Subway® Expands Its Non-Traditional Presence Through Flexible and Innovative Concepts

Strategy focuses on reaching guests where they are and serving their "in-themoment" cravings

MILFORD, Conn., Nov. 14, 2022 /PRNewswire/ -- Subway, one of the world's largest quick service restaurant brands, has renewed its focus on strategically growing its non-traditional business as part of its ongoing transformation journey to deliver better food and a better guest experience.

Along with expanding its brick-and-mortar presence in non-traditional locations, such as airports, truck stop plazas, college campuses, convenience and gas stores and hospitals, Subway is rolling out flexible, innovative platforms that give franchisees an opportunity to expand their portfolios and better serve their "on-the-go" guests.

For the first three quarters of 2022, approximately 5,900 non-traditional locations across the U.S. and Canada – representing about 25% of Subway's North American footprint – saw an average 13% increase in same-store sales, compared to the same period in 2021. Locations that were hit hardest by COVID-19 restrictions, such as airports, college campuses and hospitals, experienced an average 22% increase, indicating a strong recovery in 2022 across channels impacted by the pandemic.

"As more of our guests search for dining experiences to meet their 'in-the-moment' needs, the brand's non-traditional locations and platforms can serve them wherever and whenever they are craving Subway," said Taylor Bennett, vice president of non-traditional development at Subway. "As Subway focuses on strategic and profitable growth, there is a significant opportunity to expand our footprint in non-traditional locations and for franchisees to generate incremental revenue for their business."

Increasing Accessibility Through Non-traditional Innovations

In 2020, to meet consumer demand for quick, convenient food options, Subway began piloting its Subway Grab & Go® platform, in which sandwiches are prepared fresh daily by franchisees and distributed to Subway Grab & Go retail locations, including casinos, convenience and gas stores, hospitals and airports.

Now available in more than 400 locations across North America, Subway Grab & Go serves as the basis for several off-premises concepts, with plans for continued growth in the coming year.

New Subway Smart Fridges

In September, Subway installed its first interactive, fully unattended smart fridge at the University of California San Diego, supported by Subway Grab & Go and stocked fresh daily by the franchisee's nearby restaurant location. Featuring artificial intelligence and natural language processing, guests can talk directly to the smart fridge and ask about any of the products inside. Weight-sensor shelves help ensure guests are charged correctly, resulting in a completely contactless and cashless transaction, and UV-C light sanitation after every purchase helps guests stay confident in the quality of their food.

Initial feedback on the smart fridge is extremely positive, with college students enjoying the convenience and ease of being able to get a sandwich at any time of day. Subway is already seeing strong interest across its system of franchisees interested in expanding their portfolios with smart fridges.

"Subway Grab & Go has quickly gained traction as consumers are drawn to sandwiches made fresh daily from a brand they know and love, versus competitor items that rely on a 14-day plus shelf life," said Karla Martinez, director of innovation for non-traditional development. "As Subway continues to expand off-premises concepts, guests can expect to find Subway Grab & Go and smart fridges in more convenient everyday places like airports, college campuses, and hospitals."

Non-Traditional Growth Around the World

Internationally, Subway's flexible business model and ability to operate almost anywhere, is allowing franchisees across all regions to introduce non-traditional concepts designed for convenience and efficiency, ranging from Subway Grab & Go and express kiosks to ghost kitchens and drive-thrus. As Subway continues to expand its presence globally, bringing on new master franchisees and country developers who are interested in testing new formats based on their market experience, non-traditional locations will increasingly make up a significant portion of future restaurants.

For more information about development opportunities with Subway, including non-traditional opportunities, please visit <u>subwayfranchise.com</u>.

About Subway® Restaurants

As one of the world's largest quick service restaurant brands, Subway serves

freshly made-to-order sandwiches, wraps, salads and bowls to millions of guests, across more than 100 countries in more than 37,000 restaurants every day. Subway restaurants are owned and operated by Subway franchisees – a network that includes more than 20,000 dedicated entrepreneurs and small business owners – who are committed to delivering the best guest experience possible in their local communities.

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For further information: press@subway.com

□ Subway's first interactive, fully unattended smart fridge (396 KB)

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