

SHAKEY'S PIZZA SUSTAINS UPSWING IN 1H23

Systemwide Sales up 51%, NIAT grows 96% year-on-year;
Multi-brand portfolio primes Group for long-term, sustainable growth

- *1H 2023 systemwide sales stood at Php 8.8 billion, up by 51% from the prior year, with same-store sales growth (SSSG) at 27%.*
- *1H 2023 net income after tax increased to Php 489 million, growing by 96% from last year's Php 250 million, surpassing 1H 2019 pre-pandemic sales by 17%.*
- *Global network stands at 1,936 stores and outlets, including 268 Shakey's, 74 Peri-Peri and 1,583 Potato Corner outlets. The Group's network increased by 164 in the first half of 2023.*
- *Given its first half performance and expectation for the balance of the year, PIZZA is upgrading its full year 2023 growth outlook to better than 30% for both top and bottomline.*

Shakey's Pizza Asia Ventures, Inc. (PSE:PIZZA), one of the leading casual dining chain of restaurants and food service groups in the Philippines, posted a robust performance for the first six months of the year as the Group sustains its upswing from the comparable period in 2022.

Systemwide sales for the six-month period rose by 51%, clocking in at Php 8.8 billion, as PIZZA continued its growth momentum from the first quarter of the year. Furthermore, the Group benefitted from a 27% growth in same store sales, with PIZZA's full-service restaurant businesses reporting an SSSG of 20%. On a sequential basis, second quarter sales rose by 11%.

Vicente Gregorio, PIZZA President and Chief Executive Officer, attributed the Group's solid sales performance to the substantial rise in foot traffic driven by special celebrations such as Mother's Day, Father's Day, and graduations.

"With dine-in back to pre-pandemic levels, we saw an influx of celebrations across all our stores despite an inflationary environment. Supported by the wide scale of our full-service restaurants and kiosks network, our guest-centric approach of providing accessibility and enhanced brand value resonated well with our guests, leading to a robust, volume-led growth," he said.

Gregorio continued, "Moreover, we've continued building new stores and outlets across our brands, leveraging the strength of our portfolio to reach more guests. We are pleased to share that these new stores and outlets are performing better than expected and proving to be accretive to the business."

Apart from a healthy foot traffic, topline was fueled by the Group's network expansion program. PIZZA opened 164 net new stores and outlets during the six-month period, 79 of which were launched in the second quarter of 2023.

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PIZZA reported a 45% year-on-year jump in gross profit for the first half of 2023, driven by the Group's strong sales. This translated to a gross margin of 20.8%, which softened by 3.5 percentage points from last year, as anticipated, due to higher commodity prices. Nonetheless, with higher sales and active management of operating expenditures, PIZZA was able to cushion the impact on the bottomline, with

net income significantly increasing by 96% to Php 489 million. Net profit margins likewise expanded by 100 basis points to 7.1%, despite an elevated cost environment.

Gregorio shared, “PIZZA’s performance for the first half of the year underscores our unwavering pursuit of sustainable growth. We have spun a culture where guest-centricity, cost discipline, and operational efficiency are deeply ingrained in our people. Coupled with our diversified multi-brand portfolio, we are able to leverage our competitive advantage in full-service restaurants and benefit from productivity gains and synergies from our vertically-integrated operations more effectively.”

Among the key synergies is the Group’s latest innovation leveraging the strong brand equity of its two leading brands, Shakey’s and Potato Corner. In 2Q23, PIZZA unveiled the well-received *Flavored Mojos*, a collaboration of Shakey’s renowned *Mojos* and Potato Corner’s signature flavors.

Furthermore, according to Gregorio, apart from financial gains, the multi-brand portfolio further enhances PIZZA’s Sustainability Program, allowing the Group to create scaled impact in ways that are beneficial to various communities and to the business as well. In particular, Shakey’s Inclusive Hiring Program has now been expanded to Peri-Peri stores. Through partnerships with the cities of Manila, Paranaque, and Muntinlupa and the Down Syndrome Association of the Philippines, Inc., the Group is able to provide meaningful job opportunities to special communities such as senior citizens, specially-abled individuals, and persons with Down Syndrome, strengthening the diversity of its workforce and creating an inclusive atmosphere in its stores.

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“We have made investments in organic and inorganic opportunities, taking calculated risks while we navigated through turbulent years. Now that we are a more diversified food group, we plan to ride and maximize our growth momentum in the second half and beyond. As we progress with our current and long-term investments into our multi-brand WOW! portfolio, we affirm our commitment to deliver sustainable growth for our stakeholders,” Gregorio concluded.