurant outlets under the "Jollibee", "Greenwich", "Chowking", "Yong He King", "Red Ribbon", "Hong Zhuang Yuan", "Mang Inasal", "Highlands Coffee", "Pho 24", "Smashburger" and "The Coffee Bean & Tea Leaf" concepts and trade names. In consideration thereof, the franchisees agree to pay set-up fees and monthly royalty fees equivalent to a certain percentage of the franchisees' net sales.

The JFC Group's franchisees pay service fees for various services, including repairs and maintenance services, rendered by the JFC Group's personnel.

Other revenues pertain to delivery fees and other miscellaneous revenues earned by the JFC Group.

21. Direct Costs

This account consists of:

	2020	2019	2018
Cost of Sales			
Cost of inventories	**₱58,999,321**	₱85,405,049	₱74,995,446
Personnel costs:			
Salaries, wages and other employee benefits	**16,943,784**	17,778,095	14,878,078
Pension expense (see Note 25)	**47,419**	189,336	190,272
Depreciation and amortization (see Notes 12 and 29)	**13,863,747**	12,876,957	11,343,834
Contracted services	**6,741,864**	9,942,936	8,847,468
Electricity and other utilities	**4,096,589**	5,535,762	5,247,450
Rent (see Note 29)	**2,537,011**	4,466,414	4,700,223
Supplies	**2,260,351**	2,963,236	3,150,090
Repairs and maintenance	**1,934,204**	2,001,413	1,578,608
Security and janitorial	**955,561**	1,103,819	983,306
Communication	**377,760**	341,033	289,677
Professional fees	**107,305**	162,482	169,531
Representation and entertainment	**81,249**	125,518	131,853
Delivery costs, insurance and others (see Note 29)	**5,179,347**	4,364,723	3,391,257
	114,125,512	147,256,773	129,897,093
Cost of Services			
Advertising expense	**1,600,825**	3,001,108	2,523,492
	₱115,726,337	₱150,257,881	₱132,420,585

Delivery costs, insurance and others include lease pre-termination costs amounting to ₱1,042.5 million in 2020.

22. General and Administrative Expenses

This account consists of:

	2020	2019 (As restated – Note 11)	2018
Personnel costs:			
Salaries, wages and other employee benefits	**₱10,692,405**	₱9,580,087	₱8,027,163
Stock options expense (see Notes 19 and 26)	**188,290**	262,875	311,964
Pension expense (see Note 25)	**48,156**	204,831	208,533
Impairment in value of:			
Property, plant and equipment (see Note 12)	**1,185,512**	399,212	–

(Forward)

	2020	2019 (As restated – Note 11)	2018
Right-of-use assets (see Note 29)	**₱661,365**	₱–	₱–
Inventories (see Note 8)	**332,505**	16,670	8,278
Receivables (see Note 7)	**281,866**	25,342	10,188
Taxes and licenses	**1,403,482**	1,854,426	1,561,687
Professional fees	**1,432,451**	1,213,054	1,018,320
Loss (gain) on retirements and disposals of property, plant and equipment and intangibles (see Notes 12, 14 and 15)	**1,489,155**	(278,318)	45,540
Contracted services	**1,252,357**	597,231	565,260
Depreciation and amortization (see Notes 12, 14, 15 and 29)	**704,993**	618,441	541,918
Rent (see Note 29)	**492,322**	522,230	586,982
Transportation and travel	**412,146**	836,518	748,856
Repairs and maintenance	**313,263**	323,257	279,891
Communication	**303,461**	186,030	158,430
Membership and subscriptions	**275,785**	222,805	160,414
Donations	**260,726**	120,576	101,118
Corporate events	**230,880**	215,376	234,865
Reversals of provision for impairment on:			
Inventories (see Note 8)	**(82,354)**	(26,465)	(6,148)
Property, plant and equipment (see Note 12)	**(76,173)**	(29,179)	(408,184)
Receivables (see Note 7)	**–**	(91,402)	(23,675)
Insurance	**101,232**	80,048	41,179
Training	**107,775**	279,548	151,753
Supplies	**102,590**	106,830	96,224
Electricity and other utilities	**46,280**	71,749	72,095
Representation and entertainment	**43,188**	94,201	121,306
Association dues	**42,179**	42,338	69,569
Security and janitorial	**11,970**	34,054	26,053
Research and development and others (see Notes 14, 15 and 29)	**1,496,414**	1,424,369	751,040
	₱23,754,221	₱18,906,734	₱15,460,619

Research and development and others include costs (gain) on lease pre-termination and derecognition of unfavorable leases amounting to ₱332.5 million and (₱233.1 million), respectively, in 2020.

23. **Interest Income (Expense) and Other Income (Expense)**

	2020	2019	2018
Interest income			
Cash and cash equivalents and short-term investments (see Note 6)	**₱114,824**	₱273,022	₱313,273
Loans and advances (see Note 11)	**69,921**	85,985	55,523
Accretion of interest on security and other deposits and employee car plan receivables (see Note 15)	**35,927**	33,564	46,589
Accretion of lease receivables (see Note 29)	**5,944**	8,086	9,034
	₱226,616	₱400,657	₱424,419

	2020	2019	2018
Interest expense			
Accretion of lease liabilities (see Note 29)	**(₱1,938,530)**	(₱1,824,311)	(₱1,728,620)
Long-term debt (see Note 18)	**(744,050)**	(1,172,589)	(888,216)
Senior debt securities (see Note 18)	**(682,448)**	–	–
Short-term debt (see Note 18)	**(421,779)**	(189,917)	–
Accretion of customer deposits (see Note 16)	**(845)**	(481)	(627)
	(₱3,787,652)	(₱3,187,298)	(₱2,617,463)

	2020	2019 (As restated – Note 11)	2018
Other income (expense)			
Write-off of liabilities	**₱2,102,109**	₱2,290,538	₱2,343,295
Unrealized gain (loss) from financial assets at FVTPL - net (see Note 10)	**1,317,728**	(1,640)	9,980
Pre-termination of lease agreements (see Note 29)	**886,339**	400,367	193,230
Rebates, suppliers' incentives and government subsidies	**600,593**	339,082	194,927
Bank charges	**(542,884)**	(404,958)	(317,791)
Provisions - net (see Note 17)	**(501,637)**	–	–
Foreign exchange loss - net	**(142,364)**	(268,155)	(34,597)
Penalties and charges	**47,137**	65,826	62,467
Other rentals	**18,453**	6,258	8,662
Charges to franchisees	**6,954**	24,556	24,679
Gain from acquisition of a business (see Note 11)	–	4,255,324	754,804

(Forward)

	2020	2019 (As restated – Note 11)	2018
Marked-to-market loss on derivatives (see Note 11)	**₱–**	₱–	(₱49,791)
Reversal of impairment loss on interest in an associate (see Note 11)	**–**	–	16,660
Insurance claims and others	**368,749**	143,020	136,003
	₱4,161,177	₱6,850,218	₱3,342,528

In the normal course of business, the JFC Group accrues liabilities based on management's best estimate of costs incurred, particularly in cases when the JFC Group has not yet received final billings from suppliers and vendors. There are also ongoing negotiations and reconciliations with suppliers and vendors on certain liabilities recorded. These balances are continuously reviewed by management and are adjusted based on these reviews, resulting to write-off of certain liabilities as other income.

24. Income Taxes

The JFC Group's provision for current income tax consists of the following:

	2020	2019	2018
Final tax withheld on:			
Royalty income	**₱1,039,849**	₱1,750,140	₱1,512,611
Interest income	**6,055**	30,914	39,153
RCIT:			
With itemized deduction	**239,481**	873,698	511,077
With Optional Standard Deduction (OSD)	**6,288**	195,044	473,240
MCIT	**254,946**	405,868	286,011
	₱1,546,619	₱3,255,664	₱2,822,092

RCIT consists of corporate income taxes from the JFC Group's operations in the Philippines, PRC, USA, Vietnam and Singapore.

For the years ended December 31, 2020 and 2019, Grandworth and RRBH, wholly-owned subsidiaries, elected to use OSD in computing for their taxable income. The net tax benefit from the availment of OSD amounted to ₱1.2 million and ₱123.6 million in 2020 and 2019, respectively.

The components of the JFC Group's recognized net deferred tax assets as at December 31 follow:

	2020	2019
Deferred tax assets:		
Lease liabilities	**₱6,079,643**	₱7,055,657
NOLCO:		
USA-based entities	**1,284,699**	608,903
Philippine-based entities	**1,067,152**	155,759

(Forward)

	2020	2019
PRC-based entities	**₱288,725**	₱110,960
Europe-based entities	**1,955**	–
Accrued expenses of USA-based entities	**949,995**	730,686
Pension liability and other benefits	**751,806**	765,184
Accumulated impairment loss in value of receivables, inventories, property, plant and equipment and other nonfinancial assets	**422,318**	66,697
Excess of MCIT over RCIT	**411,332**	654,418
Unrealized foreign exchange loss	**121,092**	158,461
MSOP and ELTIP	**64,867**	531,568
Unaccreted discount on security deposits and employee car plan receivables	**35,621**	36,004
Unamortized past service costs	**5,672**	6,491
Others	**85,453**	12,053
	11,570,330	10,892,841
Deferred tax liabilities:		
Right-of-use assets	**5,009,602**	6,019,510
Excess of fair value over book value of identifiable assets of acquired businesses	**256,016**	77,282
Unrealized foreign exchange gain	**85,578**	76,936
Unaccreted discount on employee car plan receivables and security deposits	**26,733**	26,714
Unrealized gain on change in fair value of financial assets at FVTPL	**26,666**	2,444
Operating lease receivables	**20,046**	22,576
Prepaid rent	**16,902**	155,549
Deferred rent expense	**14,403**	15,225
State income taxes	**–**	47,343
	5,455,946	6,443,579
Deferred tax assets - net	**₱6,114,384**	₱4,449,262

The components of the JFC Group's recognized net deferred tax liabilities as at December 31 follow:

	2020	2019 (As restated – Note 11)
Deferred tax assets:		
Lease liabilities	**₱3,531,281**	₱4,388,629
Allowance for impairment loss on receivables, inventories and property, plant and equipment	**144,021**	79,590
NOLCO:		
Hungary-based entity	**100,564**	–
Asia-based entities	**28,185**	–
Pension liability and other benefits	**42,332**	56,045
Capital allowance	**17,884**	–
Operating lease receivable	**13,800**	–
Accrued expenses of USA-based entities	**12,213**	–

(Forward)

	2020	2019 (As restated – Note 11)
MSOP and ELTIP	**₱2,146**	₱5,665
Unaccreted discount on security deposits and employee car plan receivables	**806**	837
Unamortized past service costs	**324**	378
Unrealized foreign exchange loss	**5**	32
	3,893,561	4,531,176
Deferred tax liabilities:		
Excess of fair value over book value of identifiable assets of acquired businesses	**4,362,947**	4,329,396
Right-of-use assets	**3,355,089**	4,333,105
Finance lease receivables	**30,189**	33,327
Unaccreted discount on employee car plan receivables, security and product security deposits	**915**	1,049
Unrealized foreign exchange gain	**–**	5
Others	**–**	6,927
	7,749,140	8,703,809
Deferred tax liabilities - net	**₱3,855,579**	₱4,172,633

The rollforward analysis of the net deferred tax assets and liabilities of the JFC Group follows:

	2020	2019 (As restated - Note 11)
Balance at beginning of year	**₱276,629**	₱1,230,297
Additions:		
Income tax effect to profit or loss	**2,205,626**	200,494
Arising from business combination	**–**	(817,014)
Income tax effect of remeasurements of net defined benefit plan	**165,324**	252,873
Tax effect of MSOP and ELTIP	**(340,449)**	(684,479)
Translation adjustments	**(48,325)**	94,458
Balance at end of year	**₱2,258,805**	₱276,629

OSD

The availment of the OSD method also affected the recognition of several deferred tax assets and liabilities. Deferred tax assets and liabilities, for which the related income and expense are not considered in determining gross income for income tax purposes, are not recognized. This is because the manner by which the JFC Group expects to recover or settle the underlying assets and liabilities, for which the deferred tax assets and liabilities were initially recognized, would not result to any future tax consequence under the OSD method. Meanwhile, deferred tax assets and liabilities, for which the related income and expense are considered in determining gross income for income tax purposes, are recognized only to the extent of their future tax consequence under the OSD method. Hence, the tax base of these deferred tax assets and liabilities is reduced by the 40% allowable deduction provided for under the OSD method.

Accordingly, the JFC Group's deferred tax assets and liabilities, which were not recognized due to the use of the OSD method, are as follows:

	2020	2019
Deferred tax assets:		
Lease liabilities	**₱7,930**	₱19,142
Unaccredited discount on financial instruments and others	**218**	434
Allowance for impairment loss on receivables and nonfinancial assets	**4,550**	4,550
	12,698	24,126
Deferred tax liabilities:		
Operating lease receivables	**8,029**	22,218
Right-of-use assets	**109**	15
Others	**117**	391
	8,255	22,624
Deferred tax assets - net	**₱4,443**	₱1,502

As at December 31, 2020, NOLCO and excess of MCIT over RCIT of the Philippine-based entities that can be claimed as deductions from taxable income and income tax due, respectively, are as follows:

Year Incurred/Paid	Carryforward Benefit up to	NOLCO	Excess of MCIT over RCIT
2020	December 31, 2025	₱3,037,977	₱192,362
2019	December 31, 2022	519,198	218,970
2018	December 31, 2021	–	244,814
2017	December 31, 2020	–	190,634
		3,557,175	846,780
Write-off during the year		–	(435,448)
		₱3,557,175	₱411,332

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) 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.

Deferred tax assets on temporary differences and carryforward benefits of NOLCO and excess of MCIT over RCIT of the Philippine-based subsidiaries, which were not recognized as it is not probable that taxable income will be sufficient against which they can be utilized, amounted to ₱2,899.0 million and ₱409.5 million, respectively, as at December 31, 2020 and ₱1,165.4 million and ₱446.8 million, respectively, as at December 31, 2019.

The PRC enterprise income tax law provides that income tax rates are unified at 25%. As at December 31, 2020, NOLCO of the PRC-based entities that can be claimed as deductions from taxable income are as follows:

Year Incurred	Carryforward Benefit Up to	Tax Losses	Deferred Tax at 25%
2020	December 31, 2028	₱919,420	₱229,855
2019	December 31, 2024	53,716	13,429
2018	December 31, 2023	39,430	9,858
2017	December 31, 2022	38,235	9,559
2016	December 31, 2021	183,412	45,853
2015	December 31, 2020	129,047	32,262
		1,363,260	340,816
Utilized during the year		(214,480)	(53,620)
Translation adjustments		6,122	1,529
		₱1,154,902	₱288,725

As at December 31, 2020, NOLCO of the USA-based entities that can be claimed as deductions from taxable income are as follows:

Year Incurred	Tax Losses	Deferred Tax at 21%
2019	₱3,401,924	₱714,404
2018	2,857,290	600,031
2017	42,247	8,872
	6,301,461	1,323,307
Utilization during the year	(33,833)	(7,105)
Translation adjustments	(150,014)	(31,503)
	₱6,117,614	₱1,284,699

NOLCO of USA-based entities has no prescription effective taxable year 2018.

As at December 31, 2020, NOLCO of the Europe-based entities that can be claimed as deductions from taxable income are as follows:

Year Incurred	Tax Losses	Deferred Tax at 20%
2020	₱9,985	₱1,997
Translation adjustments	(210)	(42)
	₱9,775	₱1,955

The following are the movements in deferred tax assets on NOLCO of the JFC Group:

	2020	2019
Balance at beginning of year	**₱875,622**	₱547,461
Additions	**1,986,398**	733,812
Utilization during the year	**(60,726)**	(80,649)
Write-offs and expirations	**–**	(311,331)
Translation adjustments	**(30,014)**	(13,671)
	₱2,771,280	₱875,622

The following are the movements in deferred tax assets on Excess of MCIT over RCIT of the JFC Group:

	2020	2019
Balance at beginning of year	**₱654,418**	₱614,580
Additions	**192,362**	218,971
Write-offs and expirations	**(435,448)**	(179,133)
	₱411,332	₱654,418

The net change in deferred tax liabilities recognized in equity amounted to ₱165.3 million, ₱252.9 million and (₱54.8 million) in 2020, 2019 and 2018, respectively.

The reconciliation of provision for income tax computed at the statutory income tax rates to provision for income tax as shown in the consolidated statements of comprehensive income are as follows:

	2020	2019 (As restated - Note 11)	2018
Provision for income tax at statutory income tax rate	**(₱3,987,789)**	₱2,845,067	₱3,096,511
Income tax effects of:			
Net movement in unrecognized DTA	**2,174,421**	888,650	285,963
Nondeductible expenses	**584,378**	95,678	107,152
Effect of different tax rate for royalty and interest income	**(522,090)**	(887,556)	(772,025)
Expired/written off NOLCO and excess of MCIT over RCIT	**384,502**	490,463	163,221
Intrinsic value of stock options exercised	**(128,436)**	(261,013)	(153,891)
Tax effect of MSOP and ELTIP	**126,790**	108,357	(49,104)
Nontaxable income	**(27,000)**	(483,150)	(481,576)
Difference between OSD and itemized deductions	**(2,041)**	(123,565)	(2,723)
Effect of different tax rates for capital gains tax	**662**	–	(1,497)
Others	**737,596**	382,239	488,086
	(₱659,007)	₱3,055,170	₱2,680,117

Provision for current income tax of foreign entities operating in the United States, PRC, Vietnam and Singapore amounted to ₱59.1 million, ₱3.9 million, ₱66.9 million and ₱15.8 million, respectively, in 2020 and ₱121.7 million, ₱53.9 million, ₱75.2 million and ₱9.7 million, respectively, in 2019.

For Philippine-based entities, Republic Act (RA) No.10963 or the Tax Reform for Acceleration and Inclusion Act (TRAIN) was signed into law on December 19, 2017 and took effect on January 1, 2018. Although the TRAIN changes existing tax law and includes several provisions that will generally affect businesses on a prospective basis, the management assessed that the same did not have any significant impact on the consolidated financial statement balances as of the reporting date.

For US-based entities, Tax Cuts and Jobs Act (the US Tax Reform) was signed into law on December 22, 2017, making the new law enacted by that date under PFRSs and therefore applicable as of the reporting date. The US Tax Reform resulted in the re-measurement of deferred tax assets and liabilities as a result of the change in the corporate income tax rate from 35% to 21%. The US-based entities recognized net deferred tax liabilities amounting to ₱160.2 million and ₱1,062.7 million as at December 31, 2020 and 2019, respectively.

25. Pension Liability

Defined Benefit Plan

The Parent Company and certain Philippine-based subsidiaries have funded, independently-administered, non-contributory defined benefit pension plan covering all permanent employees. The benefits are based on the employees' projected salaries and number of years of service.

The funds are administered by trustee banks. Subject to the specific instructions provided in writing, the Parent Company and certain Philippine-based subsidiaries direct the trustee banks to hold, invest and reinvest the funds and keep the same invested, in its sole discretion, without distinction between principal and income in, but not limited to, certain cash and other short-term deposits, investments in government and corporate debt securities and quoted equity securities.

Under the existing regulatory framework, Republic Act No. 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employees' retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following tables summarize the components of pension expense, included under "Cost of sales" and "General and administrative expenses" accounts in the consolidated statements of comprehensive income and pension liability in the consolidated statements of financial position, which are based on actuarial valuations.

Changes in pension liability of the JFC Group in 2020 are as follows:

	Present Value of Defined Benefit Obligation	**Fair Value of Plan Assets**	**Pension Liability**
At January 1, 2020	**₱4,734,016**	**₱2,512,696**	**₱2,221,320**
Opening balance adjustment	**26**	**–**	**26**
Pension expense (see Notes 21 and 22):			
Current service cost	**388,495**	**–**	**388,495**
Net interest	**219,328**	**111,727**	**107,601**
Past service cost	**–**	**–**	**–**
Settlement loss	**(400,521)**	**–**	**(400,521)**
	207,302	**111,727**	**95,575**
Benefits paid	**(264,916)**	**(264,916)**	**–**
Settlement paid	**(607,695)**	**(607,695)**	**–**
Remeasurements in other comprehensive income:			
Return on plan assets (excluding amount included in net interest)	**–**	**41,690**	**(41,690)**
Actuarial changes arising from changes in financial assumptions	**703,881**	**–**	**703,881**
Actuarial changes due to experience adjustment	**(61,145)**	**–**	**(61,145)**
Actuarial changes due to demographic adjustment	**–**	**–**	**–**
	642,736	**41,690**	**601,046**
Transferred out - net	**(467)**	**–**	**(467)**
At December 31, 2020	**₱4,711,002**	**₱1,793,502**	**₱2,917,500**

Changes in pension liability of the JFC Group in 2019 are as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Pension Liability
At January 1, 2019	₱3,484,946	₱2,164,300	₱1,320,646
Pension expense see Notes 21 and 22):			
Current service cost	270,535	–	270,535
Net interest	251,452	151,420	100,032
Settlement loss	23,600	–	23,600
	545,587	151,420	394,167
Benefits paid	(198,182)	(198,182)	–
Settlement paid	(133,226)	(133,226)	–

(Forward)

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Pension Liability
Remeasurements in other comprehensive income:			
Return on plan assets (excluding amount included in net interest)	₱–	₱126,830	(₱126,830)
Actuarial changes arising from changes in financial assumptions	444,835	–	444,835
Actuarial changes due to experience adjustment	528,344	–	528,344
Actuarial changes due to demographic adjustment	63,920	–	63,920
	1,037,099	126,830	910,269
Contributions	–	401,554	(401,554)
Transferred out - net	(2,208)	–	(2,208)
At December 31, 2019	₱4,734,016	₱2,512,696	₱2,221,320

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions.

The following table presents the carrying amounts, which approximate the estimated fair values, of the assets of the plan:

	2020	2019
Cash and cash equivalents	**₱30,787**	₱44,913
Investments in government and corporate debt securities	**1,878,841**	2,049,972
Investments in quoted equity securities:		
Holding firms	**277,686**	207,530
Property	**175,618**	135,221
Banks	**126,185**	118,411
Food and beverage	**57,071**	42,523
Telecommunications	**39,578**	16,986
Electricity, energy, power and water	**24,005**	18,383
Others	**48,122**	46,618
Interest and dividends receivable	**25,188**	29,029
Fund liabilities (see Notes 7 and 27)	**(889,579)**	(196,890)
	₱1,793,502	₱2,512,696

The plan assets consist of the following:

- Investments in government securities which consist of retail treasury bonds that bear interest ranging from 2.63%-8.75% and have maturities from March 2021 to October 2037 and fixed-rate treasury notes that bear interest ranging from 3.5%-8.75% and have maturities from January 2022 to November 2032.

- Investments in debt securities consist of long-term corporate bonds in the property sector, which bear interest ranging from 5.13%-6.30% maturing from March 2024 to October 2026.

- Investments in equity securities consist of investments in listed equity securities, including equity securities of the Parent Company, for certain retirement plans of the JFC Group (see Note 27).

- Other financial assets held by the retirement plan are primarily accrued interest income on cash and cash equivalents, debt instruments and other securities.

Pension expense as well as the present value of the pension liability are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension expense and liability for the defined benefit plans are shown below:

	December 31, 2020	December 31, 2019
Discount rate	**3.6% – 4.3%**	4.9% – 5.5%
Salary increase rate	**6.00%**	6.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the present value of the defined benefit obligation as at the end of the reporting period, assuming all other assumptions were held constant:

	Increase (Decrease)	Philippine Plan	
		2020	2019
Discount rates	+0.50%	**(₱1,028,752)**	(₱636,924)
	-0.50%	**1,160,221**	777,116
Future salary increases	+0.50%	**1,153,401**	773,398
	-0.50%	**(1,026,755)**	(636,797)

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31:

	2020	2019
Less than 1 year	**₱774,144**	₱822,626
More than 1 year to 5 years	**1,244,033**	1,357,711
More than 5 years to 10 years	**2,141,595**	2,599,074
More than 10 years to 15 years	**2,571,487**	3,135,585
More than 15 years to 20 years	**3,065,269**	3,418,491
More than 20 years	**8,982,778**	11,479,469

The Parent Company and certain Philippine-based subsidiaries do not have a formal asset-liability matching strategy. The overall investment policy and strategy of the retirement plans is based on the client suitability assessment, as provided by trustee banks, in compliance with the BSP requirements. Nevertheless, the Parent Company and certain Philippine-based subsidiaries ensure that there will be sufficient assets to pay the retirement benefits as they fall due while attempting to mitigate the various risks of the plans.

The plan assets are primarily exposed to financial risks such as liquidity risk and price risk. Liquidity risk pertains to the plans' ability to meet obligation to the employees upon retirement. To effectively manage liquidity risk, the trustee banks maintain assets in cash and short-term deposits. Price risk pertains mainly to fluctuation in market prices of the retirement funds' marketable securities. In order to effectively manage price risk, the trustee banks continuously assess these risks by closely monitoring the market value of the securities and implementing prudent investment strategies.

The Parent Company and certain Philippine-based subsidiaries expect to contribute ₱774.1 million to the defined benefit pension plans in 2021.

The average duration of the defined benefit obligation is 10 years as at December 31, 2020 and 2019.

Defined Contribution Plan
The employees of the PRC-domiciled subsidiaries of the JFC Group are members of a state-managed pension benefit scheme operated by the national government. These subsidiaries are required to contribute a specified percentage of their payroll costs to the pension benefit scheme to fund the benefits. The only obligation of these subsidiaries with respect to the pension benefit scheme is to make the specified contributions.

Pension expense under the defined contribution plan amounted to ₱336.3 million and ₱506.7 million in 2020 and 2019, respectively (see Notes 21 and 22) .

26. Stock Options Plan

Senior Management Stock Option and Incentive Plan
On January 10, 2017 and December 17, 2002, the SEC approved the exemption requested by the JFC Group on the registration requirements of 31,500,000 and 101,500,000 options, respectively, underlying the Parent Company's common shares to be issued pursuant to the JFC Group's Senior Management Stock Option and Incentive Plan (the Plan). The Plan covers selected key members of management of the JFC Group and designated affiliated entities.

The Plan is divided into two programs, namely, the Management Stock Option Program (MSOP) and the Executive Long-term Incentive Program (ELTIP). The MSOP provides a yearly stock option grant program based on company and individual performance while the ELTIP provides stock ownership as an incentive to reinforce entrepreneurial and long-term ownership behavior of executive participants.

MSOP. The MSOP is a yearly stock option grant program open to members of the senior management committee of the JFC Group and members of the management committee, key talents and designated consultants of some of the business units.

Each MSOP cycle refers to the period commencing on the MSOP grant date and ending on the last day of the MSOP exercise period. Vesting is conditional on the employment of the employee-participants in the JFC Group within the vesting period. The options will vest at the rate of one-third of the total options granted on each anniversary of the MSOP grant date until the third anniversary.

The exercise price of the stock options is determined by the JFC Group with reference to the prevailing market prices over the three months immediately preceding the date of grant for the 1st up to the 7th MSOP cycle. Starting with the 8th MSOP cycle, the exercise price of the option is determined by the JFC Group with reference to the market closing price at date of grant.

The options will vest at the rate of one-third of the total options granted from the start of the grant date on each anniversary date which will start after a year from the grant date. For instance, under the 1st MSOP cycle, the Compensation Committee of the JFC Group granted 2,385,000 options to eligible participants on July 1, 2004. One-third of the options granted, or 795,000 options, vested and may be exercised starting July 1, 2005. The exercise period for the 1st MSOP cycle was until June 30, 2012. From July 1, 2005 to September 25, 2019, the Compensation Committee granted series of MSOP grants under the 2nd to 16th MSOP cycle to eligible participants.



Under the most recent grant on September 25, 2020, the 17th MSOP cycle, the Compensation Committee granted 4,207,060 options. These options vest similar to the 1st MSOP cycle.

The options under MSOP expire eight years after grant date. The 1st, 2nd, 3rd, 4th, 5th, 6th, 7th, 8th and 9th MSOP cycles expired on 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019 and 2020, respectively.

The JFC Group does not pay cash as a form of settlement.

The movements in the number of stock options outstanding under MSOP and related weighted average exercise prices (WAEP) for the period ended December 31, 2020, 2019 and 2018 follow:

	2020		2019		2018	
	Number of Options	**WAEP**	Number of Options	WAEP	Number of Options	WAEP
Total options granted at beginning of year	**52,715,144**	**₱116.43**	50,492,844	₱111.92	47,184,794	₱102.59
Options granted during the year	**4,207,060**	**138.00**	2,222,300	219.00	3,308,050	245.00
Total options granted at end of year	**56,922,204**	**₱118.03**	52,715,144	₱116.43	50,492,844	₱111.92
Outstanding at beginning of year	**17,905,148**	**₱200.38**	17,613,253	₱193.07	16,780,550	₱176.63
Options granted during the year	**4,207,060**	**138.00**	2,222,300	219.00	3,308,050	245.00
Options exercised during the year	**(1,223,364)**	**112.70**	(1,696,402)	139.16	(2,234,849)	145.31
Options forfeited during the year	**(1,472,914)**	**215.80**	(234,003)	270.75	(240,498)	204.03
Outstanding at end of year	**19,415,930**	**₱191.22**	17,905,148	₱200.38	17,613,253	₱193.07
Exercisable at end of year	**12,624,653**	**₱201.00**	12,077,981	₱188.14	10,612,036	₱169.70

The weighted average share price of the Parent Company's common shares is ₱147.16, ₱264.79 and ₱278.16 in 2020, 2019 and 2018, respectively. The weighted average remaining contractual life for the stock options outstanding is 4.70 years, 4.62 years and 4.48 years as at December 31, 2020, 2019 and 2018, respectively.

The weighted average fair value of stock options granted in 2020, 2019 and 2018 is ₱33.84, ₱48.07 and ₱58.42, respectively. The fair value of share options as at the date of grant is estimated using the Black-Scholes Option Pricing Model, taking into account, the terms and conditions upon which the options were granted. The option style used for this plan is the American style because the option plan allows exercise before the expiry date.

The inputs in the valuation of the options granted on the dates of grant for each MSOP cycle are shown below:

MSOP Cycle	Year of Grant	Dividend Yield	Expected Volatility	Risk-free Interest Rate	Expected Life of the Option	Stock Price on Grant Date	Exercise Price
1st	2004	1.72%	36.91%	6.20%	5-7 years	₱24.00	₱20.00
2nd	2005	1.72%	36.91%	6.20%	5-7 years	29.00	27.50
3rd	2006	1.72%	36.91%	6.20%	5-7 years	35.00	32.32
4th	2007	1.70%	28.06%	6.41%	3-4 years	52.50	50.77
5th	2008	1.80%	26.79%	8.38%	3-4 years	34.00	39.85
6th	2009	2.00%	30.37%	5.28%	3-4 years	48.00	45.45
7th	2010	2.00%	29.72%	5.25%	3-4 years	70.00	57.77
8th	2011	2.00%	34.53%	4.18%	3-4 years	89.90	89.90
9th	2012	2.00%	28.72%	3.50%	3-4 years	107.90	107.90
10th	2013	2.00%	29.38%	2.68%	3-4 years	145.00	145.00

(Forward)

MSOP Cycle	Year of Grant	Dividend Yield	Expected Volatility	Risk-free Interest Rate	Expected Life of the Option	Stock Price on Grant Date	Exercise Price
11th	2014	2.00%	24.87%	2.64%	3-4 years	₱179.80	₱179.80
12th	2015	2.00%	18.94%	2.98%	3-4 years	180.00	180.00
13th	2016	2.00%	17.76%	2.63%	3-4 years	236.00	236.00
14th	2017	2.00%	16.70%	3.92%	3-4 years	206.20	206.20
15th	2018	2.00%	28.98%	4.95%	3-4 years	245.00	245.00
16th	2019	2.00%	27.65%	4.18%	3-4 years	219.00	219.00
17th	2020	2.00%	35.17%	2.40%	3-4 years	138.00	138.00

The expected life of the stock options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

ELTIP. The ELTIP entitlement is given to members of the senior management committee and designated consultants of the JFC Group.

