

# ASX ANNOUNCEMENT



27 AUGUST 2024

## 2024 FULL YEAR RESULTS

**Guzman y Gomez delivers record results in FY24 across key revenue and earnings metrics, ahead of prospectus forecasts**

Guzman y Gomez Limited (“ASX:GYG”, “GYG” or “the Company”) today announced its financial results for the year ended 30 June 2024 (“FY24”).

GYG reported a statutory loss after income tax expense of \$13.7 million for FY24. Pro forma<sup>1</sup> net profit after tax (“NPAT”) was \$5.7 million, 71.2% ahead of prospectus and up 94.1% on prior year, adjusting for one-off costs primarily related to the initial public offering and system implementation.

### Group results

\$ million	FY24	FY23	Performance vs prospectus	Change vs prior year
Network sales <sup>2</sup>	959.7	759.0	0.6%	26.4%
Revenue	342.2	259.0	0.7%	32.1%
<b>Statutory</b>				
EBITDA	27.3	29.6	7.2%	(7.9%)
PBT	(11.6)	0.2	14.3%	n.m.
NPAT	(13.7)	(2.3)	15.1%	506.5%
<b>Pro forma</b>				
EBITDA	44.8	29.3	4.1%	52.9%
PBT	16.3	7.6	12.7%	113.7%
NPAT	5.7	3.0	71.2%	94.1%

- Global network sales of \$959.7 million, an increase of 26.4% on prior year driven by strong Comparable Restaurant Sales (“Comp Sales Growth”) and network expansion
- 220 restaurants operating globally across Australia, Singapore, Japan and the US as at 30 June 2024
- Revenue of \$342.2 million, an increase of 32.1% on prior year

<sup>1</sup> Pro Forma adjustments include IPO costs (inclusive of costs associated with GYG’s Pre-IPO Capital Raise), incremental public company costs, system implementation costs, costs associated with government compensation for compulsory acquisition of land and senior executive restructure costs.

<sup>2</sup> Network Sales refers to the total sales generated by all corporate and franchise restaurants in the GYG network. Network Sales is a non-IFRS measure.

- Pro forma EBITDA of \$44.8 million, 4.1% above prospectus forecasts and an increase of 52.9% on prior year
- Statutory EBITDA reported was \$27.3 million for the year, 7.2% ahead of prospectus forecasts and a decrease of 7.9% on prior year
- Pro forma PBT of \$16.3 million, 12.7% above prospectus forecasts and a 113.7% increase on prior year
- Statutory loss before tax of \$11.6 million, down from PBT of \$0.2 million in prior year

GYG founder and Co-CEO Steven Marks said the results for the year demonstrated solid guest demand for clean, fresh food delivered at high speed as well as strong operational execution.

“GYG delivered network sales growth of 26% for the year, ahead of prospectus forecasts. This result was underpinned by strong comparable sales growth and the continued delivery of restaurant network expansion across Australia.”

“Strong sales growth and ongoing margin expansion resulted in significant growth in earnings, exceeding prospectus forecasts.”

“We could not have achieved these results without the relentless efforts of our franchisees and crew, who have continued to deliver clean, fresh, made-to-order, Mexican-inspired food to guests at high speeds.”

### Australia segment<sup>3</sup>

\$ million	FY24	FY23	Change vs prior year
<b>Network sales</b>			
Australia	894.6	702.9	27.3%
Singapore	46.4	43.1	7.5%
Japan	7.9	7.0	12.3%
<b>Network sales</b>	<b>948.9</b>	<b>753.0</b>	<b>26.0%</b>
<i>Comp Sales Growth</i>	8.1%	15.0%	(6.9pp)
Number of corporate restaurants at period end	64	55	9
Number of franchised restaurants at period end - Australia <sup>4</sup>	130	116	14
Number of franchised restaurants at period end - Singapore	17	16	1
Number of franchised restaurants at period end - Japan	5	4	1
Corporate restaurant sales	278.9	212.0	31.6%
Corporate Restaurant Margin	48.6	30.4	59.5%
<i>Corporate Restaurant Margin (%)</i>	17.4%	14.4%	3.0pp
Pro Forma franchise revenue	60.7	46.8	29.8%
Pro Forma G&A <sup>5</sup>	(63.7)	(46.6)	36.8%
<b>Pro Forma Segment Underlying EBITDA<sup>6</sup></b>	<b>45.6</b>	<b>30.7</b>	<b>48.7%</b>

- Strong network sales of \$948.9 million, an increase of 26.0% on prior year. Restaurants operating in Australia were significant contributors to network sales growth, increasing by 27.3% to \$894.6 million

<sup>3</sup> Represents the Australia Segment, which includes restaurants in Singapore and Japan.

