

Shakey's Pizza Delivers 40% Systemwide Sales Growth in 9M23; Earnings up 64% as Group Continues to Scale Multi-Brand Portfolio

- *9M 2023 group systemwide sales stood at Php 13.5 billion, up 40% year-on-year, with same-store sales growth (SSSG) at 20%.*
- *9M 2023 net income after tax increased to Php 746 million, growing by 64% from last year's Php 454 million, surpassing 9M 2019 pre-pandemic income by 26%.*
- *Global network stands at 2,021 stores and outlets, including 268 Shakey's, 75 Peri-Peri and 1,667 Potato Corner outlets. The Group's network increased by 249 for the year, with 85 stores and outlets added in the third quarter.*

Shakey's Pizza Asia Ventures, Inc. (PSE:PIZZA), the Philippines' leading casual dining restaurant chain and food service group, reported robust financial performance for the first nine months of 2023.

Systemwide sales for the nine-month period reached Php 13.5 billion, registering a 40% growth rate year-on-year. In particular, SSSG was at 20% on the back of strong foot traffic which also boosted dine-in sales. PIZZA posted a double-digit systemwide sales growth rate of 24% in the third quarter, with SSSG at 8% year-on-year.

Vicente Gregorio, PIZZA President and Chief Executive Officer, said, "We are pleased to see all our brands growing double-digit despite the prior year's high base and the softer consumer sentiment in light of persistent inflationary pressures. Our emphasis on delivering superior value is proving to be a win-win strategy for both our guests and brand portfolio."

PIZZA likewise reported 249 net new stores and outlets for the year, with 85 additions to the network in the third quarter. These bring the Group's total global network to 2,021 as at end September 2023. According to Gregorio, new additions to the group's network are profitable, demonstrating better-than-expected performance. The Company has also been building the capability to accelerate its expansion program beyond Philippine shores.

In terms of profitability, gross profits increased by 35% year-on-year for the 9-month period. Given higher input costs due to global inflation, gross margin stood at 21.4%, softening by 2.8 percentage points versus the comparable period last year. Nonetheless, through efficient spending and with the operating leverage impact of higher sales, operating expenses as a percentage of sales decreased by 170 basis points to 10.7%.

As a result, PIZZA's net income for the first nine months of 2023 clocked in at Php 746 million, climbing by 64% from the comparable period last year. This led the Group's nine-month net profit margin to rise by 50 basis points to 7.2%.

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The third quarter marked a milestone achievement for the Shakey's group. PIZZA was recognized by the Institute of Corporate Directors (ICD) at the ASEAN Corporate Governance Scorecard (ACGS) Golden Arrow Awards, garnering one Golden Arrow for the first time.

The ASEAN Corporate Governance Scorecard (ACGS) evaluates companies in several critical areas, including effectiveness in promoting shareholder rights and equitable treatment, their commitment to transparency and accountability, and the Board's role in guiding the company's strategic direction and overseeing management in the interest of the company and its stakeholders.

"At Shakey's, we firmly believe that good corporate governance goes hand-in-hand with sustainable growth. Beyond the numbers, we strive towards promoting good corporate governance practices within our organization and with our partners and franchisees, creating win-win opportunities and shared value. We are grateful for the recent recognition and thank our Board and entire community for their trust, support, and commitment towards our growth ambitions," continued Gregorio.

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In the past five years, PIZZA has grown its brand portfolio from a single Shakey's brand to a multi-brand portfolio. Peri-Peri Charcoal Chicken and Sauce Bar was acquired pre-pandemic, while R&B Milk Tea and Project Pie were added in the midst of the pandemic in 2020 and 2021. PIZZA's latest acquisition is Potato Corner, the Philippines' leading player in the kiosk category.

"PIZZA has evolved into a stronger, more diversified group despite the hurdles that have come our way these past five years. We are optimistic about the long-term growth opportunities that lie ahead, but we will need to execute very well to maximize the strength of our new multi-brand portfolio," Gregorio shared. "Closer to the present is the upcoming festive holiday season. We see that economic realities are setting in, impacting value-seeking guests. Nonetheless, we expect the seasonal lift to boost us towards a strong finish this 2023."

Disclaimer:

This press release includes forward-looking statements. Such forward-looking statements are management's present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements.

The reader is cautioned not to rely on such forward-looking statements, which speak only as of the date they were made. All subsequent forward-looking statements attributable to the Company, its affiliates or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements referred to in this press release.

About PIZZA:

Shakey's Pizza has been creating over 40 years of great times and great memories. It is one of the leading Fast Casual Restaurants in the Philippines, focused on family casual dining. It maintains market leadership in both the chained pizza full-service and chained full-service restaurant categories.

Peri-Peri Charcoal Chicken and Sauce Bar is an emerging fast-casual and full-service restaurant brand in the Philippines. Its mainstay is charcoal-grilled chicken, marinated for 24 hours, served with an assortment of unique sauces to choose from. Since its acquisition in 2019, PIZZA has already doubled the store footprint of Peri-Peri.

PIZZA owns the master franchise of R&B Milk Tea in the Philippines. R&B Milk tea is one of the leading milk tea players in Singapore. It is available in Shakey's stores and now has two independent stores, one of which is the first drive-through milk tea store in the country.

In 2021, PIZZA relaunched Project Pie, a modern and upscale pizza concept and an artisan pizza chain known for its build-your-own pizzas.

In 2022, PIZZA acquired Potato Corner, one of the leading food kiosk brands in the Philippines renowned for its flavored fries. Potato Corner has over 1,000 stores in the Philippines and a wide store network internationally.



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