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Cheffelo Q2 results

22024-08-20

Today's agenda and presenters

- Cheffelo in brief
- Q2 2024
- Financials
- Concluding remarks
- Q&A



Walker Kinman
CEO



Erik Bergman
CFO

Our purpose: Innovating the mealtime experience

Our vision: Simplifying everyday life

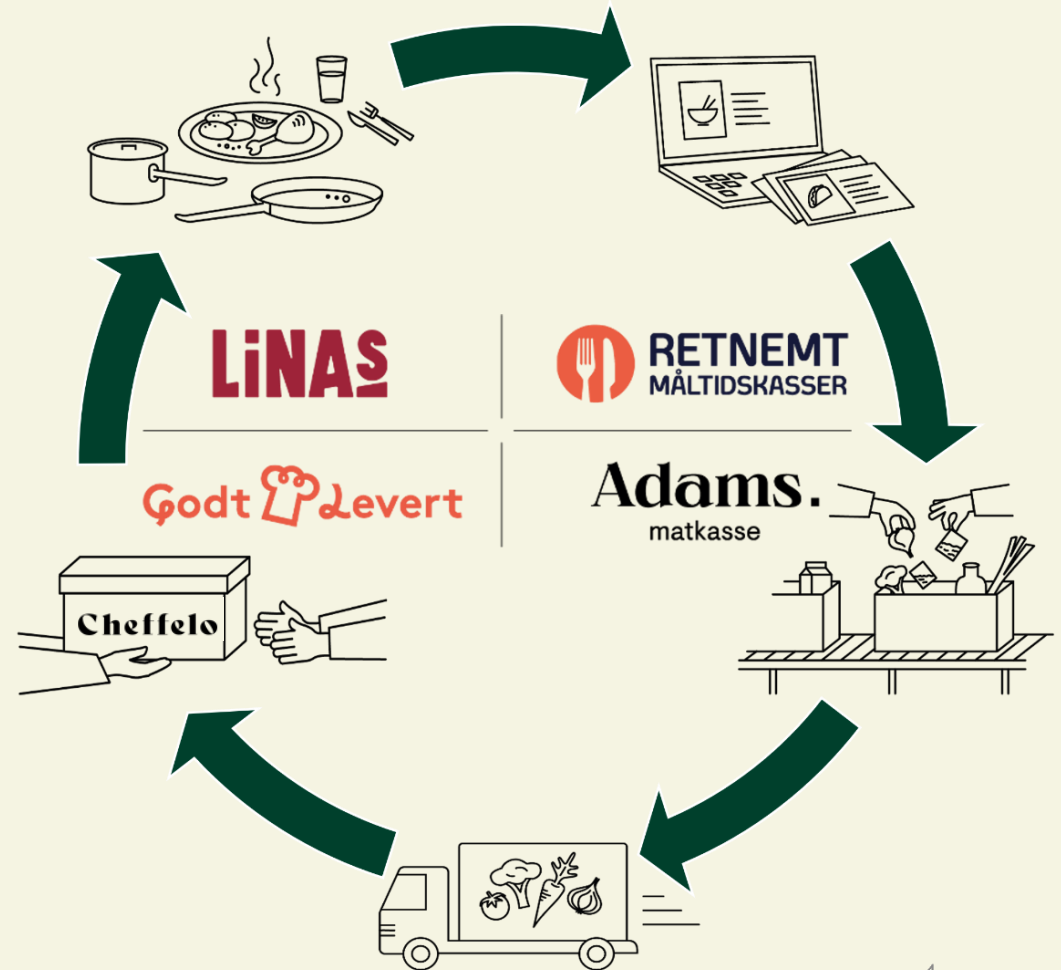
Strong local brands with heritage in innovation and entrepreneurship



Cheffelo

Our business model: subscription-based home delivery of mealkits

- Demand driven business model
 - Near-zero inventory
 - Minimal food waste
- Local taste preferences
 - Local chefs and dieticians
 - Widest selection of recipes
- Personalized customer experience
 - Proprietary tech solutions
 - AI recommendation engine
 - 100% customer unique production
- Strong, scalable supply chain
 - Efficient processes
 - Nordic sourcing