Each ELTIP cycle refers to the period commencing on the ELTIP entitlement date and ending on the last day of the ELTIP exercise period. Actual grant and vesting are conditional upon achievement of the JFC Group's medium to long-term goals and individual targets in a given period, and the employment of the employee-participants in the JFC Group within the vesting period. If the goals are achieved, the options will be granted. For the 3rd ELTIP cycle, a percentage of the options to be granted are based on the percentage of growth in annual earnings per share such that 100%, 50% or 25% of the options granted when percentage of growth in annual earnings per share are 12% and above, 10% to less than 12% or 8% to less than 10%, respectively. For the 4th ELTIP cycle, the percentage of the options to be granted and the targeted percentage of growth in annual earnings per share have been further revised such that 150%, 100% or 50% of the options granted when percentage of growth in annual earnings per share are 15% and above, 12% to less than 15% or 10% to less than 12%, respectively.

The exercise price of the stock options under ELTIP is determined by the JFC Group with reference to the prevailing market prices over the three months immediately preceding the date of entitlement for the first and second ELTIP cycles. Starting with the 3rd ELTIP cycle, the exercise price of the option is determined by the JFC Group with reference to the closing market price as at the date of entitlement.

The options will vest at the rate of one-third of the total options granted on each anniversary date which will start after the goals are achieved. For instance, on July 1, 2004, the Compensation Committee gave an entitlement of 22,750,000 options under the 1st ELTIP cycle to eligible participants. One-third of the options granted, or 7,583,333 options, vested and were exercised starting July 1, 2007 until June 30, 2012. On July 1, 2008, October 19, 2012, August 25, 2015 and January 3, 2018, entitlement to 20,399,999, 24,350,000, 11,470,000 and 9,290,000 options were given to eligible participants under the 2nd, 3rd, 4th and 5th ELTIP cycles, respectively. The 1st, 2nd and 3rd ELTIP cycles expired on June 30, 2012, April 30, 2017 and April 30, 2020, respectively. The stock options granted under the 4th ELTIP cycle will expire in 2023.

The JFC Group does not pay cash as a form of settlement.

The movements in the number of stock options outstanding for the 3rd to 4th ELTIP cycles and related WAEP for the years ended December 31, 2020, 2019 and 2018 follow:

	2020		2019		2018	
	Number of Options	**WAEP**	Number of Options	WAEP	Number of Options	WAEP
Total options granted at beginning and end of year	**78,969,999**	**₱74.58**	78,969,999	₱74.58	78,969,999	₱74.58
Outstanding at beginning of year	**15,368,368**	**₱123.22**	18,630,000	₱120.55	27,436,666	₱136.35
Options exercised during the year	**(10,885,000)**	**105.00**	(3,238,299)	107.47	(1,323,333)	111.99
Options forfeited during the year	**(410,000)**	**110.56**	(23,333)	180.00	(7,483,333)	180.00
Outstanding at end of year	**4,073,368**	**₱180.00**	15,368,368	₱123.22	18,630,000	₱120.55
Exercisable at end of year	**4,073,368**	**₱180.00**	13,895,035	₱117.20	15,683,333	₱109.38

The weighted average remaining contractual life for the stock options outstanding is 2.33 years, 1.06 years and 2.07 years as at December 31, 2020, 2019 and 2018, respectively.

The fair value of stock options granted is ₱26.13 in 2015. There were no additional stock option grants under ELTIP in 2020, 2019 and 2018. The fair value of share options as at the date of grant is estimated using the Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the options were granted. The option style used for this plan is the American style because this option plan allows exercise before the maturity date.

The inputs to the model used for the options granted on the dates of grant for each ELTIP cycle are shown below:

ELTIP Cycle	Year of Grant	Dividend Yield	Expected Volatility	Risk-free Interest Rate	Expected Life of the Option	Stock Price on Grant Date	Exercise Price
1st	2004	1.72%	36.91%	6.20%	5 years	₱24.00	₱20.00
2nd	2008	1.80%	26.79%	8.38%	3-4 years	34.00	39.85
3rd	2012	2.00%	28.74%	3.60%	3-4 years	105.00	105.00
4th	2015	2.00%	18.94%	2.98%	3-4 years	180.00	180.00

The expected life of the stock options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The cost of the stock options expense charged to operations for both MSOP and ELTIP in the "General and administrative expenses" account amounted to ₱188.3 million and ₱262.9 million in 2020 and 2019, respectively (see Notes 19 and 22). Correspondingly, a credit was made to additional paid-in-capital (see Note 19).



27. Related Party Transactions

The JFC Group has transactions with related parties. Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or under common control with the JFC Group, including holding companies, subsidiaries and fellow subsidiaries are related entities of the JFC Group. Individuals owning, directly or indirectly, an interest in the voting power of the JFC Group that give them significant influence over the enterprise; key management personnel, including directors and officers of the JFC Group, and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

Compensation of Key Management Personnel of the JFC Group

The aggregate compensation and benefits to key management personnel of the JFC Group are as follows:

	2020	2019	2018
Salaries and short-term benefits	**₱818,598**	₱1,265,771	₱1,221,283
Net pension expense	**204,693**	124,114	106,756
Stock options expense (see Notes 22 and 26)	**188,290**	262,875	311,964
Employee car plan and other long-term benefits	**35,487**	54,728	58,859
	₱1,247,068	₱1,707,488	₱1,698,862

Transactions with the Retirement Plans

As at December 31, 2020 and 2019, certain retirement funds of the JFC Group include investment in equity securities of the Parent Company with details as follows:

	2020	2019
Number of shares	**105,560**	151,810
Market value	**₱20,605**	₱32,791
Cost	**16,765**	11,564
Unrealized gain	**₱3,840**	₱21,227

The JFC Group's receivable from the retirement fund amounted to ₱878.7 million and ₱193.6 million as at December 31, 2020 and 2019, respectively (see Notes 7 and 25). The receivable arose from benefit payments made by the JFC Group for and in behalf of the retirement plans. The receivable is noninterest-bearing.

Terms and Conditions of Transactions with other Related Parties

Transactions with related parties are made at market prices and are normally settled in cash. The JFC Group has approval process and established limits when entering into material related party transactions. Other related party transactions between entities under the JFC Group are eliminated in the consolidation process.

28. Earnings Per Share

Basic and diluted EPS are computed as follows:

	2020	2019 (As restated – Note 11)	2018
	(In Thousand pesos, except for shares data and EPS)		
(a) Net income (loss) attributable to the equity holders of the Parent Company	**(₱11,510,727)**	₱7,302,726	₱8,212,608
(b) Weighted average number of shares - basic	**1,102,060,627**	1,092,593,583	1,087,093,411
Weighted average number of shares outstanding under the stock options plan	**6,649,068**	32,334,237	34,865,233
Weighted average number of shares that would have been purchased at fair market value	**(5,455,186)**	(19,781,303)	(18,607,619)
(c) Adjusted weighted average shares - diluted	**1,103,254,509**	1,105,146,517	1,103,351,025
EPS			
Basic (a/b)	**(₱10.445)**	₱6.684	₱7.555
Diluted (a/c)	**(10.433)**	6.608	7.443

Potential common shares for stock options under the 10th to 16th MSOP cycles and 4th ELTIP cycle in 2020 and under the 15th MSOP cycle in 2019 were not included in the calculation of the diluted EPS in 2020 and 2019, respectively, because they are anti-dilutive.

29. Leases

JFC Group as Lessee

The JFC Group has lease contracts for QSR outlets, warehouses and office spaces. Leases of QSR outlets and warehouses generally have lease terms between three (3) to twenty (20) years. The JFC Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the JFC Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The JFC Group also has certain leases of QSR outlets with lease term of 12 months or less. The JFC Group applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the year:

	QSR Outlets	Warehouses	Office Spaces	Total
As at January 1, 2019	**₱35,755,494**	**₱675,798**	**₱132,950**	**₱36,564,242**
Acquisition of a business (see Note 11)	12,147,693	–	2,614	12,150,307
Additions	4,960,468	43,880	22,333	5,026,681
Pre-terminations	(2,533,032)	(4,285)	–	(2,537,317)
Depreciation expense (see Notes 21 and 22)	(7,024,659)	(103,818)	(36,326)	(7,164,803)
Cumulative translation adjustments	(1,129,112)	(2,557)	(23)	(1,131,692)
As at December 31, 2019, As previously reported	**42,176,852**	**609,018**	**121,548**	**42,907,418**
Effect of CBTL's final purchase price allocation (see Note 11)	(440,456)	–	–	(440,456)
As at December 31, 2019, As restated	**41,736,396**	**609,018**	**121,548**	**42,466,962**
Additions	6,175,350	–	–	6,175,350
Pre-terminations	(5,278,846)	(1,338)	–	(5,280,184)
Depreciation expense (see Notes 21 and 22)	(7,579,375)	(102,854)	(112,354)	(7,794,583)
Impairment loss	(661,365)	–	–	(661,365)
Derecognition of unfavorable leases (see Note 22)	233,103	–	–	233,103
Cumulative translation adjustments	(914,860)	–	(280)	(915,140)
As at December 31, 2020	**₱33,710,403**	**₱504,826**	**₱8,914**	**₱34,224,143**

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the year:

	2020	2019
As at beginning of year	**₱47,307,404**	₱40,630,789
Additions	**6,240,084**	4,998,947
Pre-terminations	**(6,236,224)**	(2,934,354)
Payments	**(7,803,114)**	(8,419,749)
Rent concessions	**(1,411,781)**	–
Accretion of interest (see Note 23)	**1,938,530**	1,824,311
Acquisition of a business (see Note 11)	**–**	12,472,792
Cumulative translation adjustments	**(951,174)**	(1,265,332)
As at end of year	**₱39,083,725**	₱47,307,404
Current	**₱6,479,140**	₱7,036,754
Noncurrent	**32,604,585**	40,270,650

The maturity analysis of lease liabilities are disclosed in Note 31.

The following are the amounts recognized in profit or loss:

	2020	2019	2018
Depreciation expense of right-of-use assets (see Notes 21 and 22)	**₱7,794,582**	₱7,164,803	₱6,021,384
Interest expense on lease liabilities (see Note 23)	**1,938,530**	1,824,311	1,728,620
Rent expense - short-term leases (see Notes 21 and 22)	**2,349,905**	2,850,568	2,861,424
Rent expense - variable lease payments (see Notes 21 and 22)	**1,178,253**	2,138,076	2,425,781
Loss (gain) on pre-termination of lease agreements (see Notes 21, 22 and 23)	**488,727**	(400,367)	(193,230)
	₱13,749,997	₱13,577,391	₱12,843,979

The JFC Group had total cash outflows for leases of ₱11,331.3 million and ₱13,408.4 million in 2020 and 2019, respectively.

In 2020, the JFC Group received rent concessions from lessors amounting to ₱1,411.8 million accounted for as negative variable lease payments in the consolidated statement of comprehensive income.

JFC Group as Lessor

The JFC Group entered into commercial property leases for its investment property units. These leases have terms of between three (3) and twenty (20) years. Leases generally include a clause to enable upward revision of the rent charges on an annual basis based on prevailing market conditions.

Rent income recognized on a straight-line basis amounted to ₱35.8 million, ₱58.5 million and ₱25.0 million in 2020, 2019 and 2018, respectively (see Note 20). The difference of rent income recognized under the straight-line method and the rent amounts in accordance with the terms of the lease are included under "Operating lease receivables" which amounted to ₱87.2 million and ₱98.7 million as at December 31, 2020 and 2019, respectively.

The future minimum lease receivables under noncancelable operating leases as at December 31 are as follows:

	2020	2019
Within one year	**₱28,367**	₱61,612
After one year but not more than five years	**117,305**	236,607
More than five years	**48,469**	65,725
	₱194,141	₱363,944

JFC Group as an Intermediate Lessor
The JFC Group subleases certain parcels of land with lease terms between five (5) to twenty (20) years. The lease contracts contain renewal options under terms and conditions that are mutually agreed upon by the parties.

Set out below are the carrying amounts of finance lease receivables and the movements during the year:

	2020	2019
At January 1	**₱161,934**	₱184,800
Pre-termination	**(69,701)**	–
Payments	**(27,377)**	(30,952)
Accretion of interest (see Note 23)	**5,944**	8,086
As at December 31	**₱70,800**	₱161,934

Shown below is the maturity analysis of the undiscounted finance lease receivables:

	2020	2019
1 year	**₱17,191**	₱33,388
more than 1 year to 5 years	**62,368**	144,678
more than 5 years	**–**	5,198

30. Contingencies

The JFC Group is involved in litigations, claims and disputes, and regulatory assessments which are normal to its business. Management believes that the ultimate liability, if any, with respect to these litigations, claims and disputes will not materially affect the financial position and financial performance of the JFC Group. Thus, other than the provisions in Note 17, there were no other provisions made for contingencies.

The JFC Group does not provide further information on these provisions and contingencies in order not to impair the outcome of the litigations, claims and disputes.

31. Financial Risk Management Objectives and Policies

The JFC Group is exposed to a variety of financial risks from its operating, investing and financing activities. The JFC Group's risk management policies focus on actively securing the JFC Group's short-term to medium-term cash flows by minimizing the exposure to financial markets.

The JFC Group's principal financial instruments comprise of cash and cash equivalents, short-term investments, current portion of financial assets at FVTPL, receivables, short-term and long-term debts and senior debt securities. The main purpose of these financial instruments is to obtain financing for the JFC Group's operations. The JFC Group has other financial assets and liabilities such as security and other deposits, finance lease receivables, operating lease receivables, lease liabilities and trade payables and other current liabilities (excluding accrual for local and other taxes, liabilities to government agencies and unearned revenue from gift certificates) which arise directly from its operations and noncurrent portion of financial assets at FVTPL.

The main risks arising from these financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The risk management policies reviewed regularly by the Parent Company's BOD and management for managing each of these risks are summarized as follows:

Interest Rate Risk
Interest rate risk arises from the possibility that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The JFC Group's exposure to interest rate risk relates primarily to short-term and long-term debts with floating interest rates. Floating rate financial instruments are subject to cash flow interest rate risk. The JFC Group's interest rate exposure management policy centers on reducing the JFC Group's overall interest expense and exposure to changes in the interest rates.

To manage the interest rate risk related to the JFC Group's long-term debts, the JFC Group used a derivative instrument to fix the interest rate over the term of one of its long-term debts (see Note 18). With the JFC Group's Corporate Planning Team, it enters into loan contracts with variable interest rates and option to fix interest rates which can be availed to manage its loan risks.

There is minimal exposure on the other sources of the JFC Group's interest rate risk. These other sources are from the JFC Group's cash in banks, short-term deposits and short-term investments.

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the JFC Group's income before income tax as at December 31, 2020 and 2019. The impact on the JFC Group's income before income tax is due to changes in the fair value of floating interest rates.

Long-term Debt with Floating Interest Rates

	Increase/ Decrease in Basis Points	Effect in Profit or Loss Before Income Tax		
		2020	2019	2018
PHP	+100	(135,017)	(161,228)	(188,907)
	-100	135,017	161,228	188,907
USD	+100	(46,863)	(55,802)	(67,688)
	-100	46,863	55,802	67,688
VND	+100	(10,702)	(8,928)	(6,068)
	-100	10,702	8,928	6,068

The assumed movement in basis point for interest rate sensitivity analysis is based on the currently observable market environment.

Foreign Currency Risk
The JFC Group's exposure to foreign currency risk arises from the Parent Company's investments outside the Philippines, which are mainly in PRC and USA. The net assets of foreign businesses account for 41.3% and 5.0% of the consolidated net assets of the JFC Group as at December 31, 2020 and 2019, respectively.

The JFC Group also has transactional foreign currency exposures. Such exposure arises from the JFC Group's Philippine operations' cash and cash equivalents, financial assets at FVTPL, receivables and trade payables in foreign currencies.

The following table shows the JFC Group's Philippine operations' foreign currency-denominated monetary assets and liabilities and their peso equivalents as at December 31:

	2020		2019	
	USD	**PHP Equivalent**	USD	PHP Equivalent
Foreign currency denominated assets:				
Cash and cash equivalents	**30,381**	**1,458,896**	17,022	861,884
Financial assets at FVTPL	**35,000**	**1,680,700**	–	–
Receivables	**12,171**	**584,451**	11,063	560,160
	77,552	**3,724,047**	28,085	1,422,044
Foreign currency denominated liability -				
Accounts payable - trade	**(2,341)**	**(112,415)**	(4,020)	(203,576)
Foreign currency denominated assets - net	**75,211**	**3,611,632**	24,065	1,218,468

Foreign Currency Risk Sensitivity Analysis
The JFC Group has recognized in profit or loss, a net foreign exchange loss of ₱142.4 million and ₱268.2 million in 2020 and 2019, respectively (see Note 23), included under "Other income" account. This resulted from the movements of the Philippine peso against the USD as shown in the following table:

December 31, 2020	**48.02**
December 31, 2019	50.64
December 31, 2018	52.58

The following table demonstrates the sensitivity to a reasonably possible change in USD to Philippine peso exchange rate, with all other variables held constant, of the JFC Group's income before income tax (due to changes in the fair value of monetary assets and liabilities) as at December 31:

		2020		2019	
Appreciation (Depreciation) of ₱ against Foreign Currency		**Effect on Income before Income Tax**	**Effect on Equity before Income Tax**	Effect on Income before Income Tax	Effect on Equity before Income Tax
USD	1.50	**(₱112,817)**	**(₱112,817)**	(₱36,096)	(₱36,096)
	(1.50)	**112,817**	**112,817**	36,096	36,096
	1.00	**(75,211)**	**(75,211)**	(24,065)	(24,065)
	(1.00)	**75,211**	**75,211**	24,065	24,065

Credit Risk
Credit risk is the risk that a customer or counterparty fails to fulfill its contractual obligations to the JFC Group. This includes risk of non-payment by borrowers, failed settlement of transactions and default on outstanding contracts.

The JFC Group has a strict credit policy. Its credit transactions are with franchisees and customers that have gone through rigorous screening before granting them the franchise. The credit terms are very short, while deposits and advance payments are also required before rendering the services or delivering the goods, thus, mitigating the possibility of non-collection. In cases of non-collection, defaults of the debtors are not tolerated; the exposure is contaned the moment a default occurs and transactions that will further increase the exposure of the JFC Group are discontinued.

The JFC Group has no significant concentration of credit risk with counterparty. The JFC Group's franchisee profile is such that no single franchisee accounts for more than 5% of the total system wide sales of the JFC Group.

The aging analysis of financial assets as at December 31, 2020 and 2019 are as follows:

	2020						
		Neither Past Due nor	Past Due but not Impaired (Age in Days)				
	Total	**Impaired**	**1-30**	**31-60**	**61-120**	**Over 120**	**Impaired**
Financial Assets at Amortized Cost			*(In Millions)*				
Cash and cash equivalents*	**₱21,036.7**	**₱21,036.7**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**
Short-term investments	**441.0**	**441.0**	–	–	–	–	–
Receivables:							
Trade	**5,466.8**	**1,423.1**	**1,243.1**	**459.1**	**614.7**	**1,068.2**	**658.6**
Receivable from retirement fund	**878.7**	**58.9**	**30.3**	**25.7**	**543.1**	**220.7**	–
Advances to employees	**221.0**	**221.0**	–	–	–	–	–
Employee car plan receivables**	**138.9**	**138.9**	–	–	–	–	–
Other receivables***	**11.4**	**11.4**	–	–	–	–	–
Operating lease receivables	**87.2**	**87.2**	–	–	–	–	–
Finance lease receivables	**70.8**	**70.8**	–	–	–	–	–
Other noncurrent assets -							
Security and other deposits**	**2,913.3**	**2,913.3**	–	–	–	–	–
	31,265.8	**26,402.3**	**1,273.4**	**484.8**	**1,157.8**	**1,288.9**	**658.6**
Financial Assets at FVTPL	**35,692.4**	**35,692.4**	–	–	–	–	–
	₱66,958.2	**₱62,094.7**	**₱1,273.4**	**₱484.8**	**₱1,157.8**	**₱1,288.9**	**₱658.6**

**Excluding cash on hand amounting to ₱324.8 million.*
***Including noncurrent portion of employee car plan receivables and security and other deposits.*
****Including interest receivable and excluding receivables from government agencies amounting to ₱83.0 million.*

	2019						
		Neither Past Due nor	Past Due but not Impaired (Age in Days)				
	Total	Impaired	1-30	31-60	61-120	Over 120	Impaired
Financial Assets at Amortized Cost			*(In Millions)*				
Cash and cash equivalents*	₱20,515.1	₱20,515.1	₱–	₱–	₱–	₱–	₱–
Short-term investments	2,130.0	2,130.0	–	–	–	–	–
Receivables:							
Trade	5,348.9	3,753.9	433.6	139.4	124.6	505.0	392.4
Receivable from retirement fund	193.6	19.4	1.7	2.2	3.2	167.1	–
Employee car plan receivables**	216.7	216.7	–	–	–	–	–
Advances to employees	175.4	175.4	–	–	–	–	–
Other receivables***	21.6	21.6	–	–	–	–	–
Operating lease receivables	98.7	98.7	–	–	–	–	–
Finance lease receivables	161.9	161.9	–	–	–	–	–
Other noncurrent assets-							
Security and other deposits**	3,210.8	3,210.8	–	–	–	–	–
	32,072.7	30,303.5	435.3	141.6	127.8	672.1	392.4
Financial Assets at FVTPL	38.2	38.2	–	–	–	–	–
	₱32,110.9	₱30,341.7	₱435.3	₱141.6	₱127.8	₱672.1	₱392.4

**Excluding cash on hand amounting to ₱376.9 million .*
***Including noncurrent portion of employee car plan receivables and security and other deposits.*
****Including interest receivable and excluding receivables from government agencies amounting to ₱62.7 million .*

Credit Risk Exposure. The tables below show the maximum exposure to credit risk of the JFC Group as at December 31, 2020 and 2019 without considering the effects of collaterals and other credit risk mitigation techniques:

	2020		
	Gross Maximum Exposure (a)	**Fair Value and Financial Effect of Collateral or Credit Enhancement (b)**	**Net Exposure (c) = (a) - (b)**
		(In Millions)	
Financial Assets at Amortized Cost			
Cash and cash equivalents*	**₱21,036.7**	**₱185.2**	**₱20,851.5****
Short-term investments	**441.0**	–	**441.0**
Receivables:			
Trade	**5,466.8**	**1,234.3**	**4,232.5*****
Receivable from retirement fund	**878.7**	–	**878.7**
Employee car plan receivables	**138.9**	–	**138.9**
Advances to employees	**221.0**	–	**221.0**
Other receivables****	**11.4**	–	**11.4**
Operating lease receivables	**87.2**	–	**87.2**
Finance lease receivables	**70.8**	–	**70.8**
Other noncurrent assets -			
Security and other deposits	**2,913.3**	–	**2,913.3**
Financial assets at FVTPL	**35,692.4**	–	**35,692.4**
	₱66,958.2	**₱1,419.5**	**₱65,538.7**

* *Excluding cash on hand amounting to ₱324.8 million.*
** *Gross financial assets after taking into account insurance bank deposits for cash and cash equivalents.*
*** *Gross financial assets after taking into account payables to the same counterparty.*
**** *Including interest receivable and excluding receivables from government agencies amounting to ₱83.0 million.*

	2019		
	Gross Maximum Exposure (a)	Fair Value and Financial Effect of Collateral or Credit Enhancement (b)	Net Exposure (c) = (a) - (b)
		(In Millions)	
Financial Assets at Amortized Cost			
Cash and cash equivalents*	₱20,515.1	₱122.8	₱20,392.3**
Short-term investments	2,130.0	–	2,130.0
Receivables:			
Trade	5,348.9	564.6	4,784.3***
Receivable from retirement fund	193.6	–	193.6
Employee car plan receivables	216.7	23.4	193.3
Advances to employees	175.4	–	175.4
Other receivables****	21.6	–	21.6
Operating lease receivables	98.7	–	98.7
Finance lease receivables	161.9	–	161.9
Other noncurrent assets -			
Security and other deposits	3,210.8	30.6	3,180.2
Financial assets at FVTPL	38.2	–	38.2
	₱32,110.9	₱741.4	₱31,369.5

* *Excluding cash on hand amounting to ₱376.9 million.*
** *Gross financial assets after taking into account insurance bank deposits for cash and cash equivalents.*
*** *Gross financial assets after taking into account payables to the same counterparty.*
**** *Including interest receivable and excluding receivables from government agencies amounting to ₱62.7 million.*

With respect to credit risk arising from financial assets of the JFC Group, the JFC Group's exposure to credit risk arises from default of the counterparty, with a gross maximum exposure equal to the carrying amount of these instruments.

Credit Quality. The financial assets of the JFC Group are grouped according to stage of which description is explained as follows:

Stage 1 - Those that are considered current and up to 30 days past due, and based on change in rating, delinquencies and payment history, do not demonstrate significant increase in credit risk.

Stage 2 - Those that, based on change in rating, delinquencies and payment history, demonstrate significant increase in credit risk, and/or are considered more than 30 days past due but does not demonstrate objective evidence of impairment as at reporting date.

Stage 3 - Those that are considered in default or demonstrate objective evidence of impairment as at reporting date.

The tables below show determination of ECL stage of the JFC Group's financial assets:

	2020			
		Stage 1	Stage 2	Stage 3
	Total	12-month ECL	Lifetime ECL	Lifetime ECL
Financial Assets at Amortized Cost		*(in Millions)*		
Receivables:				
Trade	**₱5,466.8**	**₱2,666.2**	**₱2,142.0**	**₱658.6**
Receivable from retirement fund	**878.7**	**89.2**	**789.5**	–
Advances to employees	**221.0**	**221.0**	–	–
Employee car plan receivables*	**138.9**	**138.9**	–	–
Other receivables**	**11.4**	**11.4**	–	–
Financial Assets at FVTPL	**35,692.4**	**35,692.4**	–	–
	₱42,409.2	**₱38,819.1**	**₱2,931.5**	**₱658.6**

**Including noncurrent portion of employee car plan receivables.*
***Including interest receivable and excluding receivables from government agencies amounting to ₱83.0 million.*

	2019			
		Stage 1	Stage 2	Stage 3
	Total	12-month ECL	Lifetime ECL	Lifetime ECL
Financial Assets at Amortized Cost		*(in Millions)*		
Receivables:				
Trade	₱5,348.9	₱4,187.5	₱769.0	₱392.4
Receivable from retirement fund	193.6	21.1	172.5	–
Employee car plan receivables*	216.7	216.7	–	–
Advances to employees	175.4	175.4	–	–
Other receivables**	21.6	21.6	–	–
Financial Assets at FVTPL	38.2	38.2	–	–
	₱5,994.4	₱4,660.5	₱941.5	₱392.4

**Including noncurrent portion of employee car plan receivables.*
***Including interest receivable and excluding receivables from government agencies amounting to ₱62.7million.*

Liquidity Risk

The JFC Group's exposure to liquidity risk refers to the risk that its financial liabilities are not serviced in a timely manner and that its working capital requirements and planned capital expenditures are not met. To manage this exposure and to ensure sufficient liquidity levels, the JFC Group closely monitors its cash flows to be able to finance its capital expenditures and to pay its obligations as and when they fall due.

On a weekly basis, the JFC Group's Cash and Banking Team monitors its collections, expenditures and any excess/deficiency in the working capital requirements, by preparing cash position reports that present actual and projected cash flows for the subsequent week. Cash outflows resulting from major expenditures are planned so that money market placements are available in time with the planned major expenditure. In addition, the JFC Group has short-term cash deposits and portfolio investments and has available credit lines with accredited banking institutions, in case there is a sudden deficiency. The JFC Group maintains a level of cash and cash equivalents deemed sufficient to finance the operations. No changes were made in the objectives, policies or processes of the JFC Group during the year ended December 31, 2020 and 2019.

The JFC Group's financial assets, which have maturity of less than 12 months and are used to meet its short-term liquidity needs, are cash and cash equivalents, short-term investments, financial assets at FVTPL and trade receivables and contract assets amounting to ₱21,361.5 million, ₱441.0 million, ₱35,658.6 million and ₱5,796.5 million and, respectively, as at December 31, 2020 and ₱20,892.0 million, ₱2,130.0 million, nil and ₱5,369.7 million, respectively, as at December 31, 2019.

The tables below summarize the maturity profile of the JFC Group's other financial liabilities based on the contractual undiscounted cash flows as at December 31, 2020 and 2019:

	2020				
	Due and Demandable	**Less than 1 Year**	**1 to 5 Years**	**Over 5 Years**	**Total**
			(in Millions)		
Financial Liabilities					
Trade payables and other current liabilities*	**₱5,974.0**	**₱23,386.5**	**₱–**	**₱–**	**₱29,360.5**
Short term debt	**–**	**15,875.5**	**–**	**–**	**15,875.5**
Long-term debt (including current portion)	**–**	**4,720.1**	**14,438.5**	**99.6**	**19,258.2**
Senior debt securities	**–**	**–**	**14,314.5**	**14,314.5**	**28,629.0**
Lease liabilities	**–**	**7,717.9**	**23,171.1**	**21,183.8**	**52,072.8**
Total Financial Liabilities	**₱5,974.0**	**₱51,700.0**	**₱51,924.1**	**₱35,597.9**	**₱145,196.0**

**Excluding statutory obligations such as local and other taxes payable, PHIC, SSS, HDMF and NHMFC payables and unearned revenue from gift certificates amounting to ₱2,005.5 million as at December 31, 2020.*

	2019 (As restated – Note 11)				
	Due and Demandable	Less than 1 Year	1 to 5 Years	Over 5 Years	Total
			(in Millions)		
Financial Liabilities					
Trade payables and other current liabilities*	₱8,351.2	₱21,921.4	₱–	₱–	₱30,272.6
Short term debt	–	22,180.3	–	–	22,180.3
Long-term debt (including current portion)	47.9	3,367.2	19,081.0	99.6	22,595.7
Liability for acquisition of a business (including current portion)	2.8	–	–	–	2.8
Lease liabilities	–	9,139.3	25,015.1	30,110.9	64,265.3
Total Financial Liabilities	₱8,401.9	₱56,608.2	₱44,096.1	₱30,210.5	₱139,316.7

**Excluding statutory obligations such as local and other taxes payable, PHIC, SSS, HDMF and NHMFC payables and unearned revenue from gift certificates amounting to ₱4,045.0 million as at December 31, 2019.*

Price Risk

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate or foreign exchange rate risk), whether those changes are caused by factors specific to the individual financial instrument or contract, or by factors affecting all similar contracts or financial instruments traded in the market.