<sup>4</sup> Includes franchise restaurants in Australia only and excludes franchise restaurants in Singapore and Japan. The number of restaurants at period end is presented net of any restaurant closures or ownership transfers.

<sup>5</sup> Refers to general and administrative expenses.

<sup>6</sup> Pro Forma Segment Underlying EBITDA reflects GYG's underlying earnings before interest, tax, depreciation and amortisation. This does not include the impacts of AASB 2 Share Based Payments and AASB 16 Leases but includes rent and outgoings associated with leases. GYG uses Segment Underlying EBITDA to make business decisions as it represents a more useful reflection of GYGs underlying financial performance from its network of corporate and franchise restaurants. GYG believes this is a critical piece of information to allow investors to assess the relative financial performance of the underlying business and enables direct comparison to GYG's publicly listed US QSR peers. Segment Underlying EBITDA also allows investors to distinguish between the more developed Australia operations and the nascent US operations.

- Comp Sales Growth of 8.1%, primarily driven by restaurants in Australia<sup>7</sup>
- Australian sales growth underpinned by restaurant capacity expansion, strong dayparts growth (particularly in breakfast which experienced 18% Comp Sales Growth), marketing, menu innovation and continued improvement of the digital guest experience
- The Australian restaurant pipeline continued to strengthen throughout FY24, with 91 sites in the pipeline and 46 restaurants approved by the Board
- 216 restaurants operating, with 64 corporate and 130 franchised within Australia, 17 restaurants in Singapore and 5 restaurants in Japan as at 30 June 2024
- 25 new restaurants opened in the network with 23 net new restaurants operating. One restaurant forecast to open was delayed by three weeks, opening after the end of the period
- Corporate restaurant margins improved from 14.4% to 17.4%, driven by Comp Sales Growth, improvements in the cost of food and packaging and a shift in restaurant mix towards drive thrus
- Pro Forma Segment Underlying EBITDA increased to \$45.6 million, representing an increase of 48.7% on prior year

Median restaurant average unit volumes (“AUVs”) were strong, reporting \$6.3 million for drive thrus and \$4.5 million for strips. Daypart expansion was driven by breakfast execution and incremental peak period (lunch and dinner) volumes. In FY24 channel mix was consistent relative to prior year, with the owned digital channel growing to 17.4%, up from 15.8%.

Median franchisee return on investment (“ROI”)<sup>8</sup> for the year was 53%, an increase of 6 percentage points on prior year. Median franchise AUVs for FY24 were \$5.1 million, an increase of 12.7% on prior year and Franchise Restaurant Margin<sup>9</sup> increased to 21.4%, up 3.4 percentage points. As at 30 June 2024, 4 franchisees were on royalty relief across the network.

## US segment

\$ million	FY24	FY23	Change vs prior year
Corporate restaurant sales	10.8	6.0	81.8%
Corporate Restaurant Margin	(1.0)	(0.8)	30.8%
Corporate Restaurant Margin (%)	(9.2%)	(12.8%)	3.6pp
Pro Forma franchise revenue	-	-	-
Pro Forma G&A	(5.5)	(3.5)	56.9%
<b>Pro Forma Segment Underlying EBITDA</b>	<b>(6.5)</b>	<b>(4.3)</b>	<b>52.3%</b>

- Network sales of \$10.8 million, an increase of 81.8% on prior year
- 4 restaurants operating as at 30 June 2024
- Pro Forma Segment Underlying EBITDA loss of \$6.5 million reflected the nascency of the US segment and ongoing investment above restaurant

## Cash flow and balance sheet highlights

GYG delivered strong cash conversion from earnings during FY24. Operating cash flows increased to \$56.3 million, driven by strong operating performance throughout the year. Lease payments (principal and interest) increased throughout the year in line with network expansion.

Capital expenditure was driven by new restaurant openings, refurbishments and Hola Central expansion, totalling \$33.5 million in gross capital expenditure and \$27.4 million on a net basis, adjusting for landlord contributions. This included the opening of 12 new corporate restaurants in Australia, 1 of which was converted to a franchise throughout the year. US capital expenditure included 1 new corporate restaurant opened in FY24.

<sup>7</sup> Refers to Australia geography and excludes Singapore and Japan.