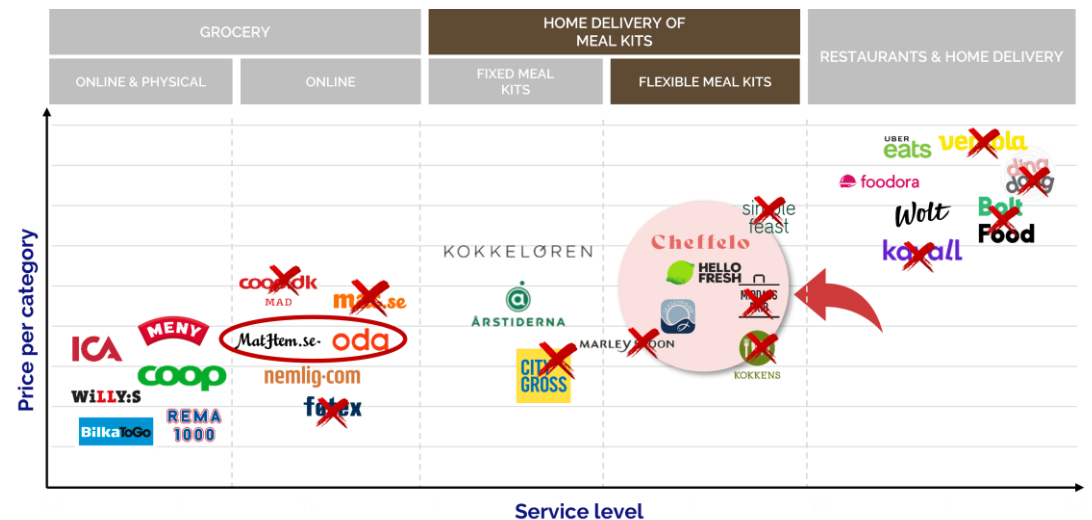


Q2 financial highlights: *Double-digit Net sales growth and increasing profitability*




- Net sales growth in local currency of 11.9%
 - *Fourth consecutive quarter with y-o-y growth*
 - *Including the effect from Easter, Net sales growth of 7.6%*
 - *Denmark growth of 40%*
- Return to Active customer growth +0.3% on a year-over-year basis
- Order frequency: +12.6% vs LY
- Contribution margin: 31.1% (31.3%)
- EBIT: MSEK 19.5 (15.3)
- H1 Net sales growth in locally currency of 6.1%
- H1 EBIT growth of 7.6%

Cheffelo enters marketing agreement with Middagsfrid amid mealkit market exit

- Cheffelo announced this morning a marketing agreement between its Swedish brand Linas Matkasse and Axfood-owned competitor Middagsfrid
- Middagsfrid to refer its customer base to Linas as they are exiting the mealkit category by the end of September
- Cheffelo will pay a consideration of up to MSEK 3 to Middagsfrid
 - Initial amount paid upfront, remaining compensation based on number of deliveries generated
 - Agreement financed with existing funds
 - No material effect on Cheffelo's cash situation
- The agreement is expected to contribute to Cheffelo's net earnings from the fourth quarter 2024.



Improving consumer confidence

- Consumer confidence indexes in the Nordic markets showing steady improvement:
 -  Denmark significantly recovered by end of last year and slightly up in Q2
 -  Sweden sharply higher in Q2 and almost comparable to Denmark
 -  Norway improved in Q2, still lagging SE and DK
- Reductions in interest rates and low inflation supporting further improvement
- Expect improvements in sentiment to have positive impact on consumer purchasing behavior



Net sales development by market – H1 2024



Denmark Net sales¹⁾ +41.9% (-21.1%)

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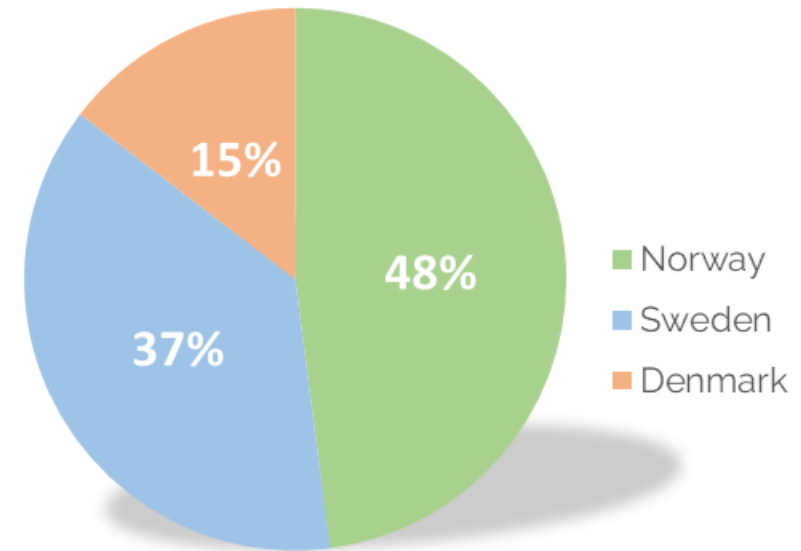
Sweden Net sales +4.4% (-11.0%)

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Norway Net sales¹⁾ -0.3% (-16.6%)

Share of Net Sales



1) Net sales in local currency.