The JFC Group's price risk exposure relates to financial assets whose values will fluctuate as a result of changes in market prices.

The JFC Group's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments.

The JFC Group's has no significant concentration of price risk.

The JFC Group is not exposed to significant equity price risk on its investment in quoted equity securities consisting of investment in golf and club shares.

At the reporting date, the JFC Group's exposure to other price risk arises from the changes in fair value of bond funds. The JFC Group has determined that an increase/(decrease) ranging from 1% to 5% on the market prices could have an impact of approximately ₱1,035.7 million on the profit or loss and equity before income tax.

This analysis was performed for reasonably possible movements in the market index with all other variables held constant. The correlation of variables will have a significant effect in determining the ultimate impact on price risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis.

Capital Management Policy
Capital includes equity attributable to equity holders of the Parent Company.

The primary objective of the JFC Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The JFC Group has sufficient capitalization.

The JFC Group generates cash flows from operations sufficient to finance its organic growth. It declares cash dividends representing at least one-third of its consolidated net income, a ratio that would still leave some additional cash for future expansion. If needed, the JFC Group would borrow money for acquisitions of new businesses.

As at December 31, 2020 and December 31, 2019, the JFC Group's debt ratio and net debt ratio are as follows:

Debt Ratio

	2020	2019 (As restated – Note 11)
Total debt (a)	**₱142,778,265**	₱134,073,021
Total equity attributable to equity holders of the Parent Company	**38,539,260**	53,470,339
Total debt and equity attributable to equity holders of the Parent Company (b)	**₱181,317,525**	₱187,543,360
Debt ratio (a/b)	**79%**	71%

Net Debt Ratio

	2020	2019 (As restated- Note 11)
Total debt	**₱142,778,265**	₱134,073,021
Less cash and cash equivalents, short-term investments and current portion of financial assets at FVTPL	**57,461,051**	23,022,021
Net debt (a)	**85,317,214**	111,051,000
Total equity attributable to equity holders of the Parent Company	**38,539,260**	53,470,339
Net debt and equity attributable to equity holders of the Parent Company (b)	**₱123,856,474**	₱164,521,339
Net debt ratio (a/b)	**69%**	67%

32. Fair Value of Financial Assets and Liabilities

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 measurement date.

Financial Instruments Which Carrying Amounts Approximate Fair Value. Management has determined that the carrying amounts of cash and cash equivalents, short-term investments, receivables, operating lease receivables, trade payables and other current liabilities, based on their notional amounts, reasonably approximate their fair values because of their short-term nature or due to the immaterial effect of discounting when the present value of future cash flows from these instruments are calculated.

Financial Assets at FVTPL. The fair value of bond funds and quoted shares of stock in golf and leisure clubs are based on quoted prices. The JFC Group does not have the intention to dispose its quoted shares of stock in the near term.

Investment Properties. The fair value of the investment properties are determined by independent appraisers using the market data and cost approach, which considers the local market conditions, the extent, character and utility of the property, sales and holding prices of similar parcels of land and the highest and best use of the investment properties.

Finance Lease Receivables, Security and Other Deposits, Employee Car Plan Receivables, Long-term Debt and Lease Liabilities. Management has determined that the estimated fair value of security and other deposits, noncurrent portion of employee car plan receivables, long-term debt and derivative asset or liability are based on the discounted value of future cash flows using applicable rates as follows:

	2020	2019
Finance lease receivables	**3.90%-5.36%**	3.46%-3.98%
Security and other deposits	**0.99%-15.43%**	0.55%-15.43%
Employee car plan receivables	**0.93%-8.62%**	2.80%-8.26%
Long-term debt	**0.17%-3.00%**	1.27%-6.89%
Lease liabilities	**0.64%–22.48%**	0.64%–22.48%

The following tables provide the fair value measurement hierarchy of the JFC Group's recurring financial assets and liabilities.

Quantitative disclosure fair value measurement hierarchy for assets as at December 31, 2020:

		Fair Value Measurement Using			
	Carrying Value	**Total**	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets measured at fair value -					
Financial assets at FVTPL	**₱35,692,357**	**₱35,692,357**	**₱-**	**₱35,692,357**	**₱-**
Assets for which fair values are disclosed:					
Investment properties:					
Land	**572,722**	**1,461,244**	**-**	**-**	**1,461,244**
Buildings	**-**	**76,027**	**-**	**-**	**76,027**
Finance lease receivables	**70,800**	**70,800**	**-**	**-**	**70,800**
Other noncurrent assets:					
Security and other deposits	**2,913,340**	**2,333,851**	**-**	**-**	**2,333,851**
Employee car plan receivables	**138,935**	**127,969**	**-**	**-**	**127,969**

Quantitative fair value measurement hierarchy for assets as at December 31, 2019:

		Fair Value Measurement Using			
	Carrying Value	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value:					
Financial assets at FVTPL	₱38,202	₱38,202	₱-	₱38,202	₱-
Assets for which fair values are disclosed:					
Investment properties:					
Land	572,722	2,083,920	-	-	2,083,920
Buildings	-	954,427	-	-	954,427
Finance lease receivables	161,934	162,947	-	-	162,947
Other noncurrent assets:					
Security and other deposits	3,210,835	2,338,288	-	-	2,338,288
Employee car plan receivables	216,713	194,172	-	-	194,172

Quantitative fair value measurement hierarchy for liabilities as at December 31, 2020:

		Fair Value Measurement Using			
	Date of Valuation	**Total**	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Liabilities measured at fair value - Derivative liability - interest rate swap	December 31, 2020	**₱141,480**	**₱–**	**₱141,480**	**₱–**
Liabilities disclosed at fair value:					
Tenants' deposit	December 31, 2020	**6,849**	**–**	**–**	**6,849**
Long-term debt	December 31, 2020	**19,990,261**	**–**	**–**	**19,990,261**

Quantitative disclosure fair value measurement hierarchy for liabilities as at December 31, 2019:

		Fair Value Measurement Using			
	Date of Valuation	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Liabilities measured at fair value - Derivative liability - interest rate swap	December 31, 2019	₱58,241	₱–	₱58,241	₱–
Liabilities measured at fair value:					
Tenants' deposit	December 31, 2019	7,442	–	–	7,442
Long-term debt	December 31, 2019	22,768,094	–	–	22,768,094

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements during the year.

33. Notes to the Statements of Cash Flows

In 2020 and 2019, movements in the JFC Group's liabilities and equity arising from financing activities follow:

	2020															
	January 1, 2020	**Cash Flows**	**Acquisition of a Subsidiary** (Note 11)	**Dividends Declared** (Note 19)	**Coupon Paid** (Note 19)	**Granted Stock Options to Employees and Subsidiaries**	**Interest Expense** (Note 23)	**Deferred Tax Assets** (Note 24)	**Amortization of Debt Issue Cost** (Note 18)	**Cumulative Translation Adjustments**	**Share in Net Losses of Non-controlling Interest** (Note 11)	**Share in Cumulative Translation Adjustments of Non-controlling Interest** (Note 11)	**Additions** (Note 29)	**Rent Concessions** (Note 29)	**Pre-termination of Lease** (Note 29)	**December 31, 2020**
	(in Millions)															
Dividends and coupons payable (see Note 16)	**₱87.9**	**(₱1,430.0)**	**₱–**	**₱1,431.1**	**₱490.1**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱579.1**
Short-term debt (Note 18)	**22,180.3**	**(5,944.8)**	–	–	–	–	–	–	–	**(360.0)**	–	–	–	–	–	**15,875.5**
Long-term debt (Note 18)	**22,595.7**	**(3,030.0)**	–	–	–	–	–	–	**19.0**	**(326.4)**	–	–	–	–	–	**19,258.3**
Senior debt securities (Note 18)	–	**29,499.0**	–	–	–	–	–	–	**10.4**	**(880.4)**	–	–	–	–	–	**28,629.0**
Interest payable (Note 16)	**167.3**	**(1,471.8)**	–	–	–	–	**1,848.3**	–	–	–	–	–	–	–	–	**543.8**
Lease liabilities (Note 29)	**47,307.4**	**(7,803.1)**	–	–	–	–	**1,938.5**	–	–	**(951.1)**	–	–	**6,240.0**	**(1,411.8)**	**(6,236.2)**	**39,083.7**
Capital stock (Note 19)	**1,110.1**	**12.1**	–	–	–	–	–	–	–	–	–	–	–	–	–	**1,122.2**
Additional paid-in capital (Note 19)	**8,797.4**	**1,268.7**	–	–	–	**188.3**	–	**(340.5)**	–	–	–	–	–	–	–	**9,913.9**
Senior perpetual securities (Note 19)	–	**30,010.3**	–	–	**577.7**	–	–	–	–	–	–	–	–	–	–	**30,588.0**
Non-controlling interest (Note 11)	**(318.2)**	**9.1**	**293.0**	–	–	–	–	–	–	–	**(1,068.5)**	**47.2**	–	–	–	**(1,037.4)**
Total liabilities and equity on financing activities	**₱101,927.9**	**₱41,119.5**	**₱293.0**	**₱1,431.1**	**₱1067.8**	**₱188.3**	**₱3,786.8**	**(₱340.5)**	**₱29.4**	**(₱2,517.9)**	**(₱1,068.5)**	**₱47.2**	**₱6,240.0**	**(₱1,411.8)**	**(₱6,236.2)**	**₱144,556.1**

	2019													
	January 1, 2019	Cash Flows	Acquisition of a Subsidiary (Note 11)	Dividends Declared (Note 19)	Granted Stock Options to Employees and Subsidiaries	Interest Expense (Note 23)	Deferred Tax Assets (Note 24)	Amortization of Debt Issue Cost (Note 18)	Cumulative Translation Adjustments	Share in Net Losses of Non-controlling Interest (Note 11)	Share in Cumulative Translation Adjustments of Non-controlling Interest (Note 11)	Additions (Note 29)	Pre-termination of Lease (Note 29)	December 31, 2019
	(in Millions)													
Dividends payable (Note 16)	₱80.8	(₱2,807.8)	₱–	₱2,814.9	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱87.9
Short-term debt (Note 18)	–	22,180.3	–	–	–	–	–	–	–	–	–	–	–	22,180.3
Long-term debt (Note 18)	26,264.4	(3,415.0)	–	–	–	–	–	19.6	(273.3)	–	–	–	–	22,595.7
Interest payable (Note 16)	239.6	(1,434.8)	–	–	–	1,362.5	–	–	–	–	–	–	–	167.3
Lease liabilities (Note 29)	40,630.8	(8,419.7)				1,824.3			(1,265.3)			17,471.7	(2,934.4)	47,307.4
Capital stock (Note 19)	1,105.2	4.9	–	–	–	–	–	–	–	–	–	–	–	1,110.1
Additional paid-in capital (Note 19)	8,638.5	580.5	–	–	262.9	–	(684.5)	–	–	–	–	–	–	8,797.4
Non-controlling interest (Note 11)	1,500.9	30.4	(1,877.4)	(14.9)	–	–	–	–	–	(9.5)	52.3	–	–	(318.2)
Total liabilities and equity on financing activities	₱78,460.2	₱6,718.8	(₱1,877.4)	₱2,800.0	₱262.9	₱3,186.8	(₱684.5)	₱19.6	(₱1,538.6)	(₱9.5)	₱52.3	₱17,471.7	(₱2,934.4)	₱101,927.9

34. Events after the Reporting Period

Dividend Declaration
On April 8, 2021, the BOD of the Parent Company approved a cash dividend of ₱0.78 per share of common stock to all stockholders of record as at April 26, 2021. Consequently, the cash dividend is expected to be paid out on May 12, 2021. The cash dividend is 25.8% higher than the ₱0.62 cash dividend per share declared on April 7, 2020.

Corporate Recovery and Tax Incentives for Enterprises Act
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 to the JFC Group:

- Effective July 1, 2020, regular corporate income tax (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.

- For investments prior to effectivity of CREATE:

    - Registered business enterprises granted only an income tax holiday (ITH) – can continue with the availment of the ITH for the remaining period of the ITH.

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 at 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 income taxes as at and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as at December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.



Applying the provisions of the CREATE Act, the JFC Group would have been subjected to the lower RCIT rate of 25% of taxable income or the reduced MCIT rate of 1% of gross income, effective July 1, 2020.

- This will result in lower provision for current income tax for the year ended December 31, 2020 amounting to ₱1,265.3 million or a reduction of ₱68.7 million. The reduced amounts will be reflected in the JFC Groups's 2020 annual income tax return. However, for financial reporting purposes, the changes will only be recognized in the 2021 consolidated financial statements.

- This will result in lower net deferred tax assets as at December 31, 2020 by ₱631.2 million and will be recognized in the 2021 consolidated financial statements.

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

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Jollibee Foods Corporation
Doing business under the name and style of Jollibee
and Subsidiaries
10/F Jollibee Plaza Building
10 F. Ortigas Jr. Ave., Ortigas Center
Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Jollibee Foods Corporation Doing business under the name and style of Jollibee (the Parent Company) and its subsidiaries (the JFC 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 8, 2021. Our audits were made for the purpose of forming an opinion on the basic 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 JFC 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 financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic 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 financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Mariecris N. Barbaso
Partner
CPA Certificate No. 97101
SEC Accreditation No. 1513-AR-1 (Group A),
November 16, 2018, valid until November 15, 2021
Tax Identification No. 202-065-716
BIR Accreditation No. 08-001998-108-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534222, January 4, 2021, Makati City

April 8, 2021

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SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Jollibee Foods Corporation
Doing business under the name and style of Jollibee
and Subsidiaries
10/F Jollibee Plaza Building
10 F. Ortigas Jr. Ave., Ortigas Center
Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Jollibee Foods Corporation Doing business under the name and style of Jollibee (the Parent Company) and its subsidiaries (the JFC 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 8, 2021. 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 JFC Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with 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 JFC Group's consolidated 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.

Mariecris N. Barbaso
Partner
CPA Certificate No. 97101
SEC Accreditation No. 1513-AR-1 (Group A),
November 16, 2018, valid until November 15, 2021
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BIR Accreditation No. 08-001998-108-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534222, January 4, 2021, Makati City

April 8, 2021

JOLLIBEE FOODS CORPORATION
Doing business under the name and style of Jollibee
AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2020

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Consolidated Statements of Comprehensive Income
For the years ended December 31, 2020, 2019 and 2018

Consolidated Statements of Changes in Equity
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Consolidated Statements of Cash Flows
For the years ended December 31, 2020, 2019 and 2018

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Supplementary Schedules

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SRC Annex 68-J Schedules

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B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)*

C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements

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Conglomerate Map

** These schedules, which are required by Revised SRC Rule 68, have been omitted because they are not applicable*

JOLLIBEE FOODS CORPORATION
Doing business under the name and style of Jollibee
AND SUBSIDIARIES

SCHEDULE A: FINANCIAL ASSETS -Temporary Investments, Time Deposits and Financial Assets at Fair Value through Profit or Loss (FVTPL)
FOR THE YEAR ENDED DECEMBER 31, 2020

	Name of Issuing Entity and Association of each use	Amount shown in the Consolidated Statement of Financial Position	Income Received and Accrued
		(Amounts in thousands)	
Financial Assets at Amortized Cost			
Cash in banks and cash equivalents	N/A	₱21,036,707	₱90,765
Short-term investments	N/A	441,000	24,059
Receivables:			
Trade	N/A	5,466,778	–
Employee car plan	N/A	138,935	–
Advances to employees	N/A	221,045	–
Retirement fund	N/A	878,710	–
Others	N/A	11,403	–
Finance lease receivables	N/A	70,800	–
Security and other deposits	N/A	2,913,340	–
Operating lease receivables	N/A	87,160	–
		31,265,878	114,824
Financial Assets at FVTPL:			
Investments in bond funds	JP Morgan Chase Bank, N.A.	16,589,794	–
Investments in bond funds	Citibank	19,068,771	–
Equity investments	Manila Polo Club	19,000	–
Equity investments	Tagaytay Highlands	7,800	–
Equity investments	Tagaytay Midlands	550	–
Equity investments	The Palms Country Club	900	–
Equity investments	The Rockwell Club	220	–
Equity investments	Valle Verde Country Club, Inc.	250	–
Equity investments	Club Filipino	250	–
Equity investments	Celebrity Sports Plaza	140	–
Equity investments	Tagaytay Country Club	100	–
Equity investments	Others	4,582	–
		35,692,357	–
Total Financial Assets		**₱66,958,235**	₱114,824

JOLLIBEE FOODS CORPORATION
Doing business under the name and style of Jollibee
AND SUBSIDIARIES

SCHEDULE C: RECEIVABLE FROM RELATED PARTIES ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Name of Debtor	Balance at Beginning of Year	Additions	Amount Collected	Equitized*	Current	Noncurrent	Balance at End of Year
			(Amounts in thousands)				
Jollibee Foods Corporation	₱2,192,380	₱9,432,861	(₱10,640,110)	₱–	₱985,131	₱–	₱985,131
Freemont Foods Corporation	1,645,713	6,289,411	(5,866,762)	–	2,068,362	–	2,068,362
Zenith Foods Corporation	3,677,994	3,677,344	(3,832,309)	–	3,523,029	–	3,523,029
Grandworth Resources Corporation	2,438	2,660	(2500)	–	2,598	–	2,598
Fresh N' Famous Foods, Inc.	1,084,933	4,924,154	(4,353,104)	–	1,655,983	–	1,655,983
Red Ribbon Bakeshop, Inc.	1,635,478	2,415,377	(2,629,207)	–	1,421,648	–	1,421,648
Mang Inasal Philippines Inc.	197,955	492,140	(527,600)	–	162,495	–	162,495
Honeybee Foods Corporation	3,350,924	1,167,282	(2,233,999)	–	2,284,207	–	2,284,207
Tokyo Teriyaki Corporation	944,570	1,697,319	(102,615)	–	2,539,274	–	2,539,274
Red Ribbon Bakeshop, Inc. (USA)	969,597	229,152	(196,099)	–	1,002,650	–	1,002,650
Jollibee Worldwide Pte. Ltd.	2,544,873	278,412	(139,224)	–	2,684,061	–	2,684,061
Jollibee Vietnam Corporation Ltd.	968,981	142,276	(21,513)	–	1,089,744	–	1,089,744
Jollibee (China) Food & Beverage Management Co. Ltd. (formerly Shanghai Chunlv Co. Ltd.)	94,842	404,288	(206,731)	–	292,399	–	292,399
Golden Beeworks Pte. Ltd.	112,578	80,484	(83,982)	–	109,080	–	109,080
Burger King Entities	2,374,984	1,880,990	(1,843,882)	–	1,402,092	1,010,000	2,412,092
SuperFoods Group	1,877,186	211,359	(192,597)	–	1,895,948	–	1,895,948
JSF Investments Pte. Ltd.	1,700,122	65	(37,187)	–	1,663,000	–	1,663,000
Beijing Golden Coffee Cup Food & Beverage Management Co., Ltd.	1,152,807	303,794	(236,369)	–	1,220,232	–	1,220,232
Beijing Yong He King Food and Beverage Co., Ltd.	919,023	242,445	(657,346)	–	504,122	–	504,122
Shenzhen Yong He King Food and Beverage Co., Ltd.	2,583	311,126	(247,436)	–	66,273	–	66,273
Happy Bee Foods Processing (Anhui) Co. Ltd.	43,159	30,450	(3,906)	–	69,703	–	69,703
Super Magnificent Coffee Co. Ltd.	12,931,825	18,839	(12,086)	–	12,938,578	–	12,938,578
SJBF LLC	–	1,786,875	(32,086)	–	1,754,789	–	1,754,789
ICT LLC	–	3,185,790	(681,817)	–	1,063,373	1,440,600	2,503,973
Others	165,939	296,215	(148,027)	–	314,127	–	314,127
Total	**₱40,590,884**	**₱39,501,108**	**(₱34,928,494)**	**₱–**	**₱42,712,898**	**₱2,450,600**	**₱45,163,498**

**In 2020, certain receivables were converted into equity or additional investments to the entity.*

JOLLIBEE FOODS CORPORATION
Doing business under the name and style of Jollibee
AND SUBSIDIARIES

SCHEDULE D: LONG - TERM DEBT
FOR THE YEAR ENDED 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 Consolidated Statement of Financial Position	Amount Shown Under Caption Noncurrent Portion of Long-term Debt in Related Consolidated Statement of Financial Position
		(Amounts in thousands)	
US dollar-denominated:			
Ten-year unsecured loan	₱2,934,556	₱586,911	₱2,347,645
Eight-year unsecured loan	1,382,976	14,406	1,368,570
Six-year unsecured loan	368,794	3,842	364,952
Vietnam dong-denominated:			
Five-year unsecured loan	61,731	35,275	26,456
Five-year unsecured loan	167,482	66,993	100,489
Five-year unsecured loan	383,875	127,958	255,917
Five-year unsecured loan	311,250	83,000	228,250
Philippine peso-denominated:			
Five-year unsecured loan	145,811	30,087	115,724
Five-year unsecured loan	125,000	125,000	–
Five-year unsecured loan	800,000	400,000	400,000
Five-year unsecured loan	1,050,000	525,000	525,000
Five-year unsecured loan	400,000	200,000	200,000
Five-year unsecured loan	300,000	150,000	150,000
Seven-year unsecured loan	3,570,000	840,000	2,730,000
Seven-year unsecured loan	2,700,000	600,000	2,100,000
Seven-year unsecured loan	2,565,000	540,000	2,025,000
Seven-year unsecured loan	950,000	200,000	750,000
Seven-year unsecured loan	1,000,000	100,000	900,000
Five-year unsecured loan	110,000	110,000	–
Unamortized debt issue costs	(68,262)	(18,376)	(49,886)
Total	**₱19,258,213**	**₱4,720,096**	**₱14,538,117**

JOLLIBEE FOODS CORPORATION
Doing business under the name and style of Jollibee
AND SUBSIDIARIES

SCHEDULE G: CAPITAL STOCK
FOR THE YEAR ENDED DECEMBER 31, 2020

Title of issue	Number of shares authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversions, and Other Rights	Number of Shares Held by		
				Affiliates	Directors, officers and employees	Others
Common Stock	1,450,000,000	1,105,078,938	16,447,340	583,897,955	27,788,892	493,392,091

JOLLIBEE FOODS CORPORATION
Doing business under the name and style of Jollibee
AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 and 2018

			2020	2019 (Restated)	2018
i.	Current ratio	Current assets / Current liabilities	1.36:1	0.68:1	1.07:1
ii.	Acid test ratio	Cash and cash equivalents + Short-term investments + Current receivables / Current liabilities	0.49	0.43	0.73
iii.	Solvency ratio	Net income (loss) + Depreciation and Amortization / Total liabilities	0.01	0.16	0.19
iv.	Debt to equity ratio	Total Debt* / Total Debt + Equity Attributable to Equity Holders of the Parent Company	78.7%	71.5%	68.1%
	Net Debt to equity ratio	Total Debt* – Cash and cash equivalents – Short-term investments / (Total Debt* – Cash and cash equivalents – Short-term investments) + Equity attributable to Equity Holders of the Parent Company	75.8%	67.5%	62.0%
v.	Asset to equity ratio	Total assets / Equity Attributable to Equity Holders of the Parent Company	5.47	3.51	3.17
vi.	Interest rate coverage ratio	Earnings (loss) before interest expense and taxes / Interest expense	(2.5)	4.3	4.9

			2020	2019 (Restated)	2018
vii.	Return on equity	Net Income (Loss) Attributable to Equity Holders of the Parent Company / Average Equity Attributable to Equity Holders of the Parent Company	(25.0%)	14.5%	18.8%
viii.	Return on assets	Net income (loss) / Total assets	(6.0%)	4.0%	5.1%
ix.	Net profit margin	Net income (loss) / Revenue	(9.8%)	4.2%	4.7%
x.	Debt Service Coverage ratio	Net income (loss) / Total liabilities	(0.09)	0.06	0.08

**Including both total current and total noncurrent liabilities*

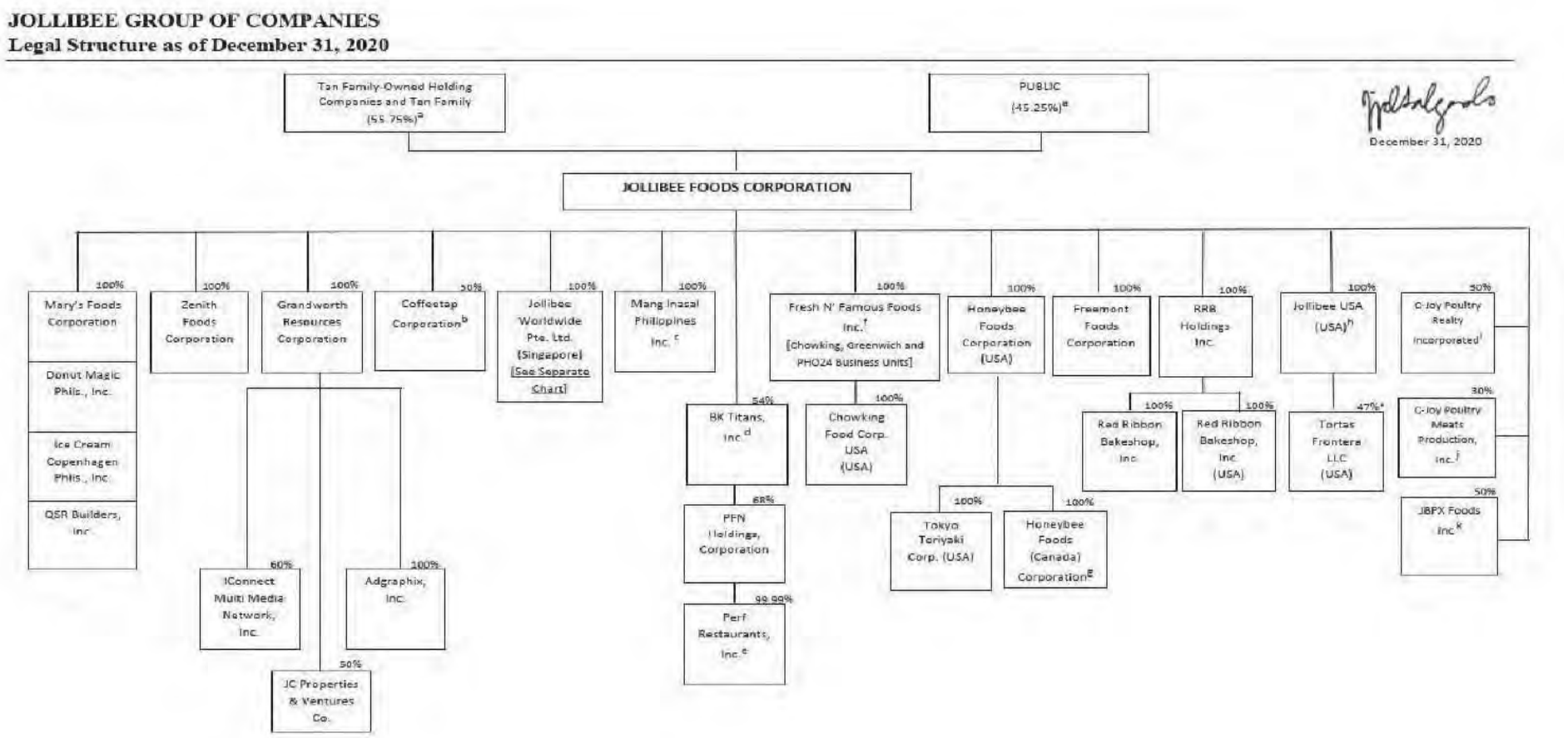
JOLLIBEE FOODS CORPORATION
Doing business under the name and style of Jollibee
AND SUBSIDIARIES

Reconciliation of Retained Earnings for Dividend Declaration

Unappropriated Retained Earnings, beginning	₱18,232,931,889
Adjustments:	
Deferred tax assets, beginning	(3,501,128,159)
Unrealized foreign exchange gain - net (except those attributable to Cash and cash equivalents), beginning	(297,030,609)
Accretion of interest on financial assets, beginning	(60,372,014)
Unrealized gain on financial assets at fair value through profit or loss	(9,980,000)
Unappropriated Retained Earnings Available for Dividend Declaration, beginning	14,364,421,107
Add: Net income actually earned/realized during the period	
Net income of the Parent Company closed to Retained Earnings	60,057,038
Less: Non-actual/unrealized income	
Accretion of interest on financial assets	(9,987,596)
Unrealized gain on financial assets at fair value through profit or loss	(78,536,876)
Increase in deferred tax assets	(158,364,467)
Net income actually earned/realized during the year	(186,831,901)
Less:	
Dividends declared during the year	(1,431,089,717)
Treasury shares	(180,511,491)
Unappropriated Retained Earnings Available for Dividend Declaration, ending	**₱12,565,987,998**

JOLLIBEE FOODS CORPORATION
Doing business under the name and style of Jollibee
AND SUBSIDIARIES

CONGLOMERATE MAP



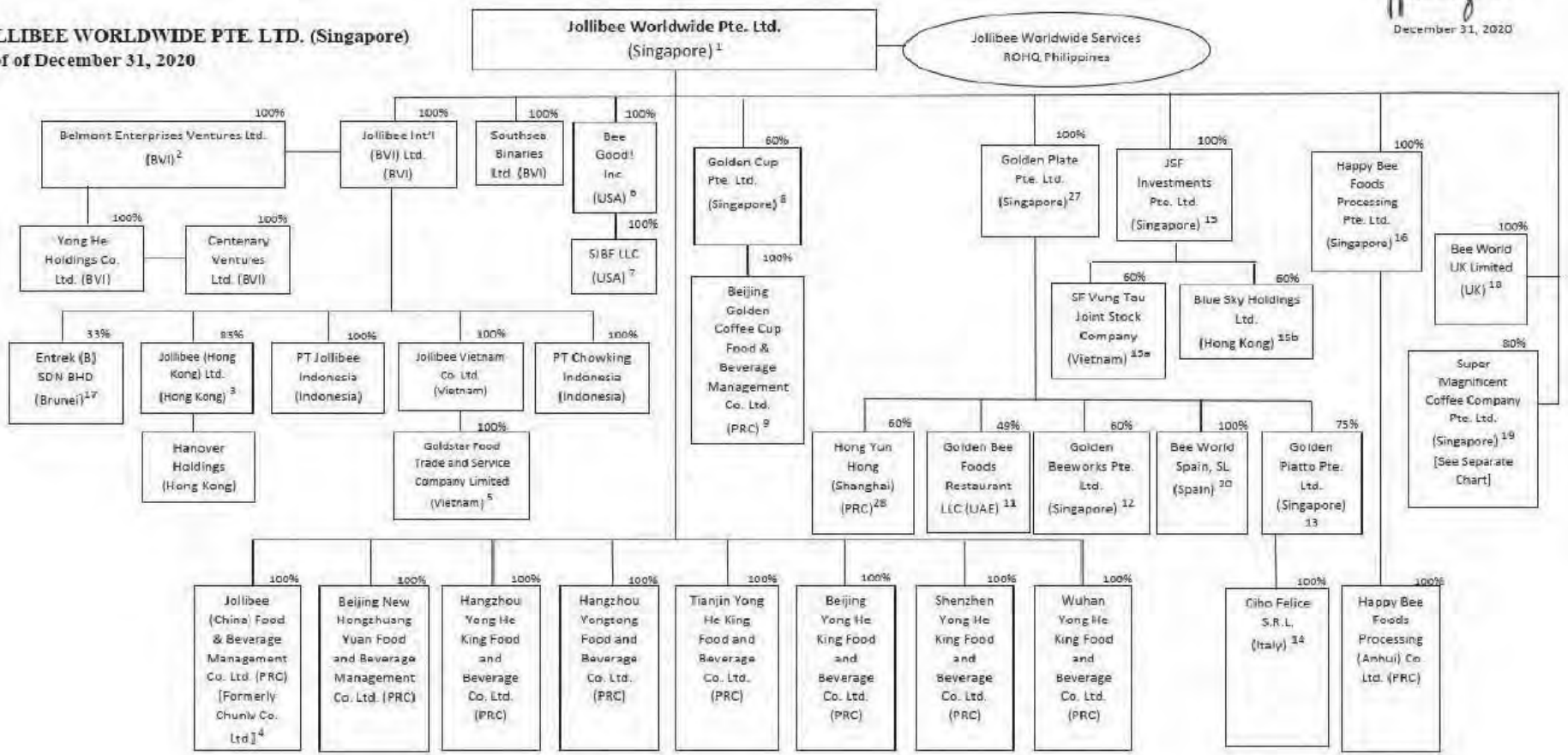
December 31, 2020

Notes:

