



FY24

results



23 MAY 2024

PRESENTING *today*



Mark Winter
Chief Executive Officer



Louise Newsome
Chief Financial Officer

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YEAR IN *review*



REVENUE*

\$162.2m

Down 7.7% YoY



EBITDA*

\$16.0m

With a contribution margin of 22.6%

NPAT

\$6.0m

Down from \$7.9m in FY23



AOV

\$129.54

Down 0.4% YoY

GROSS MARGIN %

48.5%

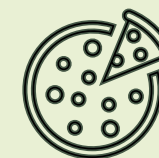
Compared to
48.4% in FY23

ACTIVE CUSTOMERS

56.8k

Compared to 57.5k in FY23

Final dividend declared



0.5cps

Fully Imputed to be paid in June

YEAR IN *review*



FY24 has continued to present challenging economic conditions leading to -7.7% reduction in YoY revenue



Delivered improved customer experience and productivity savings from successful implementation of pick technology



Bargain Box deliveries up 19.5% and an upweighted focus on each of the three core brands



Extended customer flexibility and convenience by increasing to 96 weekly recipes, reducing order lead times and offering more delivery days



Increased productivity and lowered overheads by consolidating Auckland distribution centres



Maintained gross margin in the face of inflationary pressures on inputs



Culture and capability investment leading to improved employee engagement



Focused on paying off debt resulting in a reduction of net debt by \$3.5m

1 BUSINESS *update*



We will win by growing active customers

Improving our customer's experience in FY25



Be relevant and drive active customers by delivering flexibility, convenience, and great value



Strengthen brand power

Utilise our brand portfolio to win in meal kits and meal solutions



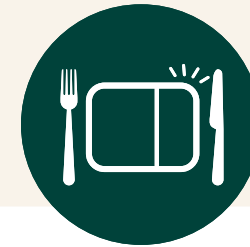
Step change convenience

Our meal solutions suit more consumers lifestyles



Seamless customer experience

Every interaction with My Food Bag is easy, inspiring and reliable



Fuel MFB with ready made solutions

Introduce new consumers to MFB via ready-made offerings & new product strategies

Helping Aotearoa New Zealand eat and live well

Driving productivity and growth through innovative solutions

Culture

Community

Technology & Data

Our Winning Brand Portfolio

Our portfolio of brands remains a key tool for us in navigating current economic conditions

My Food Bag back to roots - simple, healthy, delicious

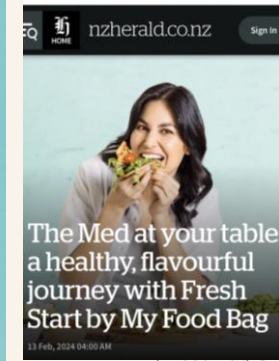
- Launched new Dinner, Done Better campaign, supported by a PR and influencer programme.
- Expanded recipe choice to 32 and targeted specific needs around gourmet, convenience & dietary needs to focus on simplicity, taste & convenience
- Rose 3 places to 8th in Kantar NZ's 2023 Customer Leadership Index
- In FY25, we re-branded MADE under My Food Bag to upweight convenience and strengthen our position in ready made meals

Building awareness of Bargain Box as New Zealand's most affordable meal kit

- PR and content-led campaigns including supermarket comparison, price freeze, a te reo cooking series and Saver Flavour e-cookbook reinforcing affordable eating
- Added 16 recipes, including new healthier and low carb options to improve quality and variety
- Winner of Canstar Award for Meal Kit – Most Satisfied Customers

Targeted health & weight-loss segment with revitalised Fresh Start brand

- Launch of 8 week Reset – a loyalty programme driving frequency and retention
- Communications focusing on sustainable, holistic approach to weight-loss to reach new audiences
- New range of recipes including breakfast and lunch, to target full day solution as well as a new Mediterranean range to increase AOV



Transforming Business Operations

Transformed customer offering with more recipe selection and improved quality while reducing costs

Investments in supply chain made to improve growth and create capacity for efficiency

- Completed the roll out of new pick technology at our Christchurch and Auckland distribution centres and consolidated our two Auckland operations (Māngere and Highbrook)
 - Pick technology enables improved productivity and picking accuracy in our distribution centres. This allows us to offer our customers more choice and variety using less labour overall.
 - Consolidating the assembly of boxes for all brands onto one site for the North Island has enabled more recipe choice for our Bargain Box customers and reduced overheads further.
- We have enhanced customer choice through adding 16 additional recipe options, with a total of 96 meals now on the weekly menu across our three core brands

Operational enhancements driving improved performance to customers



Improved picking and quality performance resulting in 99% accuracy across H2 FY24



