RAVE Restaurant Group, Inc. Reports Second Quarter Results

February 1, 2024

DALLAS, February 1, 2024 (Newswire.com) - RAVE Restaurant Group, Inc. (NASDAQ: RAVE) today reported financial results for the second quarter of fiscal 2024 ended December 24, 2023.

Second Quarter Highlights:

- The Company recorded net income of $0.6 million for the second quarter of fiscal 2024 compared to net income of $0.3 million for the same period of the prior year.
- Income before taxes increased 10.7% to $0.5 million for the second quarter of fiscal 2024 compared to the same period of the prior year.
- Total revenue decreased slightly by $0.1 million to $2.8 million for the second quarter of fiscal 2024 compared to the same period of the prior year.
- Adjusted EBITDA remained stable at $0.6 million for the second quarter of fiscal 2024 compared to the same period of the prior year.
- Pizza Inn domestic comparable store retail sales increased 7.0% in the second quarter of fiscal 2024 compared to the same period of the prior year.
- Pie Five domestic comparable store retail sales increased 0.8% in the second quarter of fiscal 2024 compared to the same period of the prior year.
- On a fully diluted basis, net income increased by $0.02 to $0.04 per share for the second quarter of fiscal 2024 compared to the same period of the prior year.
- Cash and cash equivalents were $5.3 million at December 24, 2023.
- Pizza Inn domestic unit count finished at 112.
- Pizza Inn international unit count finished at 18.
- Pie Five domestic unit count finished at 24.

“Following a strong Q1, we’ve hit our 15th consecutive quarter of profitability with steady same-store sales growth at both Pizza Inn and Pie Five in Q2,” said Brandon Solano, Chief Executive Officer of RAVE Restaurant Group, Inc. “This fiscal quarter, we focused on our unwavering commitment to maintain tight cost control, which has been a cornerstone of our success. Our disciplined financial approach has allowed us to effectively navigate the competitive landscape, while our commitment to operational efficiency has positioned us for continued success in the ever-evolving market."

“Despite a slight decrease in total revenue, we saw steady profit growth with net income reaching $0.6 million compared to $0.3 million in the same period last year," Solano continued. “This is a testament to the dedication of our team and the effectiveness of our financial strategies, positioning us for sustained growth and shareholder value."

"We're also thrilled to welcome three new Pie Five franchisees into our family, taking over locations throughout Texas,” said Solano. “Their partnership underscores the attractiveness of our brand and continued confidence in our business model. Even in the face of varying same-store sales, including Pizza Inn's impressive 7.0% increase and Pie Five's solid 0.8% growth in Q2, our strategic initiatives have contributed to our overall positive financial performance."

On reimaging, Solano noted, “We’ve embarked on a significant journey to reimagine our stores, and I’m excited to announce 10 more Pizza Inn restaurants are set to begin the process, which elevates both the aesthetics and functionality. These dramatic updates reflect our commitment to enhancing the overall experience for both our franchise partners and guests, and we’ve been pleased to see strong results from the completed prototype in Asheboro, North Carolina. We anticipate completing most of these transformations before the end of the fiscal year."

“As part of our strategic vision, we've strengthened our organization by continuing to invest in key areas such as analytics, development and IT,” Solano stated. “The addition of team members to these functional areas reflects our commitment to innovation and growth.”

Non-GAAP Financial Measures

The Company’s financial statements are prepared in accordance with United States generally accepted accounting principles (“GAAP”). However, the Company also presents and discusses certain non-GAAP financial measures that it believes are useful to investors as measures of operating performance. Management may also use such non-GAAP financial measures in evaluating the effectiveness of business strategies and for planning and budgeting purposes. However, these non-GAAP financial measures should not be viewed as an alternative or substitute for its financial statements prepared in accordance with generally accepted accounting principles.

The Company considers EBITDA and Adjusted EBITDA to be important supplemental measures of operating performance that are commonly used by securities analysts, investors and other parties interested in our industry. The Company believes that EBITDA is helpful to investors in evaluating its results of operations without the impact of expenses affected by financing methods, accounting methods and the tax environment. The Company believes that Adjusted EBITDA provides additional useful information to investors by excluding non-operational or non-recurring expenses to provide a measure of operating performance that is more comparable from period to period. Management also uses these non-GAAP financial measures for evaluating operating performance, assessing the effectiveness of business strategies, projecting future capital needs, budgeting and other planning purposes.

"EBITDA" represents earnings before interest, taxes, depreciation and amortization. "Adjusted EBITDA" represents earnings before interest, taxes, depreciation and amortization, stock compensation expense, severance, gain/loss on sale of assets, costs related to impairment and other lease charges, franchise default and closed store revenue/expense, and closed and non-operating store costs. A reconciliation of these non-GAAP financial measures to net income is included with the accompanying financial statements.

Note Regarding Forward-Looking Statements

Certain statements in this press release, other than historical information, may be considered forward- looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, and are intended to be covered by the safe harbors created thereby. These forward-looking statements are based on current expectations that involve numerous risks, uncertainties and assumptions. Assumptions relating to these forward-looking statements involve judgments with respect to, among other things, the effectiveness of our cost-cutting measures, the timing to complete as well as the continued returns on our reimaging initiatives, the strength of our development pipeline, as well as future economic, competitive and market conditions, regulatory framework and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of RAVE Restaurant Group, Inc. Although the assumptions underlying these forward-looking statements are believed to be reasonable, any of the assumptions could be inaccurate and, therefore, there can be no assurance that any forward-looking statements will prove to be accurate. In light of the significant uncertainties inherent in these forward-looking statements, the inclusion of such information should not be regarded as a representation that the objectives and plans of RAVE Restaurant Group, Inc. will be achieved.

Source: RAVE Restaurant Group, Inc.