2) As measured by the Swedish Food Retailers Federation

3) As measured by Danske Statistik

- Sweden Online Grocery Index Q2 +5.0% ²⁾
- Denmark Online Grocery Index Jan-May 6.3% ³⁾

Developing our Brands

Promising initial results of common Nordic value proposition:

- Clear increase from 1H23 to 1H24 in:
 - Brand liking
 - Aimed at me
 - Modern
 - Trustworthy
 - Value for money

Differentiating Adams Matkasse in Norway

- Price increase in August
- New family-oriented recipes
- More unique ingredients
- Signature recipes with beverage pairing
- Premiere of new TV commercial

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2024 focus remains on strengthening the core

Marketing Excellence

- Performance marketing and social selling
- New Nordic value proposition
- Strategic partnerships

Epic Customer Experiences

- Increased personalization
- Epic kitchen experiences
- Add-ons and groceries
- Operational Excellence

Long-term profitable growth

- Net Sales CAGR of 6-8%
 - *>1.2b SEK in 2026*
- EBIT margin approx. 4-6%
 - *50-70 million range in 2026*



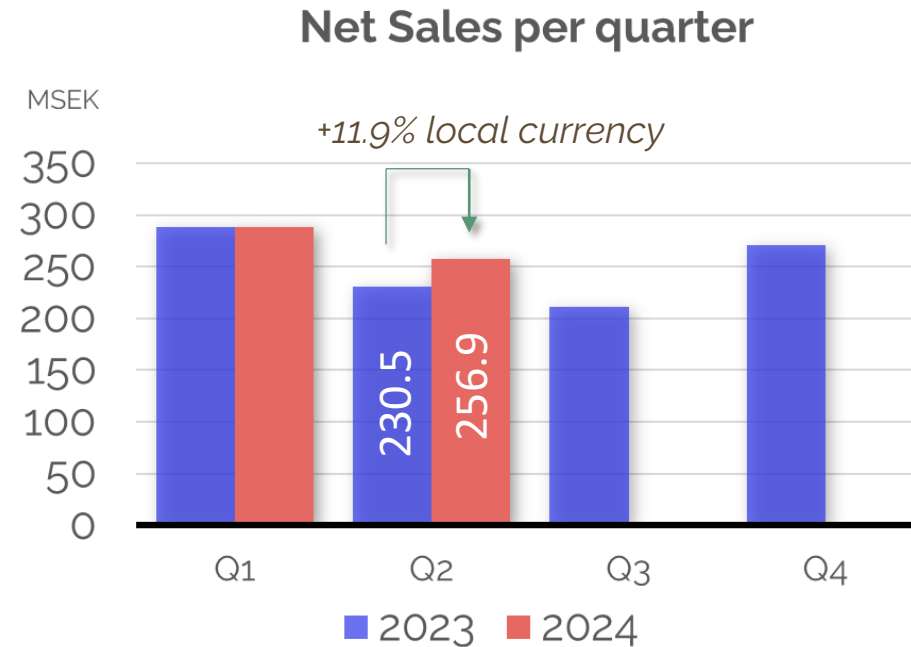


Financials

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Net sales

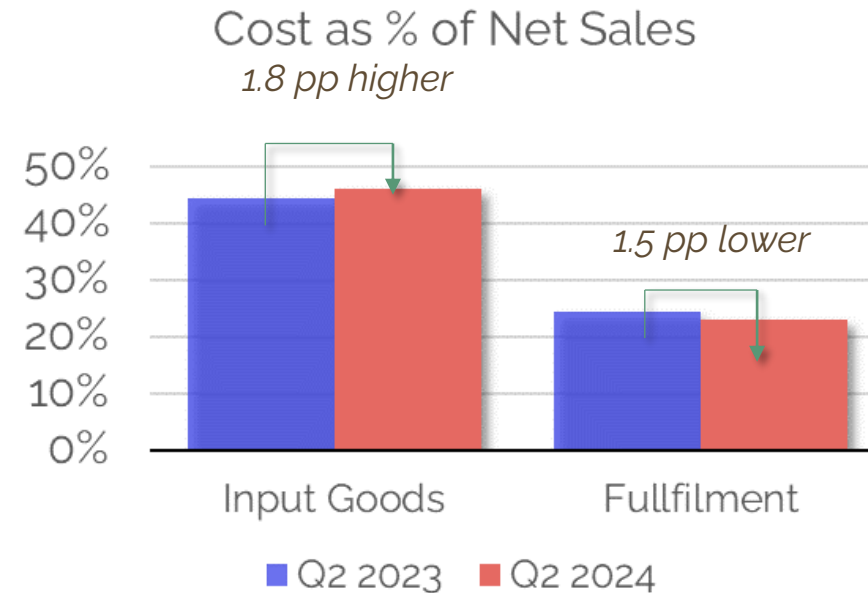
- Fourth consecutive quarter with growth