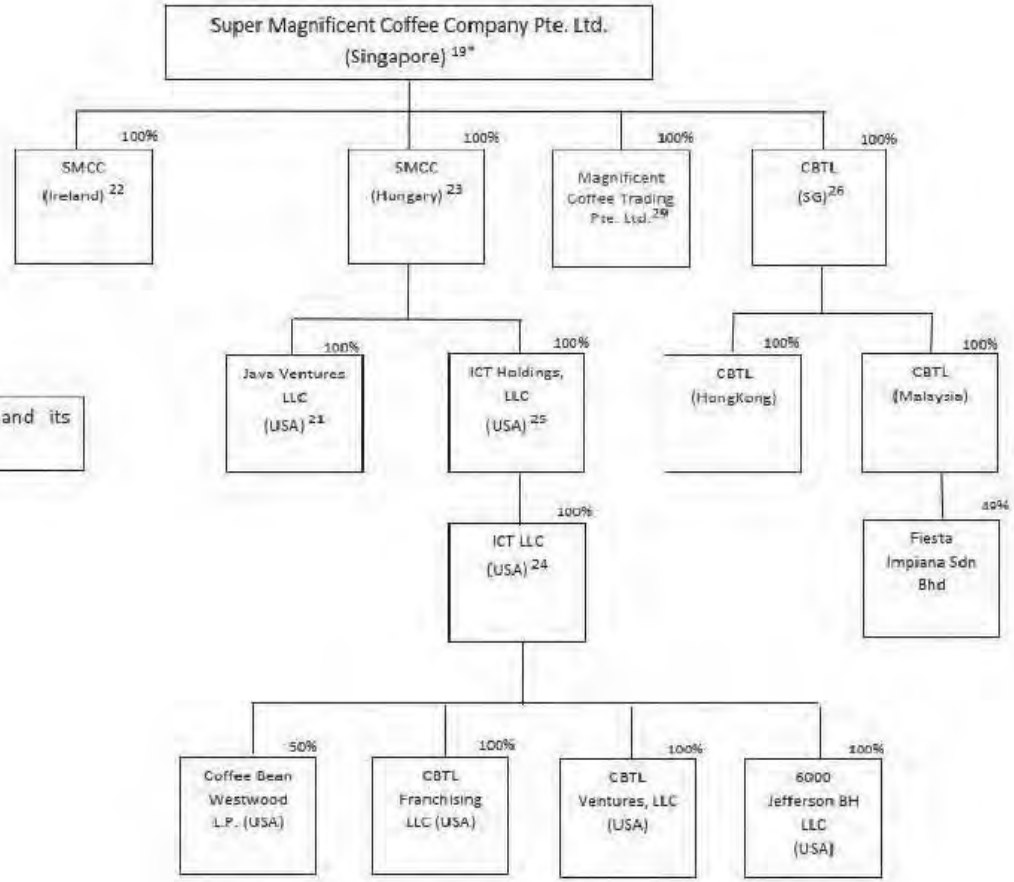
a. Per Public Ownership Report (quarterly report) as of March 31, 2020.
b. For dissolution.
c. In April 2016, JFC acquired the remaining 30% making MIPI a wholly owned subsidiary of JFC.
d. Owned through Chanceux, Inc., which is 100% owned by JFC.
e. Subsidiaries: PERF Trinoma, Inc. and PERF MOA Pasay, Inc.
f. On April 25, 2018, JFC disclosed that it will bring PHO24 to the Philippines.
On May 29, 2018, the Amended Articles of Incorporation was issued to include in the corporate name PHO24.
g. On May 7, 2015, Honeybee Foods (Canada) Corporation was incorporated.
h. On September 7, 2018, JFC, through its wholly owned subsidiary JFC USA, acquired 47% of the fully diluted membership interests in Tortas Frontera LLC which owns the Tortas Frontera business founded by Chef Rick Bayless.
i. On May 24, 2016, JFC subscribed to 30% of the shareholdings in the Cargill entities.
On April 17, 2019, amended corporate name from Cargill Joy Poultry Realty, Inc. to C-Joy Poultry Realty Incorporated.
j. On May 24, 2016, JFC subscribed to 30% of the shareholdings in the Cargill entities.
On December 18, 2018, amended corporate name from Cargill Joy Poultry Meats Production Inc. to C-Joy Poultry Meats Production, Inc.
k. On September 27, 2018, JFC entered into a joint venture agreement to bring Panda Express restaurants to the Philippines.
On July 3, 2019, JBPX Foods Inc. (the JV entity) was incorporated.

December 31, 2020

JOLLIBEE WORLDWIDE PTE. LTD. (Singapore)
as of of December 31, 2020



December 31, 2020



*Note: Restructuring involving SMCC Singapore and its subsidiaries took effect on October 1, 2019.

December 31, 2020

Notes:

1. On December 23, 2016, JWPL completely divested its shareholdings in Chow Fun Holdings LLC (New Mexico).
December 7, 2020 2016, JWPL completely divested its shareholdings in Guangxi San Pin Wang Food and Beverage Management Co. Ltd. (PRC).
On May 8, 2018, JFC, through JWPL, invested up to SGD45Mn in Titan Dining LP, a private equity fund that has executed (through a wholly owned subsidiary) a binding agreement for the acquisition of 100% of the Asia Pacific master franchise holder of the "Tim Ho Wan" brand, Tim Ho Wan Pte. Ltd. and its affiliate Dim Sum Pte. Ltd., which owns and operates Tim Ho Wan stores in Singapore.
On June 28, 2019, Super Magnificent Coffee Company Pte. Ltd. (Singapore) was incorporated with Jollibee Worldwide Pte. Ltd. as sole shareholder.
On July 24, 2019, Jollibee Worldwide Pte. Ltd. entered into an agreement to invest USD100Mn for the acquisition of The Coffee Bean & Tea Leaf ® Brand.
On September 23, 2019, Brewheal Pte. Ltd. became a shareholder of SMCC SG for 20% with JWPL as shareholder for the remaining 80%.
On October 2, 2019, JFC disclosed that, through JWPL, it will increase its capital commitment to Titan Dining LP from SGD45Mn to SGD120Mn. The fund size was increased from SGD100Mn to SGD200Mn. As a result, JFC's investment will constitute 60% of the fund.
2. On August 28, 2019, Shanghai Belmont Enterprises Management and Adviser Co., Ltd. was deregistered with the Shanghai Administration for Industry and Commerce.
On December 25, 2019, Shanghai Belmont Enterprises Management and Adviser Co., Ltd. was completely dissolved and liquidated.
3. Jollibee International (BVI) Ltd. owns 85% of Jollibee (Hong Kong) Limited.
4. On January 21, 2015, Shanghai Yong He King Food and Beverage Co. Ltd. merged with Jollibee (China) Food & Beverage Management Co. Ltd.
5. On September 10, 2016, the Enterprise Registration Certificate of Goldstar Food Trade and Service Company Limited was issued.
6. On October 8, 2015, Bee Good! Inc. (USA) was incorporated.
7. On December 14, 2018, JFC disclosed that, through its wholly owned subsidiary Bee Good! Inc., it acquired Smashburger Master LLC's 15% stake in SJBF LLC making JFC the sole owner of the Smashburger ® business.
8. On December 22, 2014, Golden Cup Pte. Ltd. (SG) was incorporated. Jasmine Asset Holding Ltd. (BVI) owns the remaining 40%.
9. On July 3, 2015, Beijing Golden Coffee Cup Food & Beverage Management Co. Ltd. was incorporated.
10. [Number purposely left blank]
11. On January 28, 2015, Golden Bee Foods Restaurant LLC (UAE) was incorporated. Golden Crown Foods LLC (UAE) owns the remaining 51%.
12. On July 19, 2012, Golden Beeworks Pte. Ltd. (SG) was incorporated. Beeworks, Inc. (BVI) owns the remaining 40%.
13. On April 12, 2017, Golden Piatto Pte. Ltd. (SG) was incorporated. Blackbird Holdings Pte. Ltd. (SG) owns the remaining 25%.
14. On July 31, 2017, Cibo Felice S.R.L. (Italy) was incorporated.
15. JWPL owns 99.99% of JSF Investments Pte. Ltd. Sky Apex Investments Limited owns 1 share in JSF Investments Pte. Ltd.
On November 18, 2016, JSF entered into an agreement to increase its shareholding in SF Vung Tau Joint Stock Company (SFVT) to 60%, subject to completion of documentary requirements.
On May 11, 2017, JFC disclosed that JSF owns 60% of SFVT. SFVT's books reflected JSF as 60% owner as of April 28, 2017.
On July 31, 2019, Sky Apex Investments Limited transferred its 1 share in JSF Investments Pte. Ltd. to Jollibee Worldwide Pte. Ltd. making JSF a wholly owned subsidiary of JWPL.

15a. VTI Joint Stock, VTI Ltd. and Mr. Le Thai Anh collectively owns the remaining 40% of SF Vung Tau Joint Stock Company.
Subsidiaries of SF Vung Tau Joint Stock Company are Highlands Coffee Joint Stock Company, Quantum Corporation, Pho Viet Joint Stock Company, Pho 24 Corporation.

15b. Sky Apex Investments Limited owns the remaining 40% of Blue Sky Holdings Ltd.
Subsidiaries of Blue Sky Holdings Ltd. are Blue Sky Holdings (Macau) Ltd. (operating Hard Rock Café in Macau) and Sino Ocean Asia Ltd. (operating Hard Rock Café in Hong Kong).

December 31, 2020

16. Formerly Jollibee Foods Processing Pte. Ltd., amended name effective October 1, 2014. Effective November 23, 2016, JWPL owns 100% of Happy Bee Foods Processing Pte. Ltd. (SG).
17. Entrek (B) SDN BHD (Brunei) shareholders are: Jollibee International (BVI) Ltd. – 33.33%, Abdul Razak Holdings – 33.33%, Valencia Investments Limited – 33.33%
18. On April 16, 2018, Bee World UK Limited (UK) was incorporated.
19. On June 28, 2019, Super Magnificent Coffee Company Pte. Ltd. (Singapore) was incorporated with Jollibee Worldwide Pte. Ltd. as sole shareholder.
    On September 23, 2019, Brewheal Pte. Ltd. became a shareholder of SMCC SG for 20% with JWPL as shareholder for the remaining 80%.
    On September 24, 2019, SMCC SG completed the acquisition of 100% of The Coffee Bean & Tea Leaf ®
20. On May 23, 2019, Bee World Spain, Sociedad Limitada was incorporated and registered in the Mercantile Registry of Madrid.
21. On June 4, 2019, Java Ventures LLC (USA) was incorporated with JWPL as sole shareholder.
    On September 23, 2019, Java Ventures LLC (USA) became a wholly owned subsidiary of SMCC (Hungary).
22. On August 22, 2019, Super Magnificent Coffee Company Ireland Limited [SMCC Ireland] was incorporated.
23. On September 11, 2019, Super Magnificent Coffee Company Hungary Kft. [SMCC Hungary] was incorporated.
    On October 1, 2019, SMCC Hungary transferred CBTL SG to SMCC SG.
24. On September 24, 2019, International Coffee & Tea, LLC became a wholly owned subsidiary of SMCC Hungary.
    On October 1, 2019, following the restructuring, the following entities became subsidiaries of ICT LLC (USA): Coffee Bean Westwood L.P. (USA), CBTL Franchising LLC (USA), CBTL Ventures, LLC (USA) and 6000 Jefferson BH LLC (USA).
25. On September 24, 2019, ICT Holdings LLC (USA) was formed and ICT LLC (USA) became its subsidiary.
26. On October 1, 2019, CBTL SG was transferred from (i) ICT LLC (USA) to SMCC Hungary and then from (ii) SMCC Hungary to SMCC SG. Subsidiaries of CBTL SG are: CBTL (HongKong) and CBTL (Malaysia). CBTL Malaysia owns 49% of Fiesta Impiana Sdn Bhd (Malaysia).
27. On November 13, 2019, Golden Plate Pte. Ltd. entered into a joint venture agreement with Dim Sum Pte. Ltd. to form a joint venture company in the People's Republic of China to develop and operate Tim Ho Wan stores in Shanghai and such other cities within the PRC as may be agreed with the franchisor.
28. On November 18, 2019, Hong Yun Hong (Shanghai) Food and Beverages Management Co. Ltd. was incorporated.
    On March 13, 2020, Hong Yung Hong (Shanghai) Food and Beverages Management Co. Ltd. executed a Unit Franchise Agreement with Tim Ho Wan Pte. Ltd. (as franchisor) granting it the right and license to operate a Tim Ho Wan store in Shanghai.
29. On December 7, 2020, Magnificent Coffee Trading Pte. Ltd. was incorporated with Jollibee Worldwide Pte. Ltd. as its sole shareholder.

List of Deregistered Entities and Dates of Effectivity of Deregistration:

1 On February 22, 2012 - Beijing Shang Shi Lin Food & Beverage Management Company Ltd. (PRC)
2 On March 29, 2013 - Kuai Le Feng Food and Beverage (Shenzhen) Co. Ltd. (PRC)
3 On May 1, 2013 - Colossus Global Limited (BVI), Granite Management Limited (BVI), Cosmic Resources Limited (BVI), All Great Resources Limited (BVI), Eastpower Resources Limited (BVI), Eaglerock Development Limited (BVI) and All Great Resources Limited (BVI)
4 On July 1, 2014 - Shanghai Yong He King Food and Beverage Co. Ltd.
5 On August 14, 2019 - 12 Hotpot (Shanghai) Food and Beverage Management Co. Ltd. (PRC).
6 On December 17, 2020 - WJ Investments Pte Ltd was officially dissolved and liquidated.

APPENDIX C

LIST OF MATERIAL INTELLECTUAL PROPERTY OF THE COMPANY

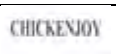
Following is a list of the local and international trademark registrations and pending applications for registration for the "Jollibee" brand as of December 31, 2020. The Company's subsidiaries have likewise procured the relevant trademark registrations fortheir respective brands.

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Afghanistan	JOLLIBEE MASCOT DESIGN		5987	7-May-16	17632	20-Nov-16	Registered	29
Afghanistan	JOLLIBEE MASCOT DESIGN		5988	7-May-16	17633	20-Nov-16	Registered	43
Afghanistan	BEE HEAD DEVICE		5986	7-May-16	17631	20-Nov-16	Registered	43
Afghanistan	BEE HEAD DEVICE		5985	7-May-16	17630	20-Nov-16	Registered	29
Afghanistan	CHAMP	(word mark)	5995	7-May-16	17640	20-Nov-16	Registered	29
Afghanistan	CHICKENJOY	CHICKENJOY	5991	7-May-16	17636	20-Nov-16	Registered	29
Afghanistan	CHICKENJOY	CHICKENJOY	5992	7-May-16	17637	20-Nov-16		43
Afghanistan	EVERYDAY DELICIOUS	(word mark)	5996	7-May-16	17641	20-Nov-16	Registered	35
Afghanistan	JOLLIBEE	JOLLIBEE	5990	7-May-16	17635	20-Nov-16	Registered	43
Afghanistan	JOLLIBEE	JOLLIBEE	5989	7-May-16	17634	20-Nov-16	Registered	29
Afghanistan	JOLLY	JOLLY	5993	7-May-16	17638	20-Nov-16	Registered	30
Afghanistan	YUM	YUM	5994	7-May-16	17639	20-Nov-16	Registered	29
Argentina	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		1997309	29-Aug-95	1,652,377	3-Dec-97	Registered	42
Australia	BEE HEAD DEVICE		1666161	23-Dec-14	1666161	23-Dec-14	Registered	29,43
Australia	CHICKENJOY	CHICKENJOY	1666176	23-Dec-14	1666176	23-Dec-14	Registered	29,43
Australia	EVERYDAY DELICIOUS	(word mark)	1666177	23-Dec-14	1666177	23-Dec-14	Registered	35

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Australia	HOME OF THE FAMOUS CHICKENJOY	(word mark)	1879000	10-Oct-17	1879000	10-Oct-17	Registered	29,43
Australia	JOLLIBEE MASCOT DESIGN		1666168	23-Dec-14	1666168	23-Dec-14	Registered	29,43
Australia	JOLLIBEE MASCOT DEVICE		654121	24-Feb-95	654121	24-Feb-95	Registered	42
Australia	JOLLIBEE	JOLLIBEE	1666158	23-Dec-14	1666158	23-Dec-14	Registered	29,43
Australia	BEE HEAD DEVICE		2035489	6-Sep-19	2035489	6-Sep-19	Registered	16,21,25,28,35
Australia	JOLLIBEE	(word mark)	2035488	6-Sep-19	2035488	6-Sep-19	Registered	16,21,25,28,35
Australia	BEE HEAD DEVICE		2097494	19-Jun-20	2097494	19-Jun-20	Registered	29,30,32,39,43
Australia	CHICKENJOY	(word mark)	2097498	19-Jun-20	2097498	19-Jun-20	Registered	29,43
Australia	CHICKENJOY logo (in color)		2097500	19-Jun-20	2097500	19-Jun-20	Registered	29,43
Australia	EVERYDAY DELICIOUS		2107278	29-Jul-20	2107278	29-Jul-20	Registered	35,43
Australia	JOLLIBEE	(word mark)	2097492	19-Jun-20			Pending	29,30,32,39,43
Australia	JOLLIBEE MASCOT DESIGN		2097495	19-Jun-20	2097495	19-Jun-20	Registered	29,30,32,39,43
Bahrain	JOLLIBEE MASCOT DESIGN		80980	15-Apr-10	80980	15-Apr-10	Registered	43
Bahrain	JOLLIBEE MASCOT DESIGN		80978	15-Apr-10	80978	15-Apr-10	Registered	29
Bahrain	JOLLIBEE MASCOT DESIGN		80979	15-Apr-10	80979	15-Apr-10	Registered	30
Bahrain	BEE HEAD DEVICE		91758	24-Apr-12	91758	24-Apr-12	Registered	43
Bahrain	BEE HEAD DEVICE		91757	24-Apr-12	91757	24-Apr-12	Registered	29
Bahrain	CHAMP	(word mark)	96797	17-Mar-13	96797	17-Mar-13	Registered	29

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Bahrain	CHICKENJOY	(word mark)	91759	24-Apr-12	91759	24-Apr-12	Registered	29
Bahrain	CHICKENJOY	(word mark)	91760	24-Apr-12	91760	24-Apr-12	Registered	43
Bahrain	EVERYDAY DELICIOUS	(word mark)	96788	17-Mar-13	96788	17-Mar-13	Registered	35
Bahrain	HOME OF THE FAMOUS CHICKENJOY	(word mark)	120580	10-Oct-17	120580	28-Feb-18	Registered	29
Bahrain	HOME OF THE FAMOUS CHICKENJOY	(word mark)	120581	10-Oct-17	120581	28-Feb-18	Registered	43
Bahrain	JOLLIBEE	(word mark)	91755	24-Apr-12	91755	24-Apr-12	Registered	29
Bahrain	JOLLIBEE	(word mark)	91756	24-Apr-12	91756	24-Apr-12	Registered	43
Bahrain	JOLLIBEE & MASCOT DEVICE		1070/95	2-Aug-95	S1718	2-Aug-95	Registered	42
Bahrain	JOLLIBEE (IN ARABIC SCRIPT)	جوليبي	116614	28-Jun-16	116614	6-Jun-17	Registered	43
Bahrain	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		1068/95	2-Aug-95	TM 19220	10-Feb-98	Registered	29
Bahrain	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		1069/95	2-Aug-95	SM 1717	18-Dec-96	Registered	42
Bahrain	JOLLIBEE LOGO & DEVICE		80975	15-Apr-10	80975	15-Apr-10	Registered	29
Bahrain	JOLLIBEE LOGO & DEVICE		80976	15-Apr-10	80976	15-Apr-10	Registered	30
Bahrain	JOLLIBEE LOGO & DEVICE		80977	15-Apr-10	80977	15-Apr-10	Registered	43
Bahrain	JOLLIBEE MASCOT DESIGN		96798	17-Mar-13	96798	17-Mar-13	Registered	29
Bahrain	JOLLIBEE MASCOT DESIGN		96786	17-Mar-13	96786	17-Mar-13	Registered	43
Bahrain	JOLLY	JOLLY	100636	3-Nov-13	100636	28-Dec-16	Registered	30
Bahrain	YUM	YUM	96817	17-Mar-13	96817	16-Nov-15	Registered	29

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Bahrain	BEE HEAD DEVICE		126998	22-Aug-19	126998	19-Mar-20	Registered	21
Bahrain	BEE HEAD DEVICE		126999	22-Aug-19	126999	19-Mar-20	Registered	25
Bahrain	BEE HEAD DEVICE		127001	22-Aug-19	127001	19-Mar-20	Registered	28
Bahrain	BEE HEAD DEVICE		127002	22-Aug-19	127002	19-Mar-20	Registered	35
Bahrain	JOLLIBEE	(word mark)	126991	22-Aug-19	126991	19-Mar-20	Registered	16
Bahrain	JOLLIBEE	(word mark)	126992	22-Aug-19	126992	19-Mar-20	Registered	21
Bahrain	JOLLIBEE	(word mark)	126994	22-Aug-19	126994	19-Mar-20	Registered	25
Bahrain	JOLLIBEE	(word mark)	126995	22-Aug-19	126995	19-Mar-20	Registered	28
Bahrain	JOLLIBEE	(word mark)	126996	22-Aug-19	126996	19-Mar-20	Registered	35
Bahrain	BEE HEAD DEVICE		126997	22-Aug-19	126997	19-Mar-20	Registered	16
Bahrain	BEE HEAD DEVICE		130414	12-Nov-20			Pending	30
Bahrain	BEE HEAD DEVICE		130415	12-Nov-20			Pending	32
Bahrain	BEE HEAD DEVICE		130416	12-Nov-20			Pending	39
Bahrain	CRISPYLICIOUS	(word mark)	130400	12-Nov-20			Pending	29
Bahrain	CRISPYLICIOUS	(word mark)	130401	12-Nov-20			Pending	43
Bahrain	JOLLIBEE	(word mark)	130409	12-Nov-20			Pending	30
Bahrain	JOLLIBEE	(word mark)	130410	12-Nov-20			Pending	32
Bahrain	JOLLIBEE	(word mark)	130411	12-Nov-20			Pending	39
Bahrain	JOLLY SPAGHETTI	(word mark)	130406	12-Nov-20			Pending	30
Bahrain	JOLLY	(word mark)	100636	3-Nov-13	100636	28-Dec-16	Registered	30
Bahrain	JUICYLICIOUS	(word mark)	130402	12-Nov-20			Pending	29

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Bahrain	JUICYLICIOUS	(word mark)	130403	12-Nov-20			Pending	43
Bahrain	SPICYLICIOUS	(word mark)	130404	12-Nov-20			Pending	29
Bahrain	SPICYLICIOUS	(word mark)	130405	12-Nov-20			Pending	43
Brazil	JOLLIBEE GREAT BURGERS GREAT CHICKEN		818935359	15-Dec-95	818935359	30-Nov-99	Registered	38
Brunei Darussalam	BEE HEAD DEVICE		42,856	26-Apr-12	42,856	26-Apr-12	Registered	29,43
Brunei Darussalam	CHAMP	(word mark)	43909	14-Mar-13	43909	14-Mar-13	Registered	29
Brunei Darussalam	CHICKENJOY		42855	26-Apr-12	42,855	26-Apr-12	Registered	29,43
Brunei Darussalam	EVERYDAY DELICIOUS	(word mark)	43908	14-Mar-13	43908	14-Mar-13	Registered	35
Brunei Darussalam	HOME OF THE FAMOUS CHICKENJOY	(word mark)	TM/49226	2-Oct-17	49226	2-Oct-17	Registered	29,43
Brunei Darussalam	JOLLIBEE	(word mark)	TM42857	26-Apr-12	42857	26-Apr-12	Registered	29,43
Brunei Darussalam	JOLLIBEE (Stacked)		36,341	24-Jun-04	36,341	24-Jun-04	Registered	43
Brunei Darussalam	JOLLIBEE MASCOT DESIGN		43,918	14-Mar-13	43918	14-Mar-13	Registered	29,42
Brunei Darussalam	YUM	(word mark)	43937	14-Mar-13	43937	14-Mar-13	Registered	29
Brunei Darussalam	BEE HEAD DEVICE		50957	21-Sep-19	50957	21Sep-19	Registered	16,21,25,28,35
Brunei Darussalam	JOLLIBEE	(word mark)	50958	21-Sep-19	50958	21Sep-19	Registered	16,21,25,28,35
Cambodia	BEE HEAD DEVICE		87866	6-Sep-19			Pending	16,21,25,28,35
Cambodia	BEE HEAD DEVICE		KH/46002/12	11-May-12	KH/43235/12	26-Dec-12	Registered	43
Cambodia	BEE HEAD DEVICE		KH/46001/12	11-May-12	KH/43234/12	26-Dec-12	Registered	29
Cambodia	CHAMP	(word mark)	50600	12-Mar-13	47542	4-Sep-13	Registered	29
Cambodia	CHICKENJOY	(word mark)	KH/46004/12	11-May-12	KH/44011/13	29-Mar-13	Registered	43
Cambodia	CHICKENJOY	(word mark)	KH/46003/12	11-May-12	KH/44094/13	1-Apr-13	Registered	29
Cambodia	EVERYDAY DELICIOUS	(word mark)	50601	12-Mar-13	47543	4-Sep-13	Registered	35

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Cambodia	JOLLIBEE	JOLLIBEE	KH/45999/12	11-May-12	KH/43232/12	26-Dec-12	Registered	29
Cambodia	JOLLIBEE	JOLLIBEE	KH/46000/12	11-May-12	KH/43233/12	26-Dec-12	Registered	43
Cambodia	JOLLIBEE MASCOT DESIGN		50597	12-Mar-13	47540	4-Sep-13	Registered	29
Cambodia	JOLLIBEE MASCOT DESIGN		50598	12-Mar-13	47541	4-Sep-13	Registered	43
Cambodia	YUM	YUM	KH/50599/13	12-Mar-13	KH/50876/14	7-Apr-14	Registered	29
Cambodia	JOLLIBEE	(word mark)	87865	6-Sep-19			Pending	16,21,25,28,35
Canada	BEE HEAD DEVICE		1324318	16-Nov-06	TMA761468	11-Mar-10	Registered	43
Canada	BEE HEAD DEVICE		1563176	8-Feb-12	TMA961881	2-Feb-17	Registered	29
Canada	JOLLIBEE	JOLLIBEE	1324317	16-Nov-06	TMA761476	11-Mar-10	Registered	29,30,32,42,43
Canada	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DESIGN	Jollibee Great Burgers Great Chicken	783671	26-May-95	TMA727149	28-Oct-08	Registered	29,42
Canada	JOLLIBEE HALO HALO SUNDAE	(word mark)	1786752	13-Jun-16	TMA1026168	17-Jun-19	Registered	29,30
Canada	JOLLIBEE MASCOT DESIGN		1617851	20-Mar-13	TMA965563	13-Mar-17	Registered	29,43
Canada	JOLLY	JOLLY	1756916	27-Nov-15	TMA1030680	24-Jun-19	Registered	30
Canada	JOLLY BURGER	(word mark)	1757228	1-Dec-15	TMA1030716	24-Jun-19	Registered	30
Canada	JOLLY CHICKEN	(word mark)	1757227	1-Dec-15	TMA1030702	24-Jun-19	Registered	29
Canada	JOLLY CRISPY CHICKEN	(word mark)	1786751	13-Jun-16	TMA1022138	21-May-19	Registered	29
Canada	JOLLY CRISPY FRIES	(word mark)	1761602	30-Dec-15	TMA1030679	24-Jun-19	Registered	29
Canada	JOLLY HOTDOG	(word mark)	1756914	27-Nov-15	TMA1030681	24-Jun-19	Registered	29

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Canada	JOLLY KRUNCHY TWIRL	(word mark)	1761599	30-Dec-15	TMA1064227	25-Nov-19	Registered	29,30
Canada	JOLLY SPAGHETTI	(word mark)	1757226	1-Dec-15	TMA1006088	3-Oct-19	Registered	30
Canada	JOLLY VANILLA TWIRL	(word mark)	1761601	30-Dec-15	TMA1064226	25-Nov-19	Registered	29,30
Canada	YUM	YUM	1617850	20-Mar-13	TMA962253	8-Feb-17	Registered	29
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS	Jollibee 快乐蜂			5149268	7-June-19	Registered	1
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS	Jollibee 快乐蜂			5149237	7-June-19	Registered	2
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS	Jollibee 快乐蜂			5149236	7-Aug-13	Registered	3
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS	Jollibee 快乐蜂			5149235	7-June-19	Registered	4
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS	Jollibee 快乐蜂			5149234	11-Nov-19	Registered	5
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS	Jollibee 快乐蜂			5149233	21-Mar-2019	Registered	6
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS	Jollibee 快乐蜂			5149232	14-Jan-19	Registered	7
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS	Jollibee 快乐蜂			5149231	21-Nov-19	Registered	8
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS	Jollibee 快乐蜂			5149230	21-Mar-19	Registered	9

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS				5149229	21-Mar-19	Registered	10
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS				5149228	7-Jun-13	Registered	11
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS				5149247	14-Jan-19	Registered	12
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS				5149246	21-Mar-19	Registered	13
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS				5149245	7-Aug-20	Registered	14
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS				5149244	7-June-19	Registered	15
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS				5149243	28-Jul-19	Registered	16
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS				5149242	21-Jun-19	Registered	17
China (Mainland)	JOLLIBEE BEE HEAD DEVICE				4740573	28-May-20	Registered	18
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS				5149240	21-Jun-19	Registered	19
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS				5149239	7-Aug-20	Registered	20
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS				5149238	21-Dec-21	Registered	21