<sup>8</sup> Franchisee ROI represents the ROI achieved by an Australian franchisee across all restaurants that they own. It is calculated on an individual franchisee basis based on their aggregate Franchise Restaurant Margin (net of royalties) divided by their aggregate restaurant capex (including any refurbishments or subsequent investment).

<sup>9</sup> Franchise Restaurant Margin is based on actuals for FY24 for 44 relevant franchisees who own an aggregate of 88 restaurants. Excludes restaurants owned by the South Australia master franchisee.



GYG ended the year with a robust balance sheet that provides flexibility for network expansion, with a net cash and term deposits position of \$294.5 million. As at 30 June 2024, GYG had no debt. Lease liabilities for the year increased to \$239.5 million, driven from network expansion. Equity for the year ending 30 June 2024 also increased significantly to \$354.0 million, primarily driven by an increase in issued capital as a result of the IPO and Pre-IPO Capital Raise.

The Board has determined that no dividend will be declared for the fiscal year 2024 as GYG focuses on its growth strategy and invests in areas that drive long-term value for shareholders.

### **Outlook**

GYG remains focussed on its vision to reinvent fast food and change the way the masses eat.

In the first 7 weeks of the financial year, Australian segment Comp Sales Growth has been above expectations at 7.4%, reflecting the continued success of the 'Clean is the New Healthy' campaign, delivery outperformance and guest demand for value menu items such as the \$12 Chicken Mini Meal.

GYG expects to meet its prospectus forecasts for new restaurant openings and its pipeline has continued to strengthen. One restaurant forecast to open in FY24 was delayed by three weeks, opening after the end of the period. As a result, GYG expects to open 31 restaurants in FY25.

GYG is expected to commence a local partnership with a Chicago-based operator to support the ongoing growth of its Naperville restaurant.<sup>10</sup> The partnership is not expected to have a significant impact on GYG's earnings in FY25.

Overall, GYG expects to achieve its prospectus forecasts for FY25.

### **Reporting cadence**

In order to provide a regular trading update to shareholders, GYG intends to release its sales performance and network growth on a quarterly basis, with the September quarter results expected to be released in early October.

### **Briefing**

A briefing for investors and analysts will be held at 11:00am AEST today. Participants can register for the briefing session via GYG's website at [www.guzmanygomez.com.au](http://www.guzmanygomez.com.au).

### **For further information**

More detailed information regarding GYG's 2024 full-year results can be found in the GYG 2024 Annual Report (including appendix 4E) for the year ended 30 June 2024.

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Authorised for release by the Company Secretary.

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<sup>10</sup> The partnership will be structured as a restaurant management agreement under which GYG's partner will be responsible for the day-to-day operations of the Company's Naperville restaurant, in accordance with GYG's operating standards. The partner will retain the profits of the restaurant subject to the payment of a royalty to GYG, who will share some of the restaurant's operating expenses. GYG will retain ownership of the restaurant and its assets.



## **Importance notice and disclaimer**

### *Future performance and forward-looking statements*

This announcement contains forward-looking statements, forecasts, estimates, projections, beliefs and opinions (“Forward-Looking Statements”). Forward-Looking Statements are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-Looking Statements reflect expectations as at the date of this announcement. However, they are not guarantees or predictions of future performance or events or statements of fact. They involve known and unknown risks, uncertainties and other factors, many of which are beyond GYG's control, and which may cause actual results to differ materially from anticipated results, performance or achievements expressed or implied by the Forward-Looking Statements contained in this announcement. Other than as required by law, although they believe there is a reasonable basis for the Forward-Looking Statements, neither GYG nor any other person (including any director, officer or employee of GYG or any related body corporate) gives any representation, assurance or guarantee (express or implied) as to the accuracy or completeness of each Forward-Looking Statements or that the occurrence of any event, results, performance or achievement will actually occur. Except as required by applicable laws or regulations, GYG does not undertake to publicly update or review any forward-looking statements, whether as a result of new information or future events. Past performance cannot be relied on as a guide to future performance.

### *Financial information*

Certain financial data included in this announcement is 'non IFRS financial information'. These measures are used internally by management to assess the performance of the business and make decisions on the allocation of resources and are included in this announcement to provide greater understanding of the underlying financial performance of GYG's operations. When reviewing business performance, this non-IFRS information should be used in addition to, and not as a replacement of, measures prepared in accordance with IFRS. Readers are cautioned not to place undue reliance on any non-IFRS financial information and ratios included in this announcement. The non-IFRS information has not been subject to audit or review by GYG's external auditor. The non-IFRS measures do not have any standard definition under IFRS and may be calculated differently by other companies.