- Including the Easter week in Q1, Net Sales grew by 7.6% in local currency.
- Active customers grew by 0.3% while Order frequency continues to increase, up 12.6%



	Q2 2024	Q2 2023	Δ %	Jan - Jun 2024	Jan - Jun 2023	Δ %	LTM Q2 2024	FY 2023	Δ %
Net sales, MSEK	256.9	230.5	11.4%	545.7	518.4	5.3%	1 027.0	999.7	2.7%
Net sales growth (adjusted for exchange rate differences), %	11.9	-11.7		6.1	-15.1		n/a	-6.2	
Deliveries, (in thousands)	298.9	264.8	12.9%	644.2	602.6	6.9%	1 200.3	1 158.7	3.6%
Average order value, SEK	859	871	-1.3%	847	860	-1.5%	856	862.8	-0.8%
Active customers, (in thousands)	64.8	64.6	0.3%	n/a	n/a		n/a	n/a	
Order frequency	4.61	4.10	12.6%	n/a	n/a		n/a	n/a	

Investing in the customer experience

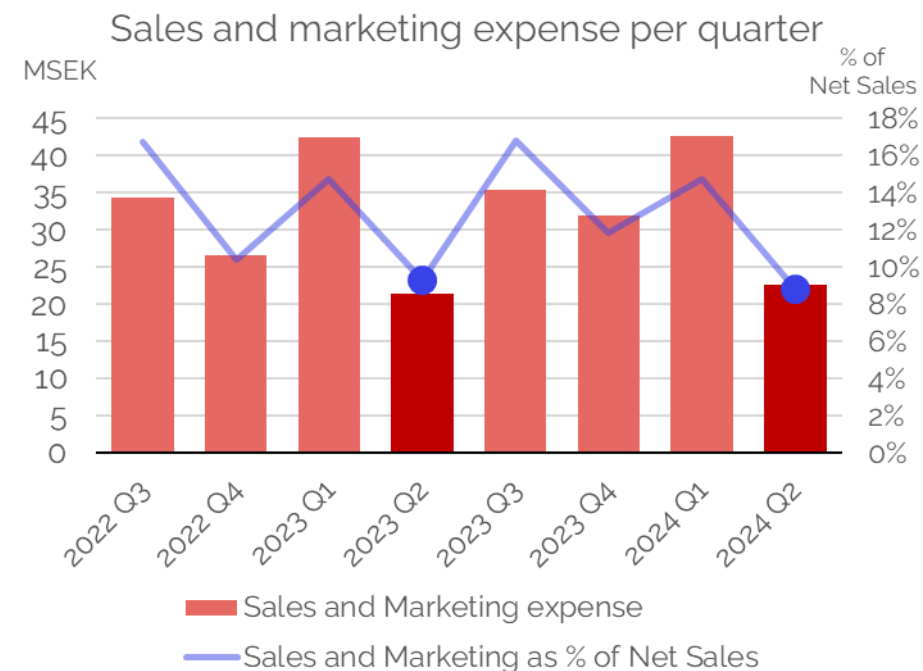
- Controlled Contribution Margin
- On track to achieve annual target
- Improvements in fulfillment efficiency enabled enhancement in the kitchen experience



	Q2 2024	Q2 2023	Δ %	Jan - Jun 2024	Jan - Jun 2023	Δ %	LTM Q2 2024	FY 2023	Δ %
Contribution margin, %	31.1	31.3	-0.3 pp	31.3	31.5	-0.2 pp	30.7	30.8	-0.1 pp
Contribution margin, MSEK	79.8	72.2	10.5%	170.7	163.1	4.6%	315.5	307.9	2.4%
Contribution margin per delivery, SEK	267.1	272.8	-2.1%	264.9	270.7	-2.1%	262.8	265.8	-1.1%