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS				5149257	2-Jun-19	Registered	22
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS				5149256	7-Jun-19	Registered	23
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS				5149255	14-Jan-20	Registered	24
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS				5149252	7-July-19	Registered	26
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS				5149251	7-Jan-20	Registered	27
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS				5149250	7-Aug-20	Registered	28
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS				5149249	21-Mar-19	Registered	29
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS				5149248	28-Jun-19	Registered	30
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS				5149267	21-Mar-19	Registered	31
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS				5149266	21-Mar-19	Registered	32
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS				5149265	21-Mar-19	Registered	33
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS				5149264	21-Mar-19	Registered	34

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS				4740577	7-Aug-20	Registered	35
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS				5149260	28-Aug-19	Registered	36
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS				5149259	28-Aug-19	Registered	37
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS				5149258	21-Aug-19	Registered	38
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS				5149277	28-May-19	Registered	39
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS				5149276	28-Aug-19	Registered	40
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS				5149275	21-June-19	Registered	41
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS				5149274	21-June-19	Registered	42
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS				5149270	28-Aug-19	Registered	44
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS				5149269	28-Aug-19	Registered	45
China (Mainland)	JOLLIBEE AND BEE HEAD DEVICE				5149241	14-Apr-14	Registered	18
China (Mainland)	JOLLIBEE AND BEE HEAD DEVICE				4740572	7-May-19	Registered	20

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
China (Mainland)	JOLLIBEE AND BEE HEAD DEVICE				4740571	7-May-19	Registered	21
China (Mainland)	JOLLIBEE AND BEE HEAD DEVICE				4740576	7-Feb-19	Registered	26
China (Mainland)	JOLLIBEE AND BEE HEAD DEVICE				4740590	7-Feb-19	Registered	28
China (Mainland)	JOLLIBEE AND BEE HEAD DEVICE				4740575	7-Mar-18	Registered	31
China (Mainland)	JOLLIBEE AND BEE HEAD DEVICE				4740574	7-Mar-18	Registered	33
China (Mainland)	JOLLIBEE AND BEE HEAD DEVICE				4740578	21-Feb-19	Registered	40
China (Mainland)	JOLLIBEE				4740579	7-May-19	Registered	16
China (Mainland)	JOLLIBEE				5149253	21-Apr-11	Registered	25
China (Mainland)	JOLLIBEE				5149261	28-May-09	Registered	35
China (Mainland)	JOLLIBEE				5149271	28-Aug-19	Registered	43
China (Mainland)	BEE HEAD DEVICE				5149254	28-Jan-20	Registered	25
China (Mainland)	BEE HEAD DEVICE				5149262	28-May-19	Registered	35
China (Mainland)	BEE HEAD DEVICE				4740580	21-Feb-19	Registered	41
China (Mainland)	BEE HEAD DEVICE				5149272	14-Mar-14	Registered	43
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	快乐蜂			5149263	7-Aug-13	Registered	35

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	快乐蜂			5149273	28-Aug-19	Registered	43
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173251	28-Feb-20	Registered	1
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173250	28-Feb-20	Registered	2
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173249	14-Feb-20	Registered	3
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173248	21-Feb-20	Registered	4
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173247	28-Feb-20	Registered	5
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173246	7-Jan-20	Registered	6
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173245	14-May-20	Registered	7
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173244	21-Feb-20	Registered	8
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173243	28-Feb-20	Registered	9
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173242	28-Dec-19	Registered	10
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173261	28-Feb-20	Registered	11
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173260	7-Jan-20	Registered	12
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173259	14-Feb-20	Registered	13
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173258	21-Jan-20	Registered	14
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173257	14-Jan-20	Registered	15
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173256	14-Feb-20	Registered	16

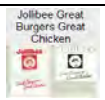
Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173255	14-Feb-20	Registered	17
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173254	28-Mar-20	Registered	18
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173253	21-Feb-20	Registered	19
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173252	28-Jan-20	Registered	20
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173271	7-Feb-20	Registered	21
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173270	28-Mar-20	Registered	22
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173269	28-Mar-20	Registered	23
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173268	28-Mar-20	Registered	24
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173267	28-Mar-20	Registered	25
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173266	28-Mar-20	Registered	26
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173265	28-Mar-20	Registered	27
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173264	28-Mar-20	Registered	28
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173263	7-Sept-19	Registered	29
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173262	14-Jan-20	Registered	30
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173331	7-Sept-19	Registered	31
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173330	14-Jan-20	Registered	32
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173328	7-Sept-19	Registered	34

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173327	7-Jun-20	Registered	35
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173326	21-Mar-20	Registered	36
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173325	21-Mar-20	Registered	37
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173324	21-Mar-20	Registered	38
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173323	7-Jun-20	Registered	39
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173322	21-Mar-20	Registered	40
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173332	7-Jun-20	Registered	41
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173346	7-Jun-20	Registered	42
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173345	28-Mar-20	Registered	43
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173344	28-Mar-20	Registered	44
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	巧乐比			6173343	28-Mar-20	Registered	45
China (Mainland)	JOLLIBEE MASCOT DESIGN				12365588	14-Sep-14	Registered	43
China (Mainland)	JOLLIBEE MASCOT DESIGN				12365391	14-Sep-14	Registered	29
China (Mainland)	EVERYDAY DELICIOUS	(word mark)			12365553	14-Sep-14	Registered	35
China (Mainland)	CHAMP	(word mark)			12365494	14-Sep-14	Registered	30
China (Mainland)	JOLLIBEE	Jollibee			12365378	14-Sep-14	Registered	29
China (Mainland)	BEE HEAD DEVICE				12365367	14-Sep-14	Registered	29

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
China (Mainland)	BEE HEAD DEVICE AND JOLLIBEE IN CHINESE CHARACTERS				12889863	7-Jan-15	Registered	18
China (Mainland)	CHICKENJOY				10696320	28-May-13	Registered	29
China (Mainland)	CHICKENJOY				10696336	28-May-13	Registered	43
China (Mainland)	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DESIGN				971757	28-Mar-17	Registered	42
China (Mainland)	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DESIGN				1117643	7-Oct-17	Registered	29
China (Mainland)	JOLLIBEE MASCOT DESIGN				955790	28-Feb-2017	Registered	42
China (Mainland)	JOLLIBEE MASCOT DESIGN				951389	21-Feb-2017	Registered	29
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS & DESIGN				1019097	28-May-2017	Registered	29
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS & DESIGN				980654	14-April-17	Registered	32
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS & DESIGN				1019874	05-May-17	Registered	42
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS				1356544	21-Jan-20	Registered	30
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS				1359132	28-Jan-20	Registered	29
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS				1369995	28-Feb-20	Registered	42
China (Mainland)	CHICKENJOY AND CHICKENJOY IN CHINESE CHARACTERS				33326595	5-Sep-18	Registered	43

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
China (Mainland)	CHICKENJOY IN CHINESE CHARACTERS	樂脆雞			33340378	5-Sep-18	Registered	43
China (Mainland)	CHICKENJOY AND CHICKENJOY IN CHINESE CHARACTERS	Chickenjoy 樂脆雞			33345388	5-Sep-18	Registered	29
China (Mainland)	CHICKENJOY IN CHINESE CHARACTERS	樂脆雞			33338097	5-Sep-18	Registered	29
China (Mainland)	BEE HEAD DEVICE				34653301	13-Nov-18	Registered	3
China (Mainland)	JOLLIBEE	Jollibee			34643037	13-Nov-18	Registered	3
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	快乐蜂			34650418	13-Nov-18	Registered	3
China (Mainland)	BEE HEAD DEVICE				34638376	13-Nov-18	Registered	35
China (Mainland)	JOLLIBEE	Jollibee			34634663	13-Nov-18	Registered	35
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS	快乐蜂			34644930	13-Nov-18	Registered	35
China (Mainland)	JOLLIBEE	JOLLIBEE	41539772	11-Oct-19			Registered	16,21, 25,28,35
China (Mainland)	JOLLIBEE	(word mark)	41440421	30-Sep-19			Registered	39
China (Mainland)	JOLLIBEE	(word mark)	41500976	9-Oct-19			Registered	43
China (Mainland)	BEE HEAD DEVICE		41539770	11-Oct-19			Registered	16,21, 25,28,35
China (Mainland)	BEE HEAD DEVICE		41440942	30-Sep-19			Registered	39
China (Mainland)	BEE HEAD DEVICE		41497346	10-Sep-19			Registered	43

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS		41523478	10-Oct-19			Registered	16
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS		41523846	10-Oct-19			Registered	24
China (Mainland)	JOLLIBEE IN CHINESE CHARACTERS		41524260	10-Oct-19			Registered	43
China (Mainland)	JOLLIBEE MASCOT DESIGN		41506279	9-Oct-19			Registered	43
China (Mainland)	JOLLIBEE BEE HEAD DEVICE AND CHINESE CHARACTERS		48523848				Pending	14,16 18,21 24,25 28,29 30,32 35,39 43
China (Mainland)	JOLLIBEE BEE	JOLLIBEE	51586901				Pending	25 & 28
China (Mainland)	BEE HEAD DEVICE		52130470				Pending	21
Czech Republic	JOLLIBEE & DEVICE		104009	19-Sep-95	196474	3-Jan-97	Registered	29,30,32,42
Egypt	JOLLIBEE & DEVICE		95740	18-May-95	95740	14-Feb-01	Registered	42
Egypt	JOLLIBEE & DEVICE		95741	18-May-95	95741	17-Jan-01	Registered	29
Egypt	JOLLIBEE MASCOT DEVICE		95742	18-May-95	95742	17-Jan-01	Registered	42
Hong Kong	JOLLIBEE		300352025	11-Jan-05	300352025	11-Jan-05	Registered	43
Hong Kong	JOLLY HOTDOG	(word mark)			303914596	27-Sept-16	Registered	29
Hong Kong	YUM!				303918844	30-Sept-16	Registered	29&30
Hong Kong	JOLLY SPAGHETTI	(word mark)			303914587	26-Sept-19	Registered	30

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Hong Kong	JOLLIBEE MASCOT DESIGN				302569465	5-April-13	Registered	29,43
Hong Kong	BEE HEAD DEVICE				302569456	5-April-13	Registered	29&43
Hong Kong	EVERYDAY DELICIOUS	(word mark)			302569492	4-April-13	Registered	35
Hong Kong	JOLLIBEE WORD	Jollibee			302569447	5-April-13	Registered	29&43
Hong Kong	JOLLIBEE CHAMP	(word mark)			303030579	12-June-14	Registered	30
Hong Kong	JOLLIBEE MASCOT DESIGN				199700668	20-Jan-97	Registered	29
Hong Kong	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DESIGN				199901984	04-Apr-95	Registered	42
Hong Kong	JOLLIBEE MASCOT DESIGN				199904465	12-May-95	Registered	42
Hong Kong	HOME OF THE FAMOUS CHICKENJOY	(word mark)			304295557	08-Oct-17	Registered	29,43
Hong Kong	YUMBURGER	YUMBURGER			304362101	08-Dec-17	Registered	29,30,43
Hong Kong	CHICKENJOY	CHICKENJOY	302217816	11-Apr-12	302217816	10-April-12	Registered	29,43
Hong Kong	CHICKENJOY IN CHINESE CHARACTERS	樂脆雞			304662685	7-Sep-18	Registered	29,43
Hong Kong	CHICKENJOY & CHICKENJOY IN CHINESE CHARACTERS				304662694	7-Sep-18	Registered	29,43
Hong Kong	JOLLIBEE IN CHINESE CHARACTERS	快樂蜂			304662702	7-Sep-18	Registered	29,43
Hong Kong	JOLLIBEE IN CHINESE CHARACTERS	快乐蜂			304662711	7-Sep-18	Registered	29,43
Hong Kong	JOLLIBEE	(word mark)	305078331	9-Oct-19			Pending	16,21,25,28,35,39
Hong Kong	BEE HEAD DEVICE		305078340	9-Oct-19			Pending	16,21,25,28,35,39

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
India	BEE HEAD DEVICE		2860866	10-Dec-14	2860866	12-Oct-14	Registered	29, 43
India	CHAMP	(word mark)	3238600	19-Apr-16	3238600	19-Apr-16	Registered	30
India	CHAMP	(word mark)	2855781	3-Dec-14			Pending	29
India	CRISPYLICIOUS	(word mark)	3339898	18-Aug-16	3339898	18-Aug-16	Registered	29
India	JOLLIBEE & DEVICE		1356313	10-May-05	1356313	10-May-05	Registered	42
India	JOLLIBEE & DEVICE		1367743	29-Jun-05	1367743	29-Jun-05	Registered	29, 30
India	JOLLIBEE MASCOT DESIGN		2855779	3-Dec-14			Pending	29, 43
India	JOLLIBEE	(word mark)	2860855	10-Dec-14	2860855	10-Dec-14	Registered	29, 43
India	JOLLY SPAGHETTI	(word mark)	3252108	5-May-16	3252108	5-May-16	Registered	30
India	JUICYLICIOUS	(word mark)	3339899	18-Aug-16	3339899	18-Aug-16	Registered	29
India	YUM	YUM	3238599	19-Apr-16			Pending	30
India	YUM	YUM	2855780	3-Dec-14			Pending	29
India	CHICKENJOY	(word mark)	4165351	12-Mar-14			Pending	43
India	JOLLIBEE HOME OF THE FAMOUS CHICKENJOY	(word mark)	4224517	3-Jul-19			Pending	29,43
Indonesia	BEE HEAD DEVICE		D0020150017 65	16-Jan-15	IDM000566741	9-Mar-17	Registered	25
Indonesia	BEE HEAD DEVICE		J00-2012-022539	11-May-12	IDM000445781	20-Jan-15	Registered	43
Indonesia	BEE HEAD DEVICE		D00-2012-022535	11-May-12	IDM000441097	5-Dec-14	Registered	29
Indonesia	CHAMP	(word mark)	D00.2013.01522 9	3-Apr-13			Pending	29

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Indonesia	CHICKENJOY	(word mark)	J00-2012-022547	11-May-12	IDM000445786	20-Jan-15	Registered	43
Indonesia	CHICKENJOY	(word mark)	D00-2012-022543	11-May-12	IDM000441084	5-Sep-14	Registered	29
Indonesia	EVERYDAY DELICIOUS	(word mark)	J00.2013.015227	3-Apr-13	IDM000485452	27-Jul-15	Registered	35
Indonesia	HOME OF THE FAMOUS CHICKENJOY	(word mark)	D00-2017-051064	10-Oct-17			Pending	29
Indonesia	HOME OF THE FAMOUS CHICKENJOY	(word mark)	J00-2017-051067	10-Oct-17			Pending	43
Indonesia	JOLLIBEE	JOLLIBEE	D00-2012-0022546	11-May-12	IDM000441083	5-Dec-14	Registered	29
Indonesia	JOLLIBEE	JOLLIBEE	J00-2012-022551	11-May-12	IDM000445784	20-Jan-15	Registered	43
Indonesia	JOLLIBEE & DEVICE		R14885/2013	30-Sep-13	IDM000004618	30-Sep-13	Registered	43
Indonesia	JOLLIBEE	JOLLIBEE	D0020150001767	16-Jan-15	ID000648400	10-Jul-19	Registered	25
Indonesia	JOLLIBEE BEEFBURGER GREAT BURGERS GREAT CHICKEN & DEVICE		R5853/2015	9-Apr-15	IDM000431821	24-Apr-05	Registered	42
Indonesia	JOLLIBEE BEEFBURGER GREAT BURGERS GREAT CHICKEN & DEVICE		R7455/2015	6-May-15	IDM000431820	24-Apr-05	Registered	29
Indonesia	JOLLIBEE MASCOT DESIGN		D0020150001763	16-Jan-15	IDM000567534	9-Mar-17	Registered	25
Indonesia	JOLLIBEE MASCOT DESIGN		J00.2013.015228	3-Apr-13	IDM000485987	27-Jul-15	Registered	43
Indonesia	JOLLIBEE MASCOT DESIGN		D00.2013.015232	3-Apr-13	IDM000491932	20-Aug-15	Registered	29
Indonesia	YUM	YUM	D00.2013.015230	3-Apr-13	IDM000642704	17-May-19	Registered	29

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Indonesia	BEE HEAD DEVICE		DID201905757 1	30-Sep-19			Pending	16
Indonesia	BEE HEAD DEVICE		DID201905757 2	30-Sep-19			Pending	21
Indonesia	BEE HEAD DEVICE		DID201905757 6	30-Sep-19			Pending	25
Indonesia	BEE HEAD DEVICE		DID201905758 0	30-Sep-19			Pending	28
Indonesia	BEE HEAD DEVICE		JID2019057584	30-Sep-19			Pending	35
Indonesia	JOLLIBEE	(word mark)	DID201905749 7	30-Sep-19			Pending	16
Indonesia	JOLLIBEE	(word mark)	DID201905752 2	30-Sep-19			Pending	21
Indonesia	JOLLIBEE	(word mark)	DID201905752 8	30-Sep-19			Pending	25
Indonesia	JOLLIBEE	(word mark)	DID201905753 6	30-Sep-19			Pending	28
Indonesia	JOLLIBEE	(word mark)	JID2019057546	30-Sep-19			Pending	35
Indonesia	YUM	(word mark)	D00.2013.015230	3-Apr-13	IDM000642704	17-May-19	Registered	29
Israel	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		100922	20-Sep-95	100922	20-Sep-02	Registered	29
Israel	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		100923	20-Sep-95	100923	20-Sep-02	Registered	42
Italy	BEE HEAD DEVICE		MI2012C004989	15-May-12	1521187	10-Dec-12	Registered	29, 43
Italy	CHAMP	(word mark)	MI2013C002500	13-Mar-13	1571901	20-Jan-14	Registered	29
Italy	CHICKENJOY	(word mark)	MI2012C004988	15-May-12	1521186	10-Dec-12	Registered	29, 43
Italy	EVERYDAY DELICIOUS	(word mark)	MI2013C002501	13-Mar-13	1561497	2-Oct-13	Registered	35
Italy	HOME OF THE FAMOUS CHICKENJOY	(word mark)	302015000077885	27-Nov-15	302015000077885	22-Jun-17	Registered	29, 43

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Italy	JOLLIBEE	JOLLIBEE	MI2012C004987	15-May-12	1521185	10-Dec-12	Registered	29, 43
Italy	JOLLIBEE MASCOT DESIGN		MI2013C002502	13-Mar-13	1561496	2-Oct-13	Registered	29, 43
Italy	YUM	YUM	MI2013C002503	13-Mar-13	1571900	20-Jan-14	Registered	29
Italy	BEE HEAD DEVICE		302019000069308	26-Sep-19	302019000069308	15-Jul-20	Registered	16,21,25,28,35
Italy	JOLLIBEE	(word mark)	302019000069296	26-Sep-19	302019000069296	15-Jul-20	Registered	16,21,25,28,35
Japan	BEE HEAD DEVICE		2014-104750	11-Dec-14	5814835	18-Dec-15	Registered	29,30,32, 43
Japan	CHAMP	(word mark)	2014-104753	11-Dec-14	5842079	15-Apr-16	Registered	30
Japan	CHICKENJOY	CHICKENJOY	2014-104754	11-Dec-14	5755936	3-Apr-15	Registered	29, 43
Japan	EVERYDAY DELICIOUS	(word mark)	2014-104755	11-Dec-14	5753946	27-Mar-15	Registered	35
Japan	HOME OF THE FAMOUS CHICKENJOY	(word mark)	2017-128409	26-Sep-17	6023713	2-Mar-2018	Registered	29, 43
Japan	JOLLIBEE & DEVICE				3249420	31-Jan-97	Registered	29
Japan	JOLLIBEE & DEVICE				3251544	31-Jan-97	Registered	30
Japan	JOLLIBEE & DEVICE				3282959	18-Apr-97	Registered	32
Japan	JOLLIBEE & DEVICE				4013499	20-Jun-97	Registered	42
Japan	JOLLIBEE CHAMP	(word mark)	2015-056995	16-Jun-15	5803627	30-Oct-15	Registered	30
Japan	JOLLIBEE MASCOT DESIGN		2014-104751	11-Dec-14	5814836	18-Dec-15	Registered	29,30,32, 43

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Japan	JOLLIBEE	(word mark)	2014-104749	11-Dec-14	5854408	27-May-16	Registered	29,30,32, 43
Japan	JOLLY-B BOX	JOLLY-B BOX	2019-117346	03-Sep-19	6301178	07-Oct-20	Registered	39
Japan	JOLLIBEE BOX	JOLLIBEE BOX	2019-117347	03-Sep-19	6301179	07-Oct-20	Registered	39
Japan	YUM	YUM	2014-104752	11-Dec-14	5755935	3-Apr-15	Registered	30
Jordan	BEE HEAD DEVICE		121001	22-Nov-11	121001	6-Dec-12	Registered	43
Jordan	JOLLIBEE	JOLLIBEE	121002	22-Nov-11	121002	6-Dec-12	Registered	43
Korea - Republic of (South)	BEE HEAD DEVICE		45-2012-0002341	7-May-12	48276	21-Feb-14	Registered	29, 43
Korea - Republic of (South)	CHICKENJOY	CHICKENJOY	45-2012-0002342	7-May-12	46615	17-Oct-13	Registered	29, 43
Korea - Republic of (South)	JOLLIBEE	JOLLIBEE	45-2012-0002340	7-May-12	48272	21-Feb-14	Registered	29, 43
Korea - Republic of (South)	JOLLIBEE & DESIGN				40-0358457	21-Mar-97	Registered	29, 30
Korea - Republic of (South)	JOLLIBEE & DESIGN				40-0372192	9-Aug-97	Registered	32
Korea - Republic of (South)	JOLLIBEE & DESIGN				40-0372105	8-Aug-97	Registered	29, 30
Korea - Republic of (South)	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		96-11545	23-Mar-96	377580	8-Oct-97	Registered	29
Korea - Republic of (South)	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		95-48721	21-Dec-95	369351	18-Jul-97	Registered	29
Korea - Republic of (South)	JOLLIBEE MASCOT DESIGN		45-2013-0001412	14-Mar-13	48629	18-Mar-14	Registered	29, 43

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Korea - Republic of (South)	YUM	YUM	40-2013-0087644	31-Dec-13	40-1080537	9-Jan-15	Registered	30
Korea - Republic of (South)	CHAMP	CHAMP	40-2013-0087645	31-Dec-13	40-1071265	21-Nov-14	Registered	30
Kuwait	JOLLIBEE LOGO AND DEVICE	Jollibee	112416	13-Jun-10	95849	13-Jun-10	Registered	43
Kuwait	BEE DEVICE		112418	13-Jun-10	95851	13-Jun-10	Registered	30
Kuwait	BEE DEVICE		112419	13-Jun-10	95852	13-Jun-10	Registered	43
Kuwait	BEE DEVICE		112417	13-Jun-10	95850	13-Jun-10	Registered	29
Kuwait	BEE HEAD DEVICE		129537	23-Apr-12	114233	21-Jun-13	Registered	29
Kuwait	BEE HEAD DEVICE		129538	23-Apr-12	114234	21-Jun-13	Registered	43
Kuwait	CHAMP	CHAMP	138830	2-Apr-13			Pending	29
Kuwait	CHICKENJOY	CHICKENJOY	129539	23-Apr-12	114235	21-Jun-13	Registered	29
Kuwait	CHICKENJOY	CHICKENJOY	129540	23-Apr-12	114236	21-Jun-13	Registered	43
Kuwait	EVERYDAY DELICIOUS	(word mark)	138831	2-Apr-13			Pending	35
Kuwait	HOME OF THE FAMOUS CHICKENJOY	(word mark)	194303	8-Oct-17	198215	8-Oct-17	Registered	43
Kuwait	HOME OF THE FAMOUS CHICKENJOY	(word mark)	194302	8-Oct-17	197558	8-Oct-17	Registered	29
Kuwait	JOLLIBEE	JOLLIBEE	129535	23-Apr-12	114231	21-Jun-13	Registered	29

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Kuwait	JOLLIBEE	JOLLIBEE	129536	23-Apr-12	114232	21-Jun-13	Registered	43
Kuwait	JOLLIBEE & DEVICE	Jollibee	32460	26-Nov-95	29945	26-Nov-95	Registered	29
Kuwait	JOLLIBEE (IN ARABIC SCRIPT)	جوليبي	180970	8-Jun-16	193577	8-Jun-16	Registered	43
Kuwait	JOLLIBEE (WORD) AND DEVICE	Jollibee	32461	26-Nov-95	29947	25-Nov-05	Registered	30
Kuwait	JOLLIBEE (WORD) AND DEVICE	Jollibee	32462	26-Nov-95	29403	25-Nov-05	Registered	32
Kuwait	JOLLIBEE DEVICE &	Jollibee	32463	26-Nov-95	29946	25-Nov-05	Registered	43
Kuwait	JOLLIBEE LOGO AND DEVICE	Jollibee	112415	13-Jun-10	95848	13-Jun-10	Registered	30
Kuwait	JOLLIBEE LOGO AND DEVICE	Jollibee	112414	13-Jun-10	95847	13-Jun-10	Registered	29
Kuwait	JOLLIBEE MASCOT DESIGN		138827	2-Apr-13			Pending	29
Kuwait	JOLLIBEE MASCOT DESIGN		138828	2-Apr-13			Pending	43
Kuwait	YUM	YUM	138829	2-Apr-13			Pending	29
Kuwait	BEE HEAD DEVICE		2019/007982	24-Sep-19	1615658	24-Sep-19	Registered	16
Kuwait	BEE HEAD DEVICE		2019/007981	24-Sep-19	1615651	24-Sep-19	Registered	21
Kuwait	BEE HEAD DEVICE		2019/007980	24-Sep-19	1615526	24-Sep-19	Registered	25
Kuwait	BEE HEAD DEVICE		2019/007979	24-Sep-19	1615560	24-Sep-19	Registered	28
Kuwait	BEE HEAD DEVICE		2019/007976	24-Sep-19	1615679	24-Sep-19	Registered	35

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Kuwait	JOLLIBEE	(word mark)	2019/007987	24-Sep-19	1615635	24-Sep-19	Registered	16
Kuwait	JOLLIBEE	(word mark)	2019/007986	24-Sep-19	1615606	24-Sep-19	Registered	21
Kuwait	JOLLIBEE	(word mark)	2019/007985	24-Sep-19	1615550	24-Sep-19	Registered	25
Kuwait	JOLLIBEE	(word mark)	2019/007984	24-Sep-19	1615550	24-Sep-19	Registered	28
Kuwait	JOLLIBEE	(word mark)	2019/007983	24-Sep-19	1615550	24-Sep-19	Registered	35
Kuwait	BEE HEAD DEVICE		2020/008391	14-Dec-20			Pending	30
Kuwait	BEE HEAD DEVICE		2020/008393	14-Dec-20			Pending	32
Kuwait	BEE HEAD DEVICE		2020/008392	14-Dec-20			Pending	39
Kuwait	CRISPYLICIOUS	(word mark)	2020/008390	14-Dec-20			Pending	29
Kuwait	CRISPYLICIOUS	(word mark)	2020/008394	14-Dec-20			Pending	43
Kuwait	JOLLIBEE	(word mark)	2020/008387	14-Dec-20			Pending	30
Kuwait	JOLLIBEE	(word mark)	2020/008388	14-Dec-20			Pending	32
Kuwait	JOLLIBEE	(word mark)	2020/008389	14-Dec-20			Pending	39
Kuwait	JOLLY SPAGHETTI	(word mark)	2020/008399	14-Dec-20			Pending	30
Kuwait	JUICYLICIOUS	(word mark)	2020/008395	14-Dec-20			Pending	29
Kuwait	JUICYLICIOUS	(word mark)	2020/008396	14-Dec-20			Pending	43
Kuwait	SPICYLICIOUS	(word mark)	2020/008397	14-Dec-20			Pending	29
Kuwait	SPICYLICIOUS	(word mark)	2020/008398	14-Dec-20			Pending	43
Kuwait	YUMBURGER	(word mark)	2020/008400	14-Dec-20			Pending	29
Lebanon	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		66960	20-Sep-95	130273	13-Aug-10	Registered	29, 42
Macau	CHICKENJOY			23-Apr-12	N/065040(061)	27-Feb-20	Registered	43
Macau	CHICKENJOY			23-Apr-12	N/065039(136)	27-Feb-20	Registered	29
Macau	JOLLIBEE MASCOT DESIGN			29-Apr-13	N/075126(775)	14-Jan-14	Registered	29

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Macau	JOLLIBEE MASCOT DESIGN			29-Apr-13	N/075132(123)	14-Jan-14	Registered	43
Macau	CHAMP	CHAMP		29-Apr-13	N/075128(170)	14-Jan-14	Registered	29
Macau	CHAMP	CHAMP		29-Apr-13	N/075130(457)	14-Jan-14	Registered	30
Macau	EVERYDAY DELICIOUS	(word mark)		29-Apr-13	N/075131(398)	14-Jan-14	Registered	35
Macau	JOLLIBEE	Jollibee		29-Apr-13	N/065042(371)	27-Feb-20	Registered	29
Macau	JOLLIBEE	Jollibee		29-Apr-13	N/065044(840)	27-Feb-20	Registered	43
Macau	BEE HEAD DEVICE			23-Apr-12	N/065043(604)	27-Feb-20	Registered	29
Macau	BEE HEAD DEVICE			23-Apr-12	N/065045(376)	27-Feb-20	Registered	43
Macau	JOLLIBEE IN CHINESE CHARACTERS	快乐蜂		23-Apr-12	N/065046(329)	27-Feb-20	Registered	43
Macau	JOLLIBEE IN CHINESE CHARACTERS	快乐蜂		23-Apr-12	N/065041(628)	27-Feb-20	Registered	29
Macau	HOME OF THE FAMOUS CHICKENJOY	HOME OF THE FAMOUS CHICKENJOY		11-Mar-16	N/109778(800)	13-Oct-16	Registered	43
Macau	HOME OF THE FAMOUS CHICKENJOY	HOME OF THE FAMOUS CHICKENJOY		11-Mar-16	N/109777(796)	13-Oct-16	Registered	29
Macau	JOLLY SPAGHETTI	JOLLY SPAGHETTI		15-Nov-16	N/117479(381)	26-Apr-17	Registered	30
Macau	JOLLY HOTDOG	JOLLY HOTDOG		15-Nov-16	N/117480(148)	26-Apr-17	Registered	29
Macau	CHICKENJOY & CHICKENJOY IN CHINESE CHARACTERS		N/144628	3-Oct-18			Registered	29
Macau	CHICKENJOY & CHICKENJOY IN CHINESE CHARACTERS		N/144629	3-Oct-18			Registered	43
Macau	JOLLIBEE IN CHINESE CHARACTERS	快乐蜂	N/144632	3-Oct-18			Registered	29