Supplier forecasting enhancements allowing customer ordering to be brought forward from Sunday to Monday



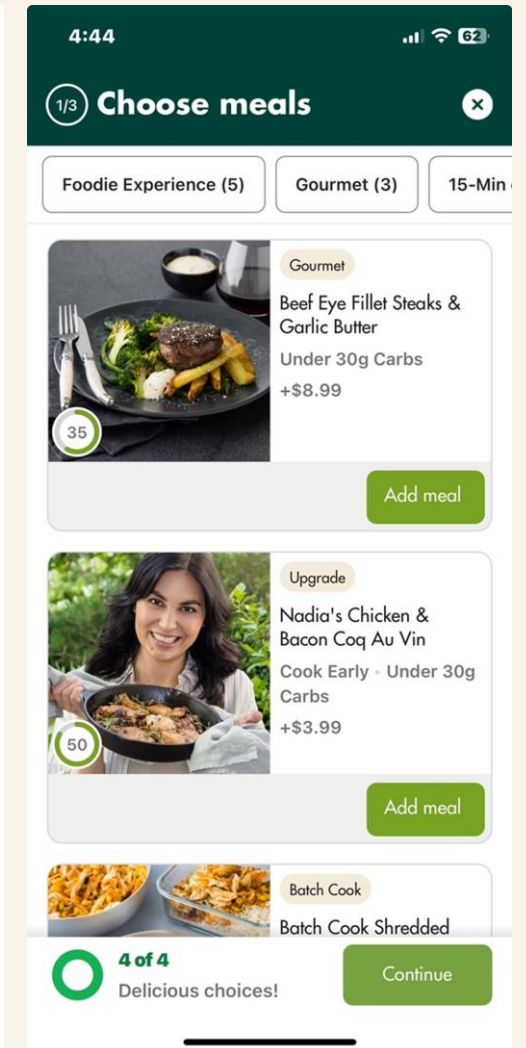
NPS improved 4 points from 26 to 30 from customers receiving boxes packed with pick technology

Digital Platform Improvements

Investing in digital capability to increase choice, convenience and recipe innovation

Throughout FY24 our in-house digital team supported the delivery of pick to light, as well as initiatives to drive active customer, revenue and productivity outcomes

- Enhanced our Customer Messaging Platform to better communicate our offers to customers on our website. This tool enables segmented and personalised messages for customers communicating new features, loyalty promotions and campaigns to strengthen frequency and AOV
- Developed new forecasting capability for supplier ordering, enabling a reduction of supplier lead times. This enabled customers an extra day to place orders from a Sunday to a Monday to provide convenience and grow active customers
- Increased the number of premium meals we offer each week at a range of surcharge prices. On average, we're achieving over 5% attachment each week for surcharge and gourmet upsell meals to AOV
- Restructured our recipe data to enable future systemised menu planning, allowing us to better meet customers recipe preferences whilst reducing production time
- We continue to develop a number of machine learning and AI opportunities across MFB aligned to core business goals – both customer led and productivity based



Building Team Culture and Capability

Strengthening retention and capability of our staff



Strengthening staff engagement

- Our eNPS (internal measure of staff engagement) steadily improved, with a score of +26 in the most recent survey (FY23:+15)
- Close to 45% of our vacancies were filled internally and turnover reduced by 14%
- Won the Consumer Support Services Award at the CRM/CCNNZ Contact Centre Awards

Championing learning and development

- 'Raising the Bar' (our bespoke internal leadership programme) was a finalist in the 2024 Human Resources New Zealand (HRNZ) awards for the Learning and Development Category
- 46% of our Auckland Operations team completed a numeracy and literacy skills course

Driving diversity

- We maintained our 40% women, 40% men and 20% open gender balance across the Senior Leadership Team and our Board
- My Food Bag Women's Leadership Network was launched
- A Diversity, Engagement & Inclusion committee was launched

Community and Environmental Impact



BETTER PACKAGING

Evolution of insulation to **Woolkraft** - wool wrapped in eco-friendly kraft paper, maintaining cold chain while reducing plastic use

The first NZ meal kit to use **100% water in our ice packs**, instead of the gel found in many chiller packs



BETTER FOR THE ENVIRONMENT

The **total carbon footprint** and carbon intensity of our business reduced in FY23 versus our base year of FY22

Significantly **reduced food waste** becoming a near-zero food waste company



BETTER FOR OUR PEOPLE & THE COMMUNITY

Continued our support of **Garden to Table**

Our total recordable injury frequency rate reduction from 2.3 in FY23 to 1.6 in FY24



BETTER, SAFER FOOD

Re-evaluated our cool-chain, significantly improving our ice pack system, including a new ice supplier.