Increasing EBIT margin

- EBIT margin increased by 0.9 pp, which resulted in MSEK 4.2 higher EBIT
- Low season for customer acquisition gives that Sales and Marketing spend are managed at a relatively lower level during the quarter
- Cost for central function increased by MSEK 1.1, although 0.9 pp lower than LY measured as percentage of Net Sales

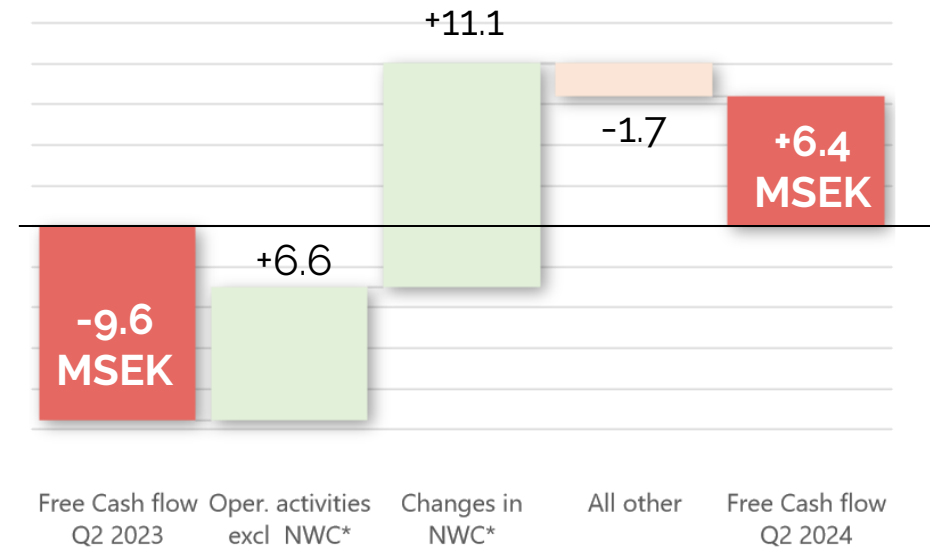


	Q2 2024	Q2 2023	Δ %	Jan - Jun 2024	Jan - Jun 2023	Δ %	LTM Q2 2024	FY 2023	Δ %
Sales and marketing expenses, MSEK	-22.6	-21.4	5.6%	-65.2	-63.8	2.2%	-132.5	-131.1	1.1%
<i>in % of net sales</i>	-8.8	-9.3		-11.9	-12.3		-12.9	-13.1	
EBIT (Operating profit), MSEK	19.5	15.3	27.0%	29.5	27.4	7.6%	32.8	30.7	6.8%
EBIT-margin, %	7.6	6.7	0.9 pp	5.4	5.3	0.1 pp	3.2	3.1	

Increased Free Cash flow

- Solid cash generation with Free Cash flow** of MSEK 6.4
- Changes in NWC* – seasonal volume effect towards summer vacation period.
- Cash and cash equivalents amounted to MSEK 104.3 (75.2)
- Dividend of total MSEK 22.6 was paid in Q2

Q2 Free Cash flow improvement vs LY



MSEK	Q2 2024	Q2 2023	Δ	Jan - Jun 2024	Jan - Jun 2023	Δ
Cash flow from operating activities	17.4	-0.2	17.6	53.8	45.1	8.7
Free Cashflow	6.4	-9.6	16.0	34.0	26.7	7.2

*NWC = Net Working Capital

**Free cash flow: Cash flow from operating activities less amortization of lease liabilities and CAPEX



Looking forward

- We expect single digit growth in Q3
- Double-digit growth in Denmark to continue through much of 2024
- We expect to see contribution margins slightly above 30% on an annual basis
- Sales and marketing expenses are expected to be around 13% in 2024
- Following the normal seasonal pattern, we don't expect to be EBIT profitable in Q3, with a return to quarterly profitability in Q4



Concluding remarks

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Takeaways:

- Net sales on a local currency basis were up almost 12% in Q2
- Fourth quarter of continued growth
- Growth in all markets during Q2 – double digit growth in Denmark
- Active customers returned to growth
- Increased profitability for 1H
- Increased Free cash flow of MSEK 6.4



Q&A