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Macau	JOLLIBEE IN CHINESE CHARACTERS	快乐蜂	N/144633	3-Oct-18			Registered	43
Macau	JOLLIBEE IN CHINESE CHARACTERS	快樂蜂	N/144630	3-Oct-18			Pending	29
Macau	JOLLIBEE IN CHINESE CHARACTERS	快樂蜂	N/144631	3-Oct-18			Pending	43
Macau	JOLLIBEE	JOLLIBEE	N/160909	17-Oct-19			Registered	16
Macau	JOLLIBEE	JOLLIBEE	N/160910	17-Oct-19			Registered	21
Macau	JOLLIBEE	JOLLIBEE	N/160911	17-Oct-19			Registered	25
Macau	JOLLIBEE	JOLLIBEE	N/160912	17-Oct-19			Registered	28
Macau	JOLLIBEE	JOLLIBEE	N/160913	17-Oct-19			Registered	35
Macau	JOLLIBEE	JOLLIBEE	N/160914	17-Oct-19			Registered	39
Macau	BEE HEAD DEVICE		N/160915	17-Oct-19			Registered	16
Macau	BEE HEAD DEVICE		N/160916	17-Oct-19			Registered	21
Macau	BEE HEAD DEVICE		N/160917	17-Oct-19			Registered	25
Macau	BEE HEAD DEVICE		N/160918	17-Oct-19			Registered	28
Macau	BEE HEAD DEVICE		N/160919	17-Oct-19			Registered	35
Macau	BEE HEAD DEVICE		N/160920	17-Oct-19			Registered	39
Madrid (WIPO Registration)	JOLLIBEE	JOLLIBEE	EN-I/1428436201/AC/WIPO 1428436201	16-Dec-20			Pending	16,21,25,28,29,30,32,35,39&43
Madrid (WIPO Registration)	JOLLIBEE MASCOT DESIGN		EN-I/1428436301/AC/WIPO 1428436301	16-Dec-20			Pending	16,21,25,28,29,30,32,35,39&43
Madrid (WIPO Registration)	BEE HEAD DESIGN		EN-I/1431039401/II/WIPO 1431039401/EN-	16-Dec-20			Pending	16,21,25,28,29,30,32,35,39&43

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
			I/1428436401/AC/ 1428436401					
Madrid (WIPO Registration)	HOME OF THE FAMOUS CHICKENJOY	HOME OF THE FAMOUS CHICKENJOY	1580444	16-Dec-20	1580444	16-Dec-20	Registered	29 & 43
Madrid (WIPO Registration)	CHICKENJOY	CHICKENJOY	1584026	16-Dec-20	1584026	16-Dec-20	Registered	29 & 43
Madrid (WIPO Registration)	SPICYLICIOUS	SPICYLICIOUS	1585329	16-Dec-20	1584465	16-Dec-20	Registered	29 & 43
Madrid (WIPO Registration)	CRISPYLICIOUS	CRISPYLICIOUS	1584465	16-Dec-20	1584465	16-Dec-20	Registered	29 & 43
Madrid (WIPO Registration)	JUICYYLICIOUS	JUICYYLICIOUS	1585327	16-Dec-20	1585327	16-Dec-20	Registered	29 & 43
Madrid (WIPO Registration)	JOLLY SPAGHETTI	JOLLY SPAGHETTI	1580426	16-Dec-20	1580426	16-Dec-20	Registered	30
Madrid (WIPO Registration)	YUMBURGER	YUMBURGER	EN-I/1426562101/CT/ WIPO 1426562101	16-Dec-20			Pending	29 & 30
Malaysia	BEE HEAD DEVICE		2014069069	17-Dec-14	2014069069	17-Dec-14	Registered	25
Malaysia	BEE HEAD DEVICE		2012052510	23-Apr-12	2012052510	23-Apr-12	Registered	43
Malaysia	BEE HEAD DEVICE		2012052508	23-Apr-12	2012052508	23-Apr-12	Registered	29
Malaysia	CHAMP	(word mark)	2013052208	13-Mar-13	2013052208	13-Mar-13	Registered	29
Malaysia	CHICKENJOY	CHICKENJOY	2012052511	23-Apr-12	2012052511	23-Apr-12	Registered	29
Malaysia	CHICKENJOY	CHICKENJOY	2012052512	23-Apr-12	2012052512	23-Apr-12	Registered	43
Malaysia	EVERYDAY DELICIOUS	(word mark)	2013052209	13-Mar-13	2013052209	13-Mar-13	Registered	35
Malaysia	HOME OF THE FAMOUS CHICKENJOY	(word mark)	2015070163	27-Nov-15	2015070163	27-Nov-15	Registered	29
Malaysia	HOME OF THE FAMOUS CHICKENJOY	(word mark)	2015070165	27-Nov-15	2015070165	27-Nov-15	Registered	43
Malaysia	JOLLIBEE	JOLLIBEE	2012052507	23-Apr-12	2012052507	23-Apr-12	Registered	29

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Malaysia	JOLLIBEE	JOLLIBEE	2359	3-Mar-00	2359	3-Mar-00	Registered	43
Malaysia	JOLLIBEE & DEVICE	Jollibee.	95003171	8-Apr-95	95003171	8-Apr-95	Registered	29
Malaysia	JOLLIBEE	JOLLIBEE	2014069065	17-Dec-14	2014069065	17-Dec-14	Registered	25
Malaysia	JOLLIBEE MASCOT (SERIES OF 3)		2000-02358	3-Mar-00	2000-02358	3-Mar-00	Registered	43
Malaysia	JOLLIBEE MASCOT DESIGN		2014069071	17-Dec-14	2014069071	17-Dec-14	Registered	25
Malaysia	JOLLIBEE MASCOT DESIGN		2013052205	13-Mar-13	2013052205	13-Mar-13	Registered	43
Malaysia	JOLLIBEE MASCOT DESIGN		2013052204	13-Mar-13	2013052204	13-Mar-13	Registered	29
Malaysia	BEE HEAD DEVICE		TM2019030520	19-Aug-19			Pending	16
Malaysia	BEE HEAD DEVICE		TM2019030523	19-Aug-19			Pending	21
Malaysia	BEE HEAD DEVICE		TM2019030526	19-Aug-19			Pending	25
Malaysia	BEE HEAD DEVICE		TM2019030527	19-Aug-19			Pending	28
Malaysia	BEE HEAD DEVICE		TM2019030530	19-Aug-19			Pending	35
Malaysia	JOLLIBEE	(word mark)	TM2019030439	19-Aug-19			Pending	16

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Malaysia	JOLLIBEE	(word mark)	TM2019030440	19-Aug-19			Pending	21
Malaysia	JOLLIBEE	(word mark)	TM2019030499	19-Aug-19			Pending	25
Malaysia	JOLLIBEE	(word mark)	TM2019030506	19-Aug-19			Pending	28
Malaysia	JOLLIBEE	(word mark)	TM2019030511	19-Aug-19			Pending	35
Malaysia	YUM	YUM	2013052206	13-Mar-13	2013052206	20-Sep-16	Registered	29
Malaysia	JOLLIBEE	JOLLIBEE	TM2019034092	13-Sep-19			Pending	39
Malaysia	BEE HEAD DEVICE		2012052508	23-Apr-12	2012052508	23-Apr-12	Registered	29
Mexico	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DESIGN		405557	6-Jan-00	764426	21-Oct-02	Registered	42
Morocco	BEE HEAD DEVICE		194038	7-May-18	194038	7-May-18	Registered	29,43
Morocco	JOLLIBEE	(word mark)	194036	7-May-18	194036	7-May-18	Registered	29,43
Myanmar	BEE HEAD DEVICE			14-Dec-20			Pending	29,43
Myanmar	JOLLIBEE MASCOT DESIGN			14-Dec-20			Pending	29,43
Myanmar	BEE HEAD DEVICE			14-Dec-20			Pending	16,21,25,28,35
Myanmar	CHAMP	(word mark)		14-Dec-20			Pending	29
Myanmar	CHICKENJOY	(word mark)		14-Dec-20			Pending	29,43
Myanmar	EVERYDAY DELICIOUS SLOGAN	(word mark)		14-Dec-20			Pending	35
Myanmar	HOME OF THE FAMOUS CHICKENJOY	(word mark)		14-Dec-20			Pending	29,43
Myanmar	JOLLIBEE	(word mark)		14-Dec-20			Pending	16,21,25,28,35
Myanmar	JOLLIBEE	(word mark)		14-Dec-20			Pending	29,43
Myanmar	YUM	(word mark)		14-Dec-20			Pending	29
New Zealand	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		254483	6-Oct-95	254483	6-Oct-95	Registered	29

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
New Zealand	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		254484	6-Oct-95	254484	6-Oct-95	Registered	42
Oman	BEE HEAD DEVICE		73974	23-Apr-12	73974	20-May-13	Registered	29
Oman	BEE HEAD DEVICE		73975	23-Apr-12	73975	20-May-13	Registered	43
Oman	CHAMP	(word mark)	79630	13-Mar-13	79630	25-Aug-14	Registered	29
Oman	CHICKENJOY	CHICKENJOY	73976	23-Apr-12	73976	20-May-13	Registered	29
Oman	CHICKENJOY	CHICKENJOY	73977	23-Apr-12	73977	20-May-13	Registered	43
Oman	EVERYDAY DELICIOUS	(word mark)	79631	13-Mar-13	79631	25-Aug-14	Registered	35
Oman	HOME OF THE FAMOUS CHICKENJOY	(word mark)	113349	8-Oct-17	113349	4-Jul-18	Registered	29
Oman	HOME OF THE FAMOUS CHICKENJOY	(word mark)	113350	8-Oct-17	113350	4-Jul-18	Registered	43
Oman	JOLLIBEE (IN ARABIC SCRIPT)	جوليبي	103059	7-Jun-16	103059	17-Jul-17	Registered	43
Oman	JOLLIBEE	JOLLIBEE	69397	20-Jul-11	69397	4-Mar-14	Registered	29
Oman	JOLLIBEE	JOLLIBEE	69398	20-Jul-11	69398	4-Mar-14	Registered	30
Oman	JOLLIBEE	JOLLIBEE	69399	20-Jul-11	69399	4-Mar-14	Registered	43
Oman	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		11659	29-May-95	11659	29-May-05	Registered	42
Oman	JOLLIBEE MASCOT		11658	29-May-95	11658	11-Dec-03	Registered	42
Oman	JOLLIBEE MASCOT DESIGN		79627	13-Mar-13	79627	25-Aug-14	Registered	29

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Oman	JOLLIBEE MASCOT DESIGN		79628	13-Mar-13	79628	25-Aug-14	Registered	43
Oman	YUM	YUM	79629	13-Mar-13	79629	25-Aug-14	Registered	29
Oman	BEE HEAD DEVICE		130806	19-Aug-19	130806	8-Dec-19	Registered	16
Oman	BEE HEAD DEVICE		130807	19-Aug-19	130807	8-Dec-19	Registered	21
Oman	BEE HEAD DEVICE		130809	19-Aug-19	130809	8-Dec-19	Registered	25
Oman	BEE HEAD DEVICE		130810	19-Aug-19	130810	8-Dec-19	Registered	28
Oman	BEE HEAD DEVICE		130812	19-Aug-19	130812	8-Dec-19	Registered	35
Oman	JOLLIBEE	(word mark)	130801	19-Aug-19	130801	8-Dec-19	Registered	16
Oman	JOLLIBEE	(word mark)	130802	19-Aug-19	130802	29-Dec-19	Registered	21
Oman	JOLLIBEE	(word mark)	130803	19-Aug-19	130803	8-Dec-19	Registered	25
Oman	JOLLIBEE	(word mark)	130804	19-Aug-19	130804	8-Dec-19	Registered	28
Oman	JOLLIBEE	(word mark)	130805	19-Aug-19	130805	8-Dec-19	Registered	35
Oman	BEE HEAD DEVICE		140829	12-Nov-20			Pending	30
Oman	BEE HEAD DEVICE		140828	12-Nov-20			Pending	32
Oman	BEE HEAD DEVICE		140827	12-Nov-20			Pending	39
Oman	CRISPY LICIOUS	(word mark)	141002	18-Nov-20			Pending	29
Oman	CRISPY LICIOUS	(word mark)	141001	18-Nov-20			Pending	43
Oman	JOLLIBEE	(word mark)	140832	12-Nov-20			Pending	30
Oman	JOLLIBEE	(word mark)	140831	12-Nov-20			Pending	32
Oman	JOLLIBEE	(word mark)	140830	12-Nov-20			Pending	39
Oman	JOLLY SPAGHETTI	(word mark)	140996	18-Nov-20			Pending	30

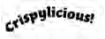
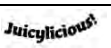
Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Oman	JUICYLICIOUS	(wordmark)	141000	18-Nov-20			Pending	29
Oman	JUICYLICIOUS	(wordmark)	140999	18-Nov-20			Pending	43
Oman	SPICYLICIOUS	(wordmark)	140998	18-Nov-20			Pending	29
Oman	SPICYLICIOUS	(wordmark)	140997	18-Nov-20			Pending	43
Oman	YUMBURGER	(wordmark)	140995	18-Nov-20			Pending	29
Pakistan	BEE HEAD DEVICE		461104	9-Jun-17			Pending	29
Pakistan	BEE HEAD DEVICE		461106	9-Jun-17			Pending	30
Pakistan	BEE HEAD DEVICE		461108	9-Jun-17			Pending	43
Pakistan	JOLLIBEE	JOLLIBEE	461107	9-Jun-17			Pending	30
Pakistan	JOLLIBEE	JOLLIBEE	461109	9-Jun-17			Pending	43
Pakistan	JOLLIBEE	JOLLIBEE	461105	9-Jun-17			Pending	29
Pakistan	CHICKENJOY	(wordmark)	483806	29-Jan-2018			Pending	29
Pakistan	JOLLY CRISPY FRIES	(wordmark)	483807	29-Jan-2018			Pending	29
Philippines	AMAZING ALOHA ANG PINEAPLLE SLICE DEVICE	Amazing Aloha	4-1996-108683	04-Mar-96	4-1996-108683	04-Nov-02	Registered	30
Philippines	JOLLIBEE	JOLLIBEE	4-2000-004772	08-Jun-00	4-2000-004772	10-Mar-16	Registered	29,30,32,&42
Philippines	JOLLIBEE	JOLLIBEE	4-2000-007421	31-Aug-00	4-2000-007421	24-Sep-15	Registered	16,28
Philippines	JOLLY SHAKES WRITTEN IN COLORS RED AND ORANGE ENCLOSED BY A RECTANGLE SHADED IN BLUE	JOLLY SHAKES	4-2003-001019	05-Feb-03	4-2003-001019	20-Nov-16	Registered	29,30
Philippines	YUM	YUM	4-2003-008177	04-Sep-03	4-2003-008177	11-Nov-10	Registered	29,43
Philippines	JOLLY CRISPY FRIES	(wordmark)	4-2004-006392	20-Jul-04	4-2004-006392	09-Feb-19	Registered	29
Philippines	CHICKENJOY	(wordmark)	4-2004-006569	23-Jul-04	4-2004-006569	26-May-16	Registered	29

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Philippines	BEE HEAD DEVICE		4-2004-006570	23-Jul-04	4-2004-006570	06-Jan-16	Registered	43
Philippines	JOLLIKIDS	(wordmark)	4-2005-000388	13-Jan-05	4-2005-000388	08-Jun-16	Registered	16, 18, 25 & 26
Philippines	JOLLY KRUNCHY TWIRL	(wordmark)	4-2005-001998	02-Mar-05	4-2005-001998	18-Sep-16	Registered	29 & 30
Philippines	JOLLIBEE SUPER MEALS	(wordmark)	4-2005-002450	15-Mar-05	4-2005-002450	18-Dec-16	Registered	43
Philippines	BEE HEAD DEVICE		4-2005-007557	05-Aug-05	4-2005-007557	19-Feb-17	Registered	9, 16, 18, 20, 21, 24, 25 & 28
Philippines	JOLLIBEE	(wordmark)	4-2005-007558	05-Aug-05	4-2005-007558	19-Feb-17	Registered	9, 18, 20, 21, 24 & 25
Philippines	JOLLITOWN AND DEVICE		4-2008-005395	08-May-08	4-2008-005395	25-Mar-10	Registered	16, 18, 20, 24, 25, 27, 28 & 41
Philippines	TWIRLIE MASCOT DESIGN		4-2008-007561	25-Jun-08	4-2008-007561	23-Jul-19	Registered	16, 18, 20, 21, 24, 25, 27, 28, 41
Philippines	JOLLIBEE MASCOT DESIGN		4-2008-007562	25-Jun-08	4-2008-007562	23-Jul-19	Registered	16, 18, 20, 21, 24, 25, 27, 28, 41
Philippines	HETTY MASCOT DESIGN		4-2008-007563	25-Jun-08	4-2008-007563	23-Jul-19	Registered	16, 18, 20, 21, 24, 25, 27, 28, 41
Philippines	POPO MASCOT DESIGN		4-2008-007564	25-Jun-08	4-2008-007564	23-Jul-19	Registered	16, 18, 20, 21, 24, 25, 27, 28, 41
Philippines	YUM MASCOT DESIGN		4-2008-007565	25-Jun-08	4-2008-007565	23-Jul-19	Registered	16, 18, 20, 21, 24, 25, 27, 28, 41
Philippines	LANGHAP SARAP	(wordmark)	4-2009-003033	23-Mar-09	4-2009-003033	12-Nov-19	Registered	29, 30
Philippines	JOLLIBEE CHAMP		4-2009-006900	13-Jul-09	4-2009-006900	12-Nov-19	Registered	29, 35
Philippines	JOLLIBEE BREAKFAST JOYS		4-2009-006901	13-Jul-09	4-2009-006901	24-Dec-19	Registered	29, 35
Philippines	Jolly Hotdog		4-2009-006903	13-Jul-09	4-2009-006903	24-Dec-19	Registered	29, 35

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Philippines	JOLLY CRISPY FRIES		4-2009-006965	14-Jul-09	4-2009-006965	15-Apr-10	Registered	35
Philippines	Jollibee		4-2010-002055	24-Feb-10	4-2010-002055	22-Jul-10	Registered	29,30 & 43
Philippines	CHAMP	(wordmark)	4-2010-004236	21-Apr-10	4-2010-004236	28-Jan-11	Registered	29 & 35
Philippines	JOLLIBEE KIDS CLUB INSIDE A CIRCLE		4-2010-005302	20-May-10	4-2010-005302	31-Dec-10	Registered	16,35
Philippines	JOLLIBEE KIDS CLUB INSIDE A CIRCLE		4-2010-005303	20-May-10	4-2010-005303	23-Dec-10	Registered	16,35
Philippines	JOLLIBEE MASCOT HOUSE		4-2010-005367	20-May-10	4-2010-005367	21-Oct-10	Registered	16,18,25,28,41
Philippines	HETTY MASCOT HOUSE		4-2010-005368	20-May-10	4-2010-005368	14-Oct-10	Registered	16,18,25,28,41
Philippines	POPO MASCOT HOUSE		4-2010-005369	20-May-10	4-2010-005369	14-Oct-10	Registered	16,18,25,28,41
Philippines	TWIRLIE MASCOT HOUSE		4-2010-005370	20-May-10	4-2010-005370	14-Oct-10	Registered	16,18,25,28,41
Philippines	YUM MASCOT HOUSE		4-2010-005371	20-May-10	4-2010-005371	14-Oct-10	Registered	16,18,25,28,41
Philippines	AFFORDELICIOUS	(wordmark)	4-2010-010083	15-Sep-10	4-2010-010083	07-Apr-11	Registered	35
Philippines	CONE TWIRL	(wordmark)	4-2010-010089	15-Sep-10	4-2010-010089	07-Apr-11	Registered	29
Philippines	HAPPYPLUS CASHLESS PAYMENTS WITH REWARDS		4-2011-002977	15-Mar-11	4-2011-002977	20-Jun-13	Registered	9,16,35 & 36
Philippines	HAPPYPLUS CASHLESS PAYMENT WITH REWARDS		4-2011-009245	05-Aug-11	4-2011-009245	05-Jan-12	Registered	9,16,35 & 36
Philippines	CRISPYLICIOUS	(wordmark)	4-2012-000563	16-Jan-12	4-2012-000563	31-May-12	Registered	29

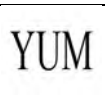
Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Philippines	JUICYLICIOUS	(wordmark)	4-2012-000564	16-Jan-12	4-2012-000564	09-May-13	Registered	29
Philippines	MAAGA ANG PASKO	(wordmark)	4-2012-001251	01-Feb-12	4-2012-001251	11-May-12	Registered	36
Philippines	BEE HAPPY	(wordmark)	4-2012-003129	12-Mar-12	4-2012-003129	24-May-12	Registered	35
Philippines	CHICKENJOY	(wordmark)	4-2012-004770	19-Apr-12	4-2012-004770	12-Jul-12	Registered	43
Philippines	BEE HEAD		4-2012-004771	19-Apr-12	4-2012-004771	23-Aug-12	Registered	29
Philippines	DITO ANG SARAP MAGING PAMILYA	(wordmark)	4-2013-001089	31-Jan-13	4-2013-001089	20-Feb-15	Registered	35
Philippines	DITO ANG SARAP MAGING	(wordmark)	4-2013-001090	31-Jan-13	4-2013-001090	20-Feb-15	Registered	35
Philippines	JOLLIBEE MASCOT DESIGN		4-2013-002707	11-Mar-13	4-2013-002707	20-Jun-13	Registered	29 & 43
Philippines	ULTIMATE BURGER STEAK	(wordmark)	4-2013-006004	24-May-13			Pending	29
Philippines	ULTIMATE BURGER STEAK		4-2013-006363	03-Jun-13	4-2013-006363	23-Oct-14	Registered	29
Philippines	FAMILY VALUES AWARDS	(wordmark)	4-2013-010435	02-Sep-13	4-2013-010435	19-Dec-13	Registered	35
Philippines	JOLLIBEE FAMILY VALUES AWARDS CELEBRATING EXEMPLARY FILIPINO FAMILIES		4-2013-010436	02-Sep-13	4-2013-010436	12-Jun-14	Registered	35
Philippines	JOLLY	(wordmark)	4-2013-012443	16-Oct-13	4-2013-012443	15-Oct-16	Registered	29,30,32
Philippines	JOLLY	(wordmark)	4-2014-003233	14-Mar-14	4-2014-003233	18-Aug-16	Registered	29
Philippines	JOLLIBEE MAAGA ANG PASKO LOGO		4-2015-500315	22-Jan-15	4-2015-500315	31-Mar-16	Registered	36
Philippines	JOLLISAVERS	(wordmark)	4-2015-503892	14-Jul-15	4-2015-503892	12-Nov-15	Registered	29,30,32 & 43
Philippines	JOLLIBEE BURGER STEAK SUPREME	(wordmark)	4-2015-506500	11-Nov-15			Pending	29
Philippines	JOLLIBEE BIG BURGER STEAK SUPREME	(wordmark)	4-2015-506501	11-Nov-15			Pending	29
Philippines	JOLLY JOY BOX	(wordmark)	4-2015-507151	17-Dec-15	4-2015-507151	17-Aug-17	Registered	16,28 & 35

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Philippines	3-D BOX DESIGN		4-2015-507226	22-Dec-15	4-2015-507226	27-Oct-16	Registered	16,28 & 35
Philippines	GRAVYLICIOUS	(wordmark)	4-2016-503206	28-Jun-16	4-2016-503206	01-Sep-16	Registered	29
Philippines	P99 PAIRS	(wordmark)	4-2016-504734	14-Sep-16	4-2016-504734	05-Apr-18	Registered	29,30,32 & 43
Philippines	PERFECT PAIRS	(wordmark)	4-2016-504735	14-Sep-16	4-2016-504735	22-Dec-16	Registered	29,30,32 & 43
Philippines	P99 PERFECT PAIRS	(wordmark)	4-2016-504736	14-Sep-16	4-2016-504736	15-Feb-18	Registered	29,30,32 & 43
Philippines	JOLLY CRISPY FLAVORED FRIES	(wordmark)	4-2016-505391	20-Oct-16			Pending	29
Philippines	JOLLY CRISPY FLAVORED FRIES (stylized)		4-2016-505392	20-Oct-16			Pending	29
Philippines	CHAMP MADE WITH 100% PURE BEEF 1/3 POUND PATTY LANGHAP-SARAP		4-2016-506284	02-Dec-16	4-2016-506284	25-May-17	Registered	29 & 43
Philippines	FRAMILY	(wordmark)	4-2016-506373	08-Dec-16	4-2016-506373	02-Mar-17	Registered	29,35 & 43
Philippines	JOLLY KIDDIE MEAL		4-2016-506501	15-Dec-16	4-2016-506501	25-May-17	Registered	16 & 35
Philippines	JOLLY KIDDIE MEAL		4-2016-506504	15-Dec-16	4-2016-506504	06-Jul-17	Registered	16 & 35
Philippines	HOME OF THE FAMOUS CHICKENJOY	(wordmark)	4-2017-501502	10-Apr-17	4-2017-501502	22-Jun-17	Registered	29 & 43
Philippines	TOP-YOUR-OWN JOLLY HOTDOG	(wordmark)	4-2017-501751	27-Apr-17	4-2017-501751	07-Mar-19	Registered	29 & 43
Philippines	NEW! SPICY CHICKENJOY		4-2018-501710	19-Apr-18	4-2018-501710	19-Aug-18	Registered	29 & 43
Philippines	Spicylicious	(wordmark)	4-2018-006922	24-Apr-18	4-2018-006922	02-Aug-18	Registered	29 & 43
Philippines	OVERTOP	(wordmark)	4-2018-007743	08-May-18	4-2018-007743	02-Aug-18	Registered	29
Philippines	JOLLY TWIRL	(wordmark)	4-2019-006108	11-Apr-19	4-2019-006108	07-Jul-19	Registered	29 & 30
Philippines	TWIRL	(wordmark)	4-2019-006109	11-Apr-19	4-2019-006109	14-Jul-19	Registered	29 & 30
Philippines	JOLLIBEE	(wordmark)	4-2019-506253	26-Sep-19	4-2019-506253	15-Feb-20	Registered	39

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Philippines	BEE HEAD DEVICE		4-2019-506254	26-Sep-19	4-2019-506254	15-Feb-20	Registered	39
Philippines	JOLLIBEE SWEET-SPICY BBQ BURGER STEAK		4-2019-506884	15-Oct-19			Pending	29
Philippines	CRISPY HOT CHICKENJOY	(wordmark)	4-2019-506902	16-Oct-19	4-2019-506902	10-Jan-20	Registered	29
Philippines	JOLLIBEE CRISPY SPICE FRIES	(wordmark)	4-2019-507328	25-Oct-19			Pending	29
Philippines	CHICKENJOY		4-2019-509181	20-Dec-19	4-2019-509181	14-Aug-20	Registered	29 & 43
Philippines	CRISPYLICIOUS		4-2019-509198	21-Dec-19			Pending	29
Philippines	JUICYLICIOUS		4-2019-509199	21-Dec-19			Pending	29
Philippines	JOLLY SPAGHETTI	(wordmark)	4-2019-509200	21-Dec-19	4-2019-509200	03-Jul-20	Registered	30
Philippines	JOLLY SPAGHETTI		4-2019-509208	21-Dec-19	4-2019-509208	31-Jul-20	Registered	30
Philippines	YUMBURGER	(wordmark)	4-2019-509209	21-Dec-19	4-2019-509209	03-Jul-20	Registered	29
Philippines	BEEFY LANGHAP SARAP		4-2019-509210	21-Dec-19	4-2019-509210	03-Jul-20	Registered	29 & 43
Philippines	YUMBURGER		4-2019-509211	21-Dec-19	4-2019-509211	31-Jul-20	Registered	29
Philippines	JOLLIBEE & BEE HEAD DEVICE		4-2019-509212	21-Dec-19	4-2019-509212	3-Jul-20	Registered	16,21,25,28,29,30,32, 35,39 & 43
Philippines	BEE HEAD DEVICE		4-2019-509213	21-Dec-19	4-2019-509213	03-Jul-20	Registered	16,21,25,28,29,30,32, 35,39 & 43
Philippines	JOLLIBEE MASCOT DESIGN		4-2019-509214	21-Dec-19	4-2019-509214	03-Jul-20	Registered	16,21,25,28,29,30,32, 35,39 & 43
Philippines	JOLLIBEE MASCOT DESIGN		4-2019-509215	21-Dec-19	4-2019-509215	03-Jul-20	Registered	16,21,25,28,29,30,32, 35,39 & 43
Philippines	JOLLIBEE READY TO COOK	(wordmark)	4-2020-507606	08-Jul-20			Pending	29,30 & 43

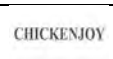
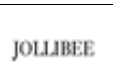
Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Philippines	JOLLIBEE FAMILY PAN	(wordmark)	4-2020-507607	08-Jul-20			Pending	30
Philippines	JOLLIBEE READY TO COOK		4-2020-509746	05-Aug-20			Pending	29,30 & 43
Philippines	JOLLIBEE	(wordmark)	4-2020-514368	02-Oct-20			Pending	29 & 30
Philippines	CHAMP MASCOT		4-2020-517140	05-Nov-20			Pending	16, 18, 20, 21, 25, 28 & 41
Philippines	EVERYDAY DESERVES A SUNDAE	(wordmark)	4-2020-518174	19-Nov-20			Pending	30
Philippines	JOLLIBEE MASCOT DESIGN		4-2020-518397	19-Nov-20			Pending	16, 21, 25, 28, 30, 32, 35 & 39
Philippines	BEE HEAD DEVICE		4-2020-518398	23-Nov-20			Pending	16, 21, 25, 28, 30, 32 & 35
Philippines	JOLLIBEE	(wordmark)	4-2020-518409	23-Nov-20			Pending	28 & 35
Philippines	CHICKENJOY	(wordmark)	4-2020-518403	23-Nov-20			Pending	29
Philippines	CRISPYLICIOUS	(wordmark)	4-2020-518404	23-Nov-20			Pending	29 & 43
Philippines	JUICYLICIOUS	(wordmark)	4-2020-518405	23-Nov-20			Pending	29 & 43
Philippines	SPICYLICIOUS	(wordmark)	4-2020-518406	23-Nov-20			Pending	29 & 43
Qatar	BEE HEAD DEVICE		74466	30-Apr-12	74466	23-Nov-14	Registered	29
Qatar	BEE HEAD DEVICE		74467	30-Apr-12	74467	16-Oct-14	Registered	43
Qatar	CHAMP	(word mark)	80276	14-Mar-13	80276	22-Oct-15	Registered	29
Qatar	CHICKENJOY	CHICKENJOY	74469	30-Apr-12	74469	16-Oct-14	Registered	43

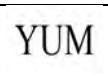
Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Qatar	CHICKENJOY	CHICKENJOY	74468	30-Apr-12	74468	16-Oct-14	Registered	29
Qatar	EVERYDAY DELICIOUS	(word mark)	80277	14-Mar-13	80277	22-Oct-15	Registered	35
Qatar	HOME OF THE FAMOUS CHICKENJOY	(word mark)	117443	26-Sep-17	117443	6-Aug-18	Registered	29
Qatar	HOME OF THE FAMOUS CHICKENJOY	(word mark)	117444	26-Sep-17			Pending	43
Qatar	JOLLIBEE	JOLLIBEE	74464	30-Apr-12	74464	11-Oct-15	Registered	29
Qatar	JOLLIBEE	JOLLIBEE	74465	30-Apr-12	74465	23-Nov-14	Registered	43
Qatar	JOLLIBEE (IN ARABIC SCRIPT)	جوليبي	106585	5-Jun-16	106585	23-Jul-18	Registered	42
Qatar	JOLLIBEE CHARACTER AND DEVICE		57954	8-Jul-09	57954	20-Sep-12	Registered	29
Qatar	JOLLIBEE CHARACTER AND DEVICE		57955	8-Jul-09	57955	20-Sep-12	Registered	30
Qatar	JOLLIBEE CHARACTER AND DEVICE		57956	8-Jul-09	57956	20-Sep-12	Registered	42
Qatar	JOLLIBEE LOGO & DEVICE		57951	8-Jul-09	57951	25-Sep-12	Registered	29
Qatar	JOLLIBEE LOGO & DEVICE		57952	8-Jul-09	57952	25-Sep-12	Registered	30
Qatar	JOLLIBEE LOGO & DEVICE		57953	8-Jul-09	57953	20-Sep-12	Registered	42
Qatar	JOLLIBEE MASCOT DESIGN		80273	14-Mar-13	80273	22-Oct-15	Registered	29