Refreshed our **Approved Supplier Programme** and brought it in house



Key Initiatives FY24

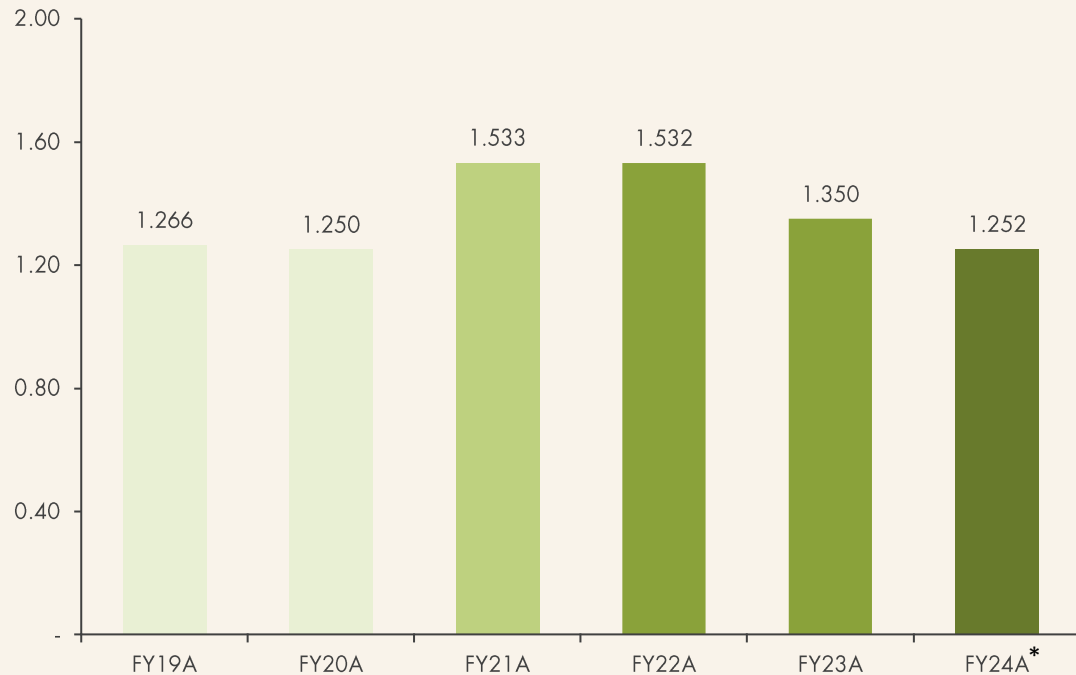
2 FINANCIAL *overview*



Deliveries performance

Deliveries showed a year-on-year decline, with H2 deliveries down -2.9%

Deliveries (000's)



- Full year deliveries of 1.25m down -7.3% on FY23
 - Continued inflationary pressure on households and low consumer confidence resulting in more subdued demand
- Improved performance in the second half of the year with deliveries only down -18k (-2.9%) on H2 FY23
- As New Zealand's most affordable meal kit, Bargain Box has demonstrated it is well placed to capitalise on the current economic environment with deliveries up 19.5% YoY
 - In April 2023 we conducted an independent price comparison with the New Zealand Institute of Economic Research (NZIER) that revealed five Bargain Box meals for a household of four was 4.44% cheaper on average than Countdown and New World**

*FY24 included a part 53rd week based on where My Food Bag's weekly delivery cycle fell in the financial year. This last delivery weekend coincided with Easter, which (as expected) had fewer deliveries and relatively higher labour costs. The earnings associated with this part 53rd week were materially lower than usual as a result. All reported numbers are inclusive of this part 53rd week.

** The price comparison compared the prices of products online from New World and Countdown against the prices of meal ingredients for Bargain Boxes 5 nights for 4. The top 5 selected Bargain Box recipes each week have been used to compare with like for like supermarket ingredients to make those same recipes. Where necessary, prorating was used. Prices compared across 11 weeks, between 15th January and 26 March 2023. On average, Bargain Box was 4.44% cheaper, including delivery. This data was reviewed by NZIER in April 2023.

Financial Performance

H2 saw operational efficiencies and a reduction in the delivery decline, leading to an H2 YoY EBITDA improvement

Key Metrics Overview	FY24*	FY23	YoY Movement %	FY22	FY21	FY20**
Deliveries ('000)	1,252	1,350	-7.3%	1,532	1,533	1,250
AOV	\$ 129.54	\$ 130.11	-0.4%	\$ 126.63	\$ 124.40	\$ 122.61
Revenue \$m	162.2	175.7	-7.7%	194.0	190.7	153.3
Gross Margin