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Qatar	JOLLIBEE MASCOT DESIGN		80274	14-Mar-13	80274	22-Oct-15	Registered	42
Qatar	JOLLY		84753	23-Oct-13	84753	16-Feb-17	Registered	30
Qatar	YUM		80275	14-Mar-13	80275	22-Oct-15	Registered	29
Qatar	BEE HEAD DEVICE		134251	9-Sep-19			Pending	16
Qatar	BEE HEAD DEVICE		134252	9-Sep-19			Pending	21
Qatar	BEE HEAD DEVICE		134253	9-Sep-19			Pending	25
Qatar	BEE HEAD DEVICE		134254	9-Sep-19			Pending	28
Qatar	BEE HEAD DEVICE		134255	9-Sep-19			Pending	35
Qatar	JOLLIBEE	(word mark)	134242	9-Sep-19			Pending	16
Qatar	JOLLIBEE	(word mark)	134244	9-Sep-19			Pending	21
Qatar	JOLLIBEE	(word mark)	134245	9-Sep-19			Pending	25
Qatar	JOLLIBEE	(word mark)	134248	9-Sep-19			Pending	28
Qatar	JOLLIBEE	(word mark)	134249	9-Sep-19			Pending	35
Qatar	BEE HEAD DEVICE		143014	15-Nov-20			Pending	30
Qatar	BEE HEAD DEVICE		143015	15-Nov-20			Pending	32
Qatar	BEE HEAD DEVICE		143016	15-Nov-20			Pending	39

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Qatar	CRISPYLICIOUS	(word mark)	143017	15-Nov-20			Pending	29
Qatar	CRISPYLICIOUS	(word mark)	143018	15-Nov-20			Pending	43
Qatar	JOLLIBEE	(word mark)	143011	15-Nov-20			Pending	30
Qatar	JOLLIBEE	(word mark)	143012	15-Nov-20			Pending	32
Qatar	JOLLIBEE	(word mark)	143013	15-Nov-20			Pending	39
Qatar	JOLLY SPAGHETTI	(word mark)	143023	15-Nov-20			Pending	30
Qatar	JUICYLICIOUS	(word mark)	143019	15-Nov-20			Pending	29
Qatar	JUICYLICIOUS	(word mark)	143020	15-Nov-20			Pending	43
Qatar	SPICYLICIOUS	(word mark)	143021	15-Nov-20			Pending	29
Qatar	SPICYLICIOUS	(word mark)	143022	15-Nov-20			Pending	43
Qatar	YUMBURGER	(word mark)	143024	15-Nov-20			Pending	29
Romania	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		13511	8-Mar-95	29524	8-Mar-05	Registered	29, 42
Romania	JOLLIBEE MASCOT DEVICE		13512	8-Mar-95	29525	1-Jul-99	Registered	42
Saudi Arabia	BEE HEAD DEVICE		182342	21-May-12	143307687	22-Aug-13	Registered	29
Saudi Arabia	BEE HEAD DEVICE		182343	21-May-12	143307688	10-Sep-13	Registered	43
Saudi Arabia	CHICKENJOY	CHICKENJOY	182346	21-May-12	143307686	4-Apr-14	Registered	29
Saudi Arabia	CHICKENJOY	CHICKENJOY	182347	21-May-12	143307685	4-Apr-14	Registered	43
Saudi Arabia	EVERYDAY DELICIOUS	(word mark)	194610	26-Mar-13	143406467	1-Jul-14	Registered	35
Saudi Arabia	HOME OF THE FAMOUS CHICKENJOY	(word mark)	120088	25-Oct-17	1439002982	11-Apr-18	Registered	29
Saudi Arabia	HOME OF THE FAMOUS CHICKENJOY	(word mark)	120089	25-Oct-17			Pending	43
Saudi Arabia	JOLLIBEE	JOLLIBEE	182344	21-May-12	143307683	25-Jul-13	Registered	29

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Saudi Arabia	JOLLIBEE	JOLLIBEE	182345	21-May-12	143307684	10-Sep-13	Registered	43
Saudi Arabia	JOLLIBEE & BEE DEVICE	Jollibee	122600	1-Oct-07	142809331	21-Jan-09	Registered	43
Saudi Arabia	JOLLIBEE (IN ARABIC SCRIPT)	جوليبي	1437020649	16-Jun-16	1437020649	12-Oct-16	Registered	43
Saudi Arabia	JOLLIBEE CHAMP	(word mark)	1436008326	8-Feb-15	1436008326	22-Jun-15	Registered	29
Saudi Arabia	JOLLIBEE CHAMP	(word mark)	1436008327	8-Feb-15	1436008327	22-Jun-15	Registered	30
Saudi Arabia	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE	Jollibee Great Burgers Great Chicken			501/26	17-Oct-99	Registered	29
Saudi Arabia	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE	Jollibee Great Burgers Great Chicken			501/25	17-Oct-99	Registered	42
Saudi Arabia	JOLLIBEE MASCOT DESIGN		194606	26-Mar-13	143406471	3-Jul-14	Registered	29
Saudi Arabia	JOLLIBEE MASCOT DESIGN		194607	26-Mar-13	143406472	3-Jul-14	Registered	43
Saudi Arabia	JOLLIBEE MASCOT DEVICE				37925	2-Jul-96	Registered	42
Saudi Arabia	YUM	YUM	194608	26-Mar-13	143406468	1-Jul-14	Registered	29
Saudi Arabia	BEE HEAD DEVICE		200897	19-Sep-19	1441002560	24-Dec-20	Registered	16
Saudi Arabia	BEE HEAD DEVICE		200898	19-Sep-19	1441002561	24-Dec-20	Registered	21
Saudi Arabia	BEE HEAD DEVICE		200902	19-Sep-19	1441002565	24-Dec-20	Registered	25

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Saudi Arabia	BEE HEAD DEVICE		200903	19-Sep-19	1441002566	24-Dec-20	Registered	28
Saudi Arabia	BEE HEAD DEVICE		200904	19-Sep-19	1441002567	24-Dec-20	Registered	35
Saudi Arabia	JOLLIBEE	(word mark)	200881	19-Sep-19		24-Dec-20	Pending	16
Saudi Arabia	JOLLIBEE	(word mark)	200887	19-Sep-19	1441002551	24-Dec-20	Registered	21
Saudi Arabia	JOLLIBEE	(word mark)	200888	19-Sep-19	1441002552	24-Dec-20	Registered	25
Saudi Arabia	JOLLIBEE	(word mark)	200890	19-Sep-19	1441002554	24-Dec-20	Registered	28
Saudi Arabia	JOLLIBEE	(word mark)	200892	19-Sep-19	1441002556	24-Dec-20	Registered	35
Singapore	BEE HEAD DEVICE		T1205981F	26-Apr-12	T1205981F	26-Apr-12	Registered	29,43
Singapore	CHAMP	(word mark)	T1304014J	11-Mar-13	T1304014J	11-Mar-13	Registered	30
Singapore	CHICKENJOY		T1205748A	20-Apr-12	T1205748A	20-Apr-12	Registered	29, 43
Singapore	EVERYDAY DELICIOUS	(word mark)	T1304015I	11-Mar-13	T1304015I	11-Mar-13	Registered	35
Singapore	HOME OF THE FAMOUS CHICKENJOY	(word mark)	40201520749Y	26-Nov-15	40201520749Y	26-Nov-15	Registered	29, 43
Singapore	JOLLIBEE		T1205747C	20-Apr-12	T1205747C	20-Apr-12	Registered	29, 43
Singapore	JOLLIBEE CHARACTER AND DEVICE		T0908261F	24-Jul-09	T0908261F	24-Jul-09	Registered	29,30, 43
Singapore	JOLLIBEE LOGO AND DEVICE		T0908260H	24-Jul-09	T0908260H	24-Jul-09	Registered	29,30, 43
Singapore	JOLLIBEE MASCOT DESIGN		T1304012D	11-Mar-13	T1304012D	11-Mar-13	Registered	29, 43
Singapore	JOLLIBEE WORD & DEVICE				347393	11-May-93	Registered	42

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Singapore	JOLLIBEE WORD & DEVICE				347293	11-May-93	Registered	30
Singapore	YUM		40201809933T	25-May-18			Pending	30
Singapore	BEE HEAD DEVICE		40201919754X	12-Sep-19	40201919754X	7-Jan-21	Registered	16,21,25,28,35
Singapore	JOLLIBEE	(word mark)	40201919752P	12-Sep-19	40201919752P	7-Jan-21	Registered	16,21,25,28,35
Singapore	YUMBURGER	(word mark)	40201914752U	8-Jul-19			Pending	30,43
South Africa	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		9510214	8-Aug-95	95/10214	12-Jun-98	Registered	29
South Africa	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		9510215	8-Aug-95	95/10215	12-Jun-98	Registered	42
South Africa	BEEHEADDEVICE		2020/30920	11-Nov-20			Pending	16
South Africa	BEEHEADDEVICE		2020/30921	11-Nov-20			Pending	21
South Africa	BEEHEADDEVICE		2020/30922	11-Nov-20			Pending	25
South Africa	BEEHEADDEVICE		2020/30923	11-Nov-20			Pending	28
South Africa	BEEHEADDEVICE		2020/30924	11-Nov-20			Pending	29
South Africa	BEEHEADDEVICE		2020/30925	11-Nov-20			Pending	30

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
South Africa	BEE HEAD DEVICE		2020/30926	11-Nov-20			Pending	32
South Africa	BEE HEAD DEVICE		2020/30927	11-Nov-20			Pending	35
South Africa	BEE HEAD DEVICE		2020/30928	11-Nov-20			Pending	39
South Africa	BEE HEAD DEVICE		2020/30929	11-Nov-20			Pending	43
South Africa	CHICKENJOY	(word mark)	2020/30942	11-Nov-20			Pending	29
South Africa	CHICKENJOY	(word mark)	2020/30943	11-Nov-20			Pending	43
South Africa	CRISPYLICIOUS	(word mark)	2020/30917	11-Nov-20			Pending	29
South Africa	CRISPYLICIOUS	(word mark)	2020/30918	11-Nov-20			Pending	43
South Africa	HOME OF THE FAMOUS CHICKENJOY	(word mark)	2020/30940	11-Nov-20			Pending	29
South Africa	HOME OF THE FAMOUS CHICKENJOY	(word mark)	2020/30941	11-Nov-20			Pending	43
South Africa	JOLLIBEE	(word mark)	2020/30872	11-Nov-20			Pending	16
South Africa	JOLLIBEE	(word mark)	2020/30873	11-Nov-20			Pending	21
South Africa	JOLLIBEE	(word mark)	2020/30874	11-Nov-20			Pending	25
South Africa	JOLLIBEE	(word mark)	2020/30875	11-Nov-20			Pending	28
South Africa	JOLLIBEE	(word mark)	2020/30876	11-Nov-20			Pending	29
South Africa	JOLLIBEE	(word mark)	2020/30877	11-Nov-20			Pending	30
South Africa	JOLLIBEE	(word mark)	2020/30878	11-Nov-20			Pending	32
South Africa	JOLLIBEE	(word mark)	2020/30879	11-Nov-20			Pending	35
South Africa	JOLLIBEE	(word mark)	2020/30880	11-Nov-20			Pending	39
South Africa	JOLLIBEE	(word mark)	2020/30881	11-Nov-20			Pending	43
South Africa	JOLLIBEE MASCOT DESIGN		2020/30930	22-Nov-20			Pending	16
South Africa	JOLLIBEE MASCOT DESIGN		2020/30931	11-Nov-20			Pending	21

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
South Africa	JOLLIBEE MASCOT DESIGN		2020/30932	11-Nov-20			Pending	25
South Africa	JOLLIBEE MASCOT DESIGN		2020/30933	11-Nov-20			Pending	28
South Africa	JOLLIBEE MASCOT DESIGN		2020/30934	11-Nov-20			Pending	29
South Africa	JOLLIBEE MASCOT DESIGN		2020/30935	11-Nov-20			Pending	30
South Africa	JOLLIBEE MASCOT DESIGN		2020/30936	11-Nov-20			Pending	32
South Africa	JOLLIBEE MASCOT DESIGN		2020/30937	11-Nov-20			Pending	35
South Africa	JOLLIBEE MASCOT DESIGN		2020/30938	11-Nov-20			Pending	39
South Africa	JOLLIBEE MASCOT DESIGN		2020/30939	11-Nov-20			Pending	43
South Africa	JOLLY SPAGHETTI	(word mark)	2020/30915	11-Nov-20			Pending	30
South Africa	JUICYLICIOUS	(word mark)	2020/30890	11-Nov-20			Pending	29
South Africa	JUICYLICIOUS	(word mark)	2020/30891	11-Nov-20			Pending	43
South Africa	SPICYLICIOUS	(word mark)	2020/30908	11-Nov-20			Pending	29
South Africa	SPICYLICIOUS	(word mark)	2020/30909	11-Nov-20			Pending	43
South Africa	YUMBURGER	(word mark)	2020/30919	11-Nov-20			Pending	29
Spain	BEE HEAD DEVICE		3012444	5-Jan-12	3012444	1-Jun-12	Registered	29, 43
Spain	CHAMP	(word mark)	M3066988	11-Mar-13	3066988	12-Jun-13	Registered	29

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Spain	CHICKENJOY	CHICKENJOY	M3012445	5-Jan-12	3012445	21-May-12	Registered	29, 43
Spain	EVERYDAY DELICIOUS	(word mark)	M3066991	11-Mar-13	3066991	12-Jun-13	Registered	35
Spain	HOME OF THE FAMOUS CHICKENJOY	(word mark)	3684349	27-Sep-17	3684349	27-Sep-17	Registered	29, 43
Spain	JOLLIBEE MASCOT DESIGN		M3066986	11-Mar-13	3066986	12-Jun-13	Registered	29, 43
Spain	JOLLIBEE	JOLLIBEE	M3012443	5-Jan-12	3012443	21-May-12	Registered	29, 43
Spain	BEE HEAD DEVICE		4031764	19-Aug-19	4031764	24-Feb-20	Registered	16,21,25,28,35
Spain	JOLLIBEE	(word mark)	4031756	16-Aug-19	4031756	24-Feb-20	Registered	16,21,25,28,35
Sri Lanka	JOLLIBEE	JOLLIBEE	211717	29-Sep-16			Pending	29
Sri Lanka	JOLLIBEE	JOLLIBEE	211719	29-Sep-16			Pending	43
Sri Lanka	BEE HEAD DEVICE		211713	29-Sep-16			Pending	29
Sri Lanka	BEE HEAD DEVICE		211714	29-Sep-16			Pending	43
Sri Lanka	JOLLIBEE MASCOT DESIGN		211716	29-Sep-16			Pending	29
Sri Lanka	JOLLIBEE MASCOT DESIGN		211718	29-Sep-16			Pending	43
Syria	JOLLIBEE MASCOT DESIGN				54981	23-Oct-95	Registered	29,30,42

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Taiwan	JOLLY SPAGHETTI	(word mark)			01851117	30-Jun-17	Registered	30
Taiwan	JOLLY HOTDOG	(word mark)			01850970	15-May-17	Registered	29
Taiwan	YUM (IN STYLIZED FORM)				1874837	15-Oct-17	Registered	29
Taiwan	JOLLIBEE	(word mark)			01841173	16-May-17	Registered	29
Taiwan	JOLLIBEE	(word mark)			01855925	16-May-17	Registered	43
Taiwan	BEE HEAD DEVICE				01841174	16-May-17	Registered	29
Taiwan	BEE HEAD DEVICE				01842299	16-May-17	Registered	43
Taiwan	JOLLIBEE MASCOT DESIGN				01841175	16-May-17	Registered	29
Taiwan	JOLLIBEE MASCOT DESIGN				01842300	15-May-17	Registered	43
Taiwan	CHAMP	(word mark)			01841176	16-May-17	Registered	29
Taiwan	CHICKENJOY				01841177	16-May-17	Registered	29
Taiwan	CHICKENJOY				01842301	16-May-17	Registered	43

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Taiwan	YUMBURGER	(word mark)			01920710	16-Jun-18	Registered	30
Taiwan	YUMBURGER	(word mark)			01937077	01-Sept-18	Registered	43
Taiwan	HOME OF THE FAMOUS CHICKENJOY	(word mark)			01909577	16-Apr-18	Registered	29
Taiwan	HOME OF THE FAMOUS CHICKENJOY	(word mark)			01910767	16-Apr-18	Registered	43
Taiwan	JOLLIBEE IN CHINESE CHARACTERS	快樂蜂	107059823	13-Sep-18			Registered	29
Taiwan	JOLLIBEE IN CHINESE CHARACTERS	快樂蜂	107059824	13-Sep-18			Registered	43
Taiwan	JOLLIBEE IN CHINESE CHARACTERS	快乐蜂	107059825	13-Sep-18			Registered	29
Taiwan	JOLLIBEE IN CHINESE CHARACTERS	快乐蜂	107059826	13-Sep-18			Registered	43
Taiwan	JOLLIBEE	JOLLIBEE	108060460	12-Sep-19			Registered	16,21,25,28,35
Taiwan	JOLLIBEE BEE HEAD DEVICE		108060462	12-Sep-19			Registered	16,21,25,28,36
Taiwan	JOLLIBEE BEE HEAD DEVICE		108064308	1-Oct-19			Registered	39
Taiwan	JOLLIBEE	JOLLIBEE	108064309	1-Oct-19			Registered	39

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Thailand	BEE HEAD DEVICE		970144	19-Jan-15	171108418	19-Jan-15	Registered	43
Thailand	BEE HEAD DEVICE		970143	19-Jan-15	171101348	19-Jan-15	Registered	29
Thailand	CHAMP	(word mark)	970148	19-Jan-15	KOR414568	19-Jan-15	Registered	30
Thailand	CHICKENJOY	(word mark)	970150	19-Jan-15			Pending	43
Thailand	HOME OF THE FAMOUS CHICKENJOY	(word mark)	170135814	9-Oct-17			Pending	29
Thailand	HOME OF THE FAMOUS CHICKENJOY	(word mark)	170135815	9-Oct-17			Pending	43
Thailand	JOLLIBEE & THREE BEE DEVICE (JOLLIBEE MASCOT)		284093	19-Apr-95	BOR4134	19-Apr-95	Registered	43
Thailand	JOLLIBEE	JOLLIBEE	969050	8-Jan-15	171108692	8-Jan-15	Registered	25
Thailand	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		284091	19-Apr-95	KOR41802	19-Apr-95	Registered	29
Thailand	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		284092	19-Apr-95	BOR4135	19-Apr-95	Registered	43
Thailand	JOLLIBEE MASCOT DESIGN		969052	8-Jan-15	171107470	8-Jan-15	Registered	25
Thailand	JOLLIBEE MASCOT DESIGN		970145	19-Jan-15	171102032	19-Jan-15	Registered	29
Thailand	JOLLIBEE MASCOT DESIGN		970146	19-Jan-15	171108423	19-Jan-15	Registered	43
Thailand	JOLLIBEE	JOLLIBEE	970142	19-Jan-15	161109652	19-Jan-15	Registered	43
Thailand	JOLLIBEE	JOLLIBEE	970141	19-Jan-15	171101347	19-Jan-15	Registered	29
Thailand	YUM	YUM	970147	19-Jan-15	KOR415934	19-Jan-15	Registered	30

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Thailand	BEE HEAD DEVICE		969051	8-Jan-15	171107466	8-Jan-15	Registered	25
Thailand	BEE HEAD DEVICE		190137807	2-Oct-19			Pending	16,21,25,28,35
Thailand	JOLLIBEE		190137806	2-Oct-19			Pending	16,21,25,28,35
Turkey	BEE HEAD DEVICE		2014/82416	13-Oct-14	2014/82416	13-Oct-14	Registered	29, 43
Turkey	JOLLIBEE	JOLLIBEE	2014/82414	13-Oct-14	2014/82414	13-Oct-14	Registered	29
United Arab Emirates	BEE HEAD DEVICE		173869	20-May-12	173869	13-Jan-14	Registered	29
United Arab Emirates	BEE HEAD DEVICE		173870	20-May-12	173870	13-Jan-14	Registered	43
United Arab Emirates	CHAMP	(word mark)	189044	26-Mar-13	189044	9-Sep-14	Registered	29
United Arab Emirates	CHICKENJOY	CHICKENJOY	173871	20-May-12	173871	13-Jan-14	Registered	29
United Arab Emirates	CHICKENJOY	CHICKENJOY	173872	20-May-12	173872	13-Jan-14	Registered	43
United Arab Emirates	EVERYDAY DELICIOUS	(word mark)	189045	26-Mar-13	189045	3-Sep-14	Registered	35
United Arab Emirates	HOME OF THE FAMOUS CHICKENJOY	(word mark)	280804	10-Oct-17			Pending	43
United Arab Emirates	HOME OF THE FAMOUS CHICKENJOY	(word mark)	280803	10-Oct-17			Pending	29
United Arab Emirates	JOLLIBEE	JOLLIBEE	173867	20-May-12	173867	13-Jan-14	Registered	29
United Arab Emirates	JOLLIBEE	JOLLIBEE	173868	20-May-12	173868	13-Jan-14	Registered	43
United Arab Emirates	JOLLIBEE (IN ARABIC SCRIPT)	جوليبي	4686783	5-Jun-16			Pending	43
United Arab Emirates	JOLLIBEE CHARACTER & DEVICE		126847	10-Mar-09	126847	23-Aug-12	Registered	43
United Arab Emirates	JOLLIBEE CHARACTER & DEVICE		126844	10-Mar-09	126844	23-Aug-12	Registered	29

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
United Arab Emirates	JOLLIBEE CHARACTER & DEVICE		126845	10-Mar-09	126845	23-Aug-12	Registered	30
United Arab Emirates	JOLLIBEE CHARACTER & DEVICE		126846	10-Mar-09	126846	23-Aug-12	Registered	32
United Arab Emirates	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		16343	27-May-96	15560	27-May-98	Registered	42
United Arab Emirates	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		16344	27-May-96	15559	27-May-98	Registered	29
United Arab Emirates	JOLLIBEE LOGO & DEVICE		126840	10-Mar-09	126840	23-Aug-12	Registered	29
United Arab Emirates	JOLLIBEE LOGO & DEVICE		126842	10-Mar-09	126842	23-Aug-12	Registered	32
United Arab Emirates	JOLLIBEE LOGO & DEVICE		126841	10-Mar-09	126841	23-Aug-12	Registered	30
United Arab Emirates	JOLLIBEE LOGO & DEVICE		126843	10-Mar-09	126843	23-Aug-12	Registered	43
United Arab Emirates	JOLLIBEE MASCOT DESIGN		189041	26-Mar-13	189041	2-Sep-14	Registered	29
United Arab Emirates	JOLLIBEE MASCOT DESIGN		189042	26-Mar-13	189042	2-Sep-14	Registered	43
United Arab Emirates	JOLLIBEE MASCOT DEVICE		16345	27-May-96	14694	25-Apr-98	Registered	42
United Arab Emirates	YUM	YUM	189043	26-Mar-13	189043	2-Sep-14	Registered	29
United Arab Emirates	BEE HEAD DEVICE		317972	30-Sep-19			Pending	16

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
United Arab Emirates	BEE HEAD DEVICE		317973	30-Sep-19			Pending	21
United Arab Emirates	BEE HEAD DEVICE		317974	30-Sep-19			Pending	25
United Arab Emirates	BEE HEAD DEVICE		317975	30-Sep-19			Pending	28
United Arab Emirates	BEE HEAD DEVICE		317976	30-Sep-19			Pending	35
United Arab Emirates	JOLLIBEE	(word mark)	317967	30-Sep-19			Pending	16
United Arab Emirates	JOLLIBEE	(word mark)	317968	30-Sep-19			Pending	21
United Arab Emirates	JOLLIBEE	(word mark)	317969	30-Sep-19			Pending	25
United Arab Emirates	JOLLIBEE	(word mark)	317970	30-Sep-19			Pending	28
United Arab Emirates	JOLLIBEE	(word mark)	317971	30-Sep-19			Pending	35
United Arab Emirates	BEE HEAD DEVICE		339687	19-Nov-20			Pending	30
United Arab Emirates	BEE HEAD DEVICE		339688	19-Nov-20			Pending	32
United Arab Emirates	BEE HEAD DEVICE		339689	19-Nov-20			Pending	39
United Arab Emirates	CRISPYLICIOUS	(word mark)	339673	19-Nov-20			Pending	29
United Arab Emirates	CRISPYLICIOUS	(word mark)	339674	19-Nov-20			Pending	43
United Arab Emirates	JOLLIBEE	(word mark)	339683	19-Nov-20			Pending	30
United Arab Emirates	JOLLIBEE	(word mark)	339684	19-Nov-20			Pending	32
United Arab Emirates	JOLLIBEE	(word mark)	339685	19-Nov-20			Pending	39
United Arab Emirates	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE	(word mark)	16344	27-May-96	15559	27-May-98	Registered	29

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
United Arab Emirates	JOLLIBEE LOGO & DEVICE		126840	10-Mar-09	126840	23-Aug-12	Registered	29
United Arab Emirates	JOLLY SPAGHETTI	(word mark)	339678	19-Nov-20			Pending	30
United Arab Emirates	JUICYLICIOUS	(word mark)	339675	19-Nov-20			Pending	29
United Arab Emirates	JUICYLICIOUS	(word mark)	339676	19-Nov-20			Pending	43
United Arab Emirates	SPICYLICIOUS	(word mark)	339680	19-Nov-20			Pending	29
United Arab Emirates	SPICYLICIOUS	(word mark)	339677	19-Nov-20			Pending	43
United Arab Emirates	YUM	(word mark)	189043	26-Mar-13	189043	2-Sep-14	Registered	29
United Arab Emirates	YUMBURGER		339679	19-Nov-20			Pending	29
United Kingdom	BEE HEAD DEVICE		3086509	17-Dec-14	3086509	20-Mar-15	Registered	29, 43
United Kingdom	CHAMP	(word mark)	3086550	17-Dec-14	3086550	20-Mar-15	Registered	30
United Kingdom	CHICKENJOY		3086685	18-Dec-14	3086685	27-Mar-15	Registered	29, 43
United Kingdom	EVERYDAY DELICIOUS	(word mark)	3086549	17-Dec-14	3086549	27-Mar-15	Registered	35
United Kingdom	HOME OF THE FAMOUS CHICKENJOY	(word mark)	3138210	27-Nov-15	UK00003138210	26-Feb-16	Registered	29, 43
United Kingdom	JOLLIBEE (STYLISED) & DEVICE		2572105	14-Feb-11	2572105	13-May-2011	Registered	43
United Kingdom	JOLLIBEE MASCOT DESIGN		3086533	17-Dec-14	3086533	20-Mar-15	Registered	29, 43
United Kingdom	JOLLIBEE		3086498	17-Dec-14	3086498	20-Mar-15	Registered	29, 43
United Kingdom	YUM		3086691	18-Dec-14	3086691	27-Mar-15	Registered	30
United Kingdom	BEE HEAD DEVICE		3502498	19-Jun-20	3502498	9-Oct-20	Registered	21,29,30,32,39,43
United Kingdom	JOLLIBEE		3502496	19-Jun-20	3502496	9-Oct-20	Registered	21,29,30,32,39,43

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
United States of America	AMAZING ALOHA	(word mark)	78/773483	14-Dec-05	3399726	18-Mar-08	Registered	30
United States of America	BEE HAPPY	(word mark)	76/355920	7-Jan-02	2,830,503	6-Apr-04	Registered	43
United States of America	BEE HEAD DEVICE		85/513900	11-Jan-12	4426087	29-Oct-13	Registered	29, 43
United States of America	CHICKENJOY	CHICKENJOY	85/524814	25-Jan-12	4874637	22-Dec-15	Registered	43
United States of America	CHICKENJOY	CHICKENJOY	78/773490	14-Dec-05	3949145	19-Apr-11	Registered	29
United States of America	HOME OF THE FAMOUS CHICKENJOY	(word mark)	86836564	2-Dec-15	5697656	12-Mar-19	Registered	29, 43
United States of America	JOLLIBEE	JOLLIBEE	78/683906	2-Aug-05	3196017	9-Jan-07	Registered	43
United States of America	JOLLIBEE & DEVICE		78/546427	12-Jan-05	3152057	3-Oct-06	Registered	43
United States of America	JOLLIBEE BURGER STEAK	(word mark)	78/773477	14-Dec-05	3562559	13-Jan-09	Registered	29
United States of America	JOLLIBEE MASCOT DESIGN		85/872818	11-Mar-13	5146897	21-Feb-17	Registered	29, 43
United States of America	JOLLIBEE	JOLLIBEE	85524886	25-Jan-12	4426109	29-Oct-13	Registered	29
United States of America	JOLLY CRISPY FRIES	(word mark)	87030021	9-May-16	5891569	22-Oct-19	Registered	29
United States of America	JOLLY HOTDOG	(word mark)	87028187	6-May-16	5239427	11-Jul-17	Registered	29, 30
United States of America	JOLLY KRUNCHY TWIRL	(word mark)	87028194	6-May-16	5253889	1-Aug-17	Registered	29, 30
United States of America	JOLLY SPAGHETTI	(word mark)	78/773476	14-Dec-05	3374063	22-Jan-08	Registered	30
United States of America	PALABOK FIESTA	(word mark)	78/773470	14-Dec-05	3393101	4-Mar-08	Registered	29
United States of America	YUM	YUM	78-773,415	14-Dec-05	3,363,459	1-Jan-08	Registered	30
United States of America	YUMBURGER	(word mark)	78/773383	14-Dec-05	3349864	4-Dec-07	Registered	30

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
United States of America	BEE HEAD DEVICE		88632538	26-Sep-19			Pending	16,21,25,28,35
United States of America	JOLLIBEE	(word mark)	88632527	26-Sep-19			Pending	16,21,25,28,35
United States of America	JOY SERVED DAILY	(word mark)	90406641	23-Dec-20			Pending	43
Vietnam	JOLLIBEE EVERYDAY DELICIOUS	(word mark)	4-2014-15419	07-Jul-14	254335	12-Nov-15	Registered	29, 30
Vietnam	YUM	YUM	4-2013-04471	12-Mar-13			Pending	29
Vietnam	BEE DEVICE		4-2013-04474	12-Mar-13	225456	3-Jun-14	Registered	29, 43
Vietnam	BEE HEAD DEVICE		4-2012-08039	24-Apr-12	210299	13-Aug-13	Registered	29, 43
Vietnam	CHAMP	(word mark)	4-2013-04470	12-Mar-13	225455	3-Jun-14	Registered	30
Vietnam	CHICKENJOY	CHICKENJOY	4-2012-08038	24-Apr-12	210298	13-Aug-13	Registered	29, 43
Vietnam	HOME OF THE FAMOUS CHICKENJOY	(word mark)	4-2017-31269	27-Sep-17			Pending	29, 43
Vietnam	JOLLIBEE		4-2005-02046	25-Feb-05	89304	20-Sep-07	Registered	43
Vietnam	JOLLIBEE	JOLLIBEE	4-2012-08037	24-Apr-12	210739	21-Aug-13	Registered	29, 43
Vietnam	JOLLIBEE MASCOT		4-2008-25172	25-Nov-08	153633	28-Oct-10	Registered	29, 43
Vietnam	JOLLIBEE MASCOT DEVICE		4-1995-22974	18-May-95	19997	10-Feb-96	Registered	29
Vietnam	JOLLIBEE STACKED LOGO		4-2008-25170	25-Nov-08	153631	28-Oct-10	Registered	29, 43
Vietnam	PEEKING BEE		4-2008-25171	25-Nov-08	153632	28-Oct-10	Registered	29, 43

Country	Title of Trademark	Representation of Trademark	Application Number	Application Date	Registration Number	Registration Date	Status	Class/es
Vietnam	(CHICKENJOY in Vietnamese)	GÀ GIÒN VUI VẺ	4-2018-30910	10-Sept-18	373534	17-Dec-20	Registered	29,43
Vietnam	BEE HEAD DEVICE		4-2019-31693	19-Aug-19			Pending	16,21,25,28,35
Vietnam	JOLLIBEE	(word mark)	4-2019-31692	19-Aug-19			Pending	16,21,25,28,35
Vietnam	CONONG VUI VẺ	(word mark)	4201918796	28-May-19			Pending	29,43
Vietnam	JOLLY BEE	(word mark)	4201918797	28-May-19			Pending	29,43
Vietnam	BEE HEAD DEVICE		4202014676	4-May-20			Pending	39
Vietnam	JOLLIBEE	(word mark)	4202014677	4-May-20			Pending	39

APPENDIX D

LIST OF PROPERTIES OWNED AND LEASED BY THE COMPANY

The Company's properties are, primarily, its company-owned Jollibee stores which are located either on company-owned premises or on land or buildings leased by the Company from third parties under land or building lease agreements. In terms of store floor area, the largest company-owned Jollibee stores are the following:

STORE LOCATION	SITE OWNER	TYPE OF LEASE
Davao Maa DT	Julian Rodriguez, Jr.	Land
Tuguegarao Tanza Junction	Romeo Babaran	Land
Bayombong	Joseph Gregan G. Cutaran, Randolf Aquino G. Cutaran, Rosauro Armstrong G. Cutaran, Darhleen Gemmalie G. Cutaran-Monteclaro (L1); Wilma V. Noscal (L2)	Land
Tuguegarao Buntun	Magno Y. Lim Corporation	Land
Carmona Highway	Grandworth Resources Corporation	Land
Puerto Princesa Junction	Palawan Jolly Foods Corporation	Land
Palo Leyte	V Lava and Company Incorporated	Land
Alang-Alang DT	Linda V. Ramos married to Rodolfo C. Ramos; Alma V. Delgado married to Peter Igmedio Delgado; Beatriz V. Saso married to Manuel Saso; Leticia V. Abejuela married to Benjamin E. Abejuela; Hermina V. Yu married to Alejo Yu; Amelia V. Larraga; Fernando S. de Veyra; Eduardo S. de Veyra married to Virginia M. de Veyra; Socorro V. Seneca married to Arnulfo Seneca	Land
Paciano / Mayapa	STF Realty and Development Corp.	Land
Morong Reloc	Gloria T. Melendres	Land
Atimonan	Paul Barley P. Chito/ Kein Harvey P. Chito	Land
Tanay Highway	Geronimo M. Custodio / Darwin B. Garcia	Land
Gen Maxilom	Cebu Super Development Corporation and Jesa Management Corporation	Land
North Harbour	Chong 119 Philippines Corporation	Land
Binalonan	Lolita Co; Quirino Tan Co; John Tan Co; Tolentino Co	Land
Ipil	Irvin Pino Laureta	Land
Davao Talomo	Emelito Yparraguirre	Land
Canlubang	Sugar Junction Inc./Leandro Y. Locsin, Jr.	Land
Dolores Junction	Jolly Palate Foods Corp	Land
Ortigas Roosevelt	Alben Holdings Corporation	Land

The Company houses its main office in the Jollibee Plaza located in 10 F. Ortigas Jr. Avenue, Ortigas Center, Pasig City (where it occupies an area totaling approximately 11,289.48 square meters), in the Jollibee Center located in San Miguel Avenue (where it occupies an area totaling approximately 3,089.50 square meters) and eventually Jollibee Tower located at F. Ortigas Jr. Road cor. Garnet Road, Ortigas Center, Pasig City. It also leases additional office spaces in the Jollibee Plaza, Jollibee Center, Karina, JJACISS and Pioneer Center buildings. In Cebu City, satellite main office at the Insular Life Building, Ayala Center Cebu enables the Company to take direct and timely advantage of the business opportunities in the Visayas and Mindanao Areas. Additional office spaces are being leased out at the Mercedes Benz Tower in Cebu and Ayala Business Center in Matina, Davao City.

To keep up with demand, the Company leases and operates various warehousing and distribution centers nationwide. The latest addition being the 10,000 square meter building leased at CentralHub - Luisita Tarlac.

All of the properties owned by the Company are free of liens and encumbrances.

APPENDIX E

LIST OF MATERIAL PERMITS AND LICENSES

Red Ribbon Bakeshop Inc.					
No.	**Type of Permit**	**Address**	**Issuing Agency**	**Issue Date (DD/MM/YYYY)**	**Expiry Date (DD/MM/YYYY)**
1.	License to Operate (as Food Manufacturer)	Unit 1-3 Eldec Realty Warehouse Complex, National Highway Bago Aplaya, Talomo District, Davao City, Davao del Sur	Food and Drug Administration	N/A	9 March 2025
2.	License to Operate (as Food Manufacturer)	IBC Warehouse, William Lines Compound, Magsaysay Ave., Singcang Airport, Bacolod City	Food and Drug Administration	9 July 2020	24 November 2023
3.	Sanitary Permit to Operate	IBC Warehouse, William Lines Compound, Magsaysay Ave., Singcang Airport, Bacolod City	City of Bacolod – City Health Department	11 June 2021	31 December 2021
4.	Fire Safety Inspection Certificate	Neo-Central Gaisano Complex Cugman, Cagayan de Oro City	DILG-BFP Region 10	12 August 2020	12 August 2021 (Pending renewal)
5.	License to Operate (as Food Manufacturer)	WHSE 5A-D Neo Central Arcade, Neo Trinity Corp. Bldg. Cugman Highway, Cagayan de Oro City, Misamis Oriental	Food and Drug Administration	N/A	23 April 2022
6.	License to Operate (as Food Manufacturer)	HPS Building, Plaridel Street, Alang Alang, Mandaue, Cebu	Food and Drug Administration	N/A	4 April 2023
7.	Fire Safety Inspection Certificate	HPS Building, Plaridel Street, Alang Alang, Mandaue, Cebu	Bureau of Fire Protection	22 March 2021	22 March 2022

8.	Sanitary Permit	HPS Building, Plaridel Street, Alang Alang, Mandaue, Cebu	City of Mandaue	14 April 2021	14 April 2022
9.	Fire Safety Inspection Receipt	Luisita Indistrial Park, San Miguel, Tarlac City	Bureau of Fire Protection	4 March 2021	N/A
10.	Business Permit Receipt	Luisita Indistrial Park, San Miguel, Tarlac City	City of Tarlac	25 January 2021	31 December 2021
11.	License to Operate (as Food Manufacturer)	Phelps Dodge Compound, Luisita Indistrial Park, San Miguel, Tarlac City, Tarlac	Food and Drug Administration	N/A	4 May 2025

Jollibee Worldwide Services Logistics					
No.	**Type of Permit**	**Address**	**Issuing Agency**	**Issue Date (DD/MM/YYYY)**	**Expiry Date (DD/MM/YYYY)**
1.	Shipping Permit[1]	KM 17 West Service Road, Brgy. Marcelo Green, Paranaque City	Department of Agriculture - Bureau of Animal Industry	20 June 2021	27 June 2021

Fresh N' Famous Foods, Inc.					
No.	**Type of Permit**	**Address**	**Issuing Agency**	**Issue Date (DD/MM/YYYY)**	**Expiry Date (DD/MM/YYYY)**
1.	Business Permit	Landmark Commercial Center, CTR. 0 Makati Avenue, San Lorenzo, Makati City	City of Makati	24 January 2021	31 December 2021
2.	Mayor's Permit Official Receipt	Greenfield Building, Shaw Boulevard, Chowking, Brgy.	City of Mandaluyong	20 January 2021	31 December 2021

[1] The Shipping Permit is merely a sample. Shipping Permits are regularly issued on a per-shipment basis.

		Highway Hills, Mandaluyong City			
3.	Business Permit	SM City, North Recla. Area, Cebu City	City of Cebu	28 August 2020	31 December 2021
4.	Business Permit	FSC Bldg. Aguinaldo Highway, FSC Building Zone 4, City of Dasmarinas, Cavite	City of Dasmarinas	19 January 2021	31 December 2021
5.	Business License and Mayor's permit	G/F Starmall Alabang, Muntinlupa City	City of Muntinlupa	21 January 2021	31 December 2021
6.	Permit to engage in business	Anita Tereaa Building #6 Lower Session Road, Malcolm Square, Baguio City	City of Baguio	18 January 2021	31 December 2021
7.	Mayor's Permit	Ana Socorro Bldg. JP Laurel Ave. Balanda Brgy. 19-8, Poblacion District, Davao City	City of Davao	28 January 2021	31 December 2021
8.	Business Permit	Abejuela St. Divisoria, Cagayan De Oro City	City of Cagayan de Oro	20 January 2021	31 December 2021
9.	Permit to Operate	G/F Hi-Top Supermarket, Aurora Blvd. Bagumbuhay 3, Quezon City	City of Quezon	6 May 2021	31 December 2021
10.	Business License and Mayor's Permit	Vega Mall, Batong Malake, Los Banos, Laguna	City of Los Banos	21 January 2021	20 January 2022
11.	Business Permit	318A 3/L, Ayala Center, Cebu Bus. Park, Cebu City	City of Cebu	20 February 2020	31 December 2021
12.	Mayor's Permit	Rizal Ave., Cor. Lacao St., Maningning, Puerto Princesa City	City of Puerto Prinsesa	20 January 2021	31 December 2021
13.	Business Permit	2/F Robinson's Place, Ledesma St., Brgy.	City of Iloilo	21 January 2021	31 December 2021

		Roxas Village, Iloilo City			
14.	Mayor's Permit	G/F SM City of Davao Quimpo Blvd., Matina, Davao City	City of Davao	22 January 2021	31 December 2021
15.	Business Permit (Retailer)	G/F Cinco Centrum, Fuente Osmena, Cebu City	City of Cebu	14 May 2021	31 December 2021
16.	Mayor's Permit	Chowking – Santa Cruz, Laguna	City of Santa Cruz	30 January 2021	31 December 2021
17.	Business Permit	Chowking – SM City, Masterson's Ave., Cagayan de Oro City	City of Cagayan De Oro	20 January 2021	31 December 2021
18.	Business Permit	CDC Bldg., Osmena Blvd. Cor. Zamora St. Cebu City	City of Cebu	17 February 2021	31 December 2021
19.	Business Permit	G/F L1-11 Pacific Mall, M.L. Tagarao St., Barangay III, Lucena City	City of Lucena	20 January 2021	31 December 2021
20.	Business Permit	SM City, G/F Unit 154/135-136, Ibayo Marilao, Bulacan	Municipality of Marilao	15 January 2021	31 December 2021
21.	Business Permit	NVM Mall, Poblacion, Valencia City, Bukidnon	City of Valencia	20 January 2021	31 December 2021
22.	Mayor's Permit Receipt	Level 1, Robinson's Place, EDSA Coe. Pioneer, Mandaluyong City	City of Mandaluyong	22 January 2021	31 December 2021
23.	Business Permit	2/F Market! Market! Fort Bonifacio, City of Taguig	City of Taguig	28 April 2021	31 December 2021
24.	Business Permit	10/F Jollibee Plaza Bldg. Pasig City, NCR, Second District, Batangas City	City of Batangas	18 January 2021	31 December 2021

25.	Mayor's Permit	C5 Julia Vargas, Ugong, Pasig City	City of Pasig	26 January 2021	31 December 2021
26.	Mayor's Permit	Brgy. Sto. Domingo 1st, Capas, Tarlac	Municipality of Capas	21 January 2021	31 December 2021
27.	Business Permit	Gaisano Island Mall, M.L. Quezon National Highway, Pajo, Lapu-Lapu City	City of Lapu-Lapu	2 February 2021	31 December 2021
28.	Mayor's Permit	Cor. Agton and Rasay St., Crossing Bayabas, Brgy. Toril, Toril District, Davao City	City of Davao	28 January 2021	31 December 2021
29.	Business Permit	Bayanihan, Gapan City, Nueva Ecija	City of Gapan	19 January 2021	31 December 2021
30.	Mayor's Permit	Maharlika Highway, Brgy. San Rafael, San Pablo City, Laguna	City of San Pablo	16 January 2021	31 December 2021
31.	Business Permit	154-156 G/F SM Clark, Malabanlas, Angeles City, Pampanga	City of Angeles	22 February 2021	31 December 2021
32.	Mayor's Permit	SM City, Lipa City	City of Lipa	8 March 2021	31 December 2021
33.	Business Permit	Quezon Ave. Cor. Romulo St., Poblacion G., Camiling Tarlac	Municipality of Camiling	22 January 2021	31 December 2021
34.	Business Permit	140 Bldg. SM City Taytay Mla. East Road, Taytay, Rizal	City of Taytay	18 January 2021	31 December 2021
34.	Mayor's Permit	Chowking Camins, Governor Camins, Cor. Mayor Jaldon St., Canelar, Zamboanga del Sur	City of Zamboanga	31 January 2021	31 December 2021
35.	Business Permit	G/F SM City Baliwag Drt. Hi-Qay, Pagala, Baliwag, Bulacan	City of Baliwag	15 January 2021	31 December 2021

36.	Mayor's Permit	Provincial Road, Santa Clara, Santa Maria, Bulacan	Municipality of Santa Maria	28 January 2021	31 December 2021
37.	Mayor's Permit	Unit 111-112 SM City Naga, Ninoy & Cory Ave. CBD. II, Triangulo, Naga City	City of Naga	18 January 2021	31 December 2021
38.	Mayor's Permit	Elias Angeles St., Sta. Cruz, Naga City	City of Naga	18 January 2021	31 December 2021
39.	Business Permit	G/F 117-119A, SM City Calamba National Highway, Real Calamba City	City of Calamba	19 January 2021	31 December 2021
40.	Business Permit	Upper GF Gaisano Gand Mall Basak, Lapu-Lapu City	City of Lapu-Lapu	8 March 2021	31 December 2021
41.	Mayor's Permit and Business License	Molino Road, Molino III, Bacoor, Cavite	City of Bacoor	Illegible	31 December 2021
42.	Business Permit	045B-047 A Lower G/F, SM City Masinag, Mayamot, Antipolo City	City of Antipolo	18 January 2021	31 December 2021
43.	Business Permit	G/F EMCCO Bldg. McArthur Hi-Way, Calvario, City of Meycauayan, Bulacan	Meycauayan City, Bulacan	15 January 2021	31 December 2021
44.	Business Permit	SMGS 117B-118, SM City Gensan, Santiago Blvd. Corner San Miguel St., Lagao, General Santos City	General Santos City	19 January 2021	31 December 2021
45.	Business Permit	Gaisano Grandmall Mandaue A. Del Rosario St., Centro Mandaue, Brgy. Centro (Pob.), Mandaue	City of Mandaue	17 February 2021	31 December 2021

46.	Mayor's Permit (For Business)	Unit 109-110, G/F SM City Olongapo, Gordon Ave., PAG-ASA, City of Olongapo	City of Olangapo	15 January 2021	31 December 2021
47.	Business Permit	Unit 123 2/F Molvino Commercial Complex, Marcos Hi-Way, Mayamot, Antipolo City	City of Antipolo, Province of Rizal	20 January 2021	31 December 2021
48.	Mayor's Permit	Unti 131-134, Robinson's Place, San Miguel, Puerto Princesa City	City of Puerto Princesa	18 January 2021	31 December 2021
49.	Certificate of Registration – Subic Bay Freeport Enterprise		Subic Bay Metropolitan Authority	12 January 2021	31 July 2021 (Pending Renewal)
50.	Business Permit	GF Carlos City, Center Bldg. Quezon Ave. Cor. M.L. Tagarao St., Barangay IV, Lucena City	City of Lucena	19 January 2021	31 December 2021
51.	Business Permit	Centrio Mall, CM Recto, Corrales Ave., Barangay 24, Cagayan de Oro City	City of Cagayan De Oro	21 January 2021	31 December 2021
52.	Business Permit	Centrio Mall, CM Recto, Cor. Avenue Brgy. 24, Cagayan de Oro City	City of Cagayan De Oro	21 January 2021	31 December 2021
53.	Business Permit	McArthur Highway Nancyasan, Urdaneta City, Pangasinan	Urdaneta City	15 February 2021	31 December 2021
54.	City Business Permit	Upper GF Gaisano Mall of Tagum, National Highway, Magugpo East, Tagum City	City of Tagum	15 February 2021	31 December 2021

55.	Mayor's Permit and Business License	JP Rizal St., Brgy. Poblacion Uno, City of Cabuyao, Laguna	City of Cabuyao, Laguna	9 February 2021	31 December 2021
56.	Mayor's / Business Permit	1F Gaisano Mall, Imadejas Brgy., City of Butuan	City of Butuan	29 March 2021	31 December 2021
57.	Mayor's / Business Permit	Jaqno-J.C. Aquino Ave., Sikatuna, Butuan City	City of Butuan	18 March 2021	31 December 2021
58.	Business Permit	Amber Place, 19 Bayani Road, Western Bicutan, Taguig City	City of Taguig	29 April 2021	31 December 2021
59.	Business Permit	Rizal Corner Gonzales St. Brgy. Poblacion, Candelaria, Quezon	Municipality of Candelaria	19 January 2021	31 December 2021
60.	Business Permit	Tatlonghari St., City of Santa Rosa	City of Santa Rosa	Application date: 7 January 2021	31 December 2021
61.	Business Permit	1-01134 1/F Robinson's Place, Malolos, Barangay Sumapang Matanda, City of Malolos	City of Malolos	19 January 2021	31 December 2021
62.	Mayor's Permit	G/F SM Megamall, Bldg. BL Vargas, Brgy. Wack-Wack, Mandaluyong City	City of Mandaluyong	22 January 2021	31 December 2021
63.	Business Permit	Blk. 11 Lot 5, Rizal Drive, Fort Bonifacio, City of Taguig	City of Taguig	29 April 2021	31 December 2021
64.	Business Permit - Permit to Operate	GL Space L069 Fairview Terraces, Quirino Highway, Pasong Putik, Proper 5, Quezon City	Quezon City	4 June 2021	31 December 2021
65.	Business Permit - Permit to Operate	Spark Place P. Tuazon, Blvd. Cor. 10th Ave. Socorro 3, Quezon City	Quezon City	Illegible	31 December 2021

66.	Certificate of Registration	Lot 6, Berthaphil Clark Center, Jose Abad Santos Avenue, Clark Freeport Zone	Clark Development Corporation	12 May 2021	11 May 2024
67.	Business Permit	Gen. Segundo Ave. Brgy. No. 11 Santa Balbina, Laoag, Ilocos Norte	City of Laoag	29 January 2021	31 December 2021
68.	Business Permit	Jose Yulo Ave. Imall Canlubang Calamba City	City of Calamba	28 January 2021	31 December 2021
69.	Business Permit and Mayor's Permit	Flr. No. GF One E-Com MOA Complex Bldg. Palm Coast Ave. St. Brgy. 76, Pasay City	City of Pasay	14 April 2021	31 December 2021
70.	Business Permit	Santa Rosa- Tagaytay Road, Santa Rosa Estates II, Sto. Domingo, City of Santa Rosa	City of Sta. Rosa	Illegible	31 December 2021
71.	Business Permit	Lawaan I City of Talisay, Cebu	City of Talisay	2 February 2021	31 December 2021
72.	Mayor's Permit	Citymall Arnaldo Blvd. Brgy. Baybay, Roxas City, Capiz	City of Roxas	20 January 2021	31 December 2021
73.	Business Permit	CityMall-Cansaga, Consolacion, Cebu	Municipality of Consolacion	29 March 2021	31 December 2021
74.	Business Permit	CityMall Brgy. Tagbak, Jaro, Iloilo City	City of Iloilo	20 January 2021	31 December 2021
75	Business Permit	New 95 2nd Floor, SM City San Mateo, Gen. Luna St., Ampid 1, San Mateo, Rizal	City of San Mateo	17 February 2021	31 December 2021
76.	Business Permit	SM Seaside City Mall South Rd. Properties Cebu City	City of Cebu	25 November 2020	31 December 2021

77.	Mayor's Permit	GF Gaisano Market Place, San Roque Ext., Brgy. VIII, Roxas City, Capiz	City of Roxas	20 January 2021	31 December 2021
78.	Mayor's Permit	Unit 102 GF, AIC Gold Tower Condo, Don F. Ortigas Jr. Cor. Garnet adn Sapphire Roads, Ortigas Center, Pasig	City of Pasig	26 January 2021	31 December 2021
79.	Mayor's Permit and Business License	City Mall, Brgy. Ungka II, Pavia, Iloilo	Municipality of Pavia	22 January 2021	31 December 2021
80.	Business Permit	33F Jollibee Plaza, F. Ortigas Jr. Avenue, Ortigas, Pasig City	Municipality of Tiaong	19 January 2021	31 December 2021
81.	Mayor's Permit	GF T-123, City Mall, DAU Access Road, DAU Mabalacat ity, Pampanga	City of Mabalacat	18 January 2021	31 December 2021
82.	Business Permit	City Mall Gov. Gutierrez Ave., RH-VII, Cotabato City	City of Cotabato	13 January 2021	31 December 2021
83.	Business and Mayor's Permit	Chowking Drive Thru, Gen. Santos Drive, Brgy. Zone I, City of Korontdal	City of Koronadal	18 February 2021	31 December 2021
84.	Mayor's Permit	GF Abreeza Mall JP Laurel St. Brgy. 20-B, Poblacion District Davao City	City of Davao	28 January 2021	31 December 2021
85.	Business Permit	Filinvest Cebu Cyberzone, Salinas Dr. Cor. W. Geonzon St. Cebu City	City of Cebu	22 September 2020	31 December 2021
86.	Business License and Mayor's Permit	103-105 SM Center Las Pinas, Alabang-Zapote Rd. Pamplona Dos, Las Pinas City	City of Las Piñas	25 January 2021	31 December 2021

87.	Mayor's Permit	Rotunda E. Aguinaldo Highway, Silang Junction East, Tagaytay City	City of Tagaytay	20 January 2021	31 December 2021
88.	Business Permit	P. Oliveros Cor. Masangkay St., San Roque, Antipolo City	City of Antipolo	21 January 2021	31 December 2021
89.	Business Permit	Lorenzo Sumulong Memorial Circle, San Roque Antipolo City	City of Antipolo	9 June 2021	31 December 2021
90.	Mayor's Permit and Business License	LG/F SM City SJDM Brgy. Tungkong Mangga City, SJDM Bulacan	City of San Jose Del Monte	18 January 2021	31 December 2021
91.	Business Permit	CityMall Parola Fort San Pedro Drive General hughes Montes, Iloilo City	City of Iloilo	22 January 2021	31 December 2021
92.	Business Permit	Petron, Southbound, South Luzon Expressway, San Antonio, Brgy. San Atonio, City of San Pedro	City of San Pedro	19 January 2021	31 December 2021
93.	Mayor's Permit (CK3098)	KM 5 Buhangin Road, Brgy. Buhangin, Buhangin District, Davao City	City of Davao	20 January 2021	31 December 2021
94.	Business Permit	EP Housing Phase 2, Pinagsama, City of Taguig	City of Taguig	28 April 2021	31 December 2021
95.	Mayor's Permit	Jollibee Plaza San Miguel Ave. Ortigas, Pasig City	City of Trece Martires	28 January 2021	31 December 2021
96.	Mayor's Permit	J.Y. Perez Ave., Barangay Talubangi, City of Kankalan	City of Kabankalan	26 April 2021	31 December 2021

97.	Mayor's Business Permit	151 Governor's Drive, Gavino Maderan GMA, Cavite	Municipality of General Mariano Alvarez	19 January 2021	31 December 2021
98.	Business Permit	Phoeniz Gensan, National Highway, City Heights, General Santos City	General Santos City	19 January 2021	31 December 2021
99.	Business Permit	318 Val. Gateway Complex East Ser. Valenzuela City	City of Valenzuela	19 January 2021	31 December 2021
100.	Mayor's Permit	City Mall Cor. Azcona C.L. Ledesma Ave., Sts. Brgy II, San Carlos City, Negros Occidental	City of San Carlos	16 February 2021	31 December 2021
101.	Business Permit	208 McArthur Highway Karuhatan, Valenzuela City	City of Valenzuela	19 January 2021	31 December 2021
102.	Mayor's Permit	City Mall, Daro, Dumaguete City, Negros Oriental	City of Dumaguete	28 April 2021	31 December 2021
103.	Office of the City Mayor Permit & License	Brgy. Rizal-CityMall Santa Rosa Nueva Ecija 3101, Santa Rosa Municipality	Municipality of Santa Rosa	18 January 2021	31 December 2021
104.	Mayor's/Business Permit (CK3148)	JC Aquino Ave., Brgy. Bayanihan Butuan City	City of Butuan	21 April 2021	31 December 2021
105.	Business Permit	Level One Chatswood Residences, Level One As Fortunata St. Cor. Hernan Cortes, St. Brgy. Banilad, Mandaue City	City of Mandaue	25 January 2021	31 December 2021
106.	Business Permit (Permit to Engage in Business)	City Mall, Santiago Concecpcion Tarlac	Municipality of Concepcion	19 January 2021	31 December 2021

107.	Mayor's Business Permit	CityMall, McArthur Highway, Brgy. San Rafael, Tarlac City	City of Tarlac	Not indicated	31 December 2021
108.	Mayor's Permit	Aguinaldo Highway Kostal Wet & Dry Market, Anabu ILO, City of Imus	City of Imus	15 January 2021	31 December 2021
109.	Business Permit Certificate (Retailer)	Lower Zone 2, Westbound, Balua, Cagayan de Oro City	City of Cagayan de oro	22 January 2021	31 December 2021
110.	Business Permit Certificate (Restaurant)	Lower Zone 2, Westbound, Balua, Cagayan de Oro City	City of Cagayan de Oro	17 February 2021	31 December 2021
111.	Business/Mayor's Permit	City Mall (Chowking), Gensan Drive, Brgy. Zone IV, Koronadal City	City of Koronadal	18 February 2021	31 December 2021
112.	Business Permit	T27 Chipeco Ave., Lecheria, Calamaba City, Laguna	City of Calamba	18 January 2021	31 December 2021
113.	Permit to Operate	Flr. No. GF, DD Meridian Plaza Bldg. EDSA ext. Cor. Macapagal Ave., Barangay 76, Pasay City	City of Pasay	14 April 2021	31 December 2021
114.	Permit to Engage in Business	Waltermart, Alfonso Concepcion, Tarlac	City of Concepcion	18 January 2021	31 December 2021
115.	Business Permit (Restaurant)	Paasa, Gengis Khan A. Zone 5, National Highway, Kauswagan, Cagayan de Oro City	City of Cagayan de Oro	20 January 2021	31 December 2021
116.	Business Permit (Retailer)	Paasa, Gengis Khan A. Zone 5, National Highway, Kauswagan, Cagayan de Oro City	City of Cagayan de Oro	20 January 2021	31 December 2021

117.	Business Permit	Unit 28 GF, CityMall, Mayombo, Dagupan City	City of Dagupan	4 March 2021	31 December 2021
118,.	Mayor's Permit	Double Dragon Manago Building, Rizal St., Bitan-O/ Dalipay, Sorsogon City	City of Sorsogon	26 January 2021	31 December 2021
119.	Business Permit (Restaurant)	Zone 1A, CityMall, Iponan, CDOC	City of Cagayan de oro	21 January 2021	31 December 2021
120.	Business Permit (Retailer)	Zone 1A, CityMall, Iponan, CDOC	City of Cagayan de oro	21 January 2021	31 December 2021
121.	Business License and Mayor's Permit	Lot 1417-A, 1417-B, National Road Poblacion, Muntinlupa City	City of Muntinlupa	21 January 2021	31 December 2021
122.	Business Permit	Stall No. 158-159, 161A, SM City Urdaneta Central, McArthur Highway, Nancaysan, Urdaneta City, Pangasinan	Urdaneta City	18 February 2021	31 December 2021
123.	Business Permit	Ilaya, City of Calapan	City of Calapan	19 January 2021	31 December 2021
124.	Business Permit	CirtMall Kalawag 3, Isulan, Sultan Kudarat	Municipality of Isulan	3 March 2021	31 December 2021
125.	Business License Plate		City of San Fernando	N/A	31 December 2021
126.	Business Permit	CityMall-Cadiz, Villena St., Brgy. Zone 2, Cadiz City	City of Cadiz	2 March 2021	31 December 2021
127.	Mayor's Permit	Waltermart Mangan-vaca, Subic, Zambales	Municipality of Subic	26 March 2021	31 December 2021
128.	Permit to Operate	Bldg. No. L1, DD Plaza, Meridian Park Bldg. EDSA Cor. Macapagal Ave. St., Brgy. 76, Pasay City	City of Pasay	14 April 2021	31 December 2021

Zenith Foods Corporation					
No.	**Type of Permit**	**Address**	**Issuing Agency**	**Issue Date (DD/MM/YYYY)**	**Expiry Date (DD/MM/YYYY)**
1.	Certificate of Portability	Z3 UV, Integrity Ave. CIP I Barangay Canlubang, Calamba City, Laguna	City Government of Calamba	11 June 2021	3 August 2021 (Pending Renewal)
2.	Certificate of Portability (UV)	UV, Integrity Ave. CIP I Barangay Canlubang, Calamba City, Laguna	City Government of Calamba	11 June 2021	3 August 2021 (Pending Renewal)
3.	Fire Safety Inspection Certificate	Calamba, Laguna	Bureau of Fire Protection – Regional Office 4A	30 March 2021	30 March 2022
4.	Certificate of New Accreditation as a Meat Importer	Carmelray Industrial Park I, Integrity Ave., Canlubang, Calamba, Laguna	National Meat Inspection Service	16 April 2021	16 April 2022
5.	License to Operate as a Storage of Frozen Meat	Integrity Ave. CIP I Barangay Canlubang, Calamba City, Laguna	National Meat Inspection Service	8 March 2019	29 April 2022
6.	License to Operate (as Food Manufacturer)	Integrity Ave. CIP I Barangay Canlubang, Calamba City, Laguna	Food and Drug Administration	N/A	30 January 2026
7.	Sanitary Permit	CIP I Barangay Canlubang, Calamba City, Laguna	City of Calamba	6 April 2021	31 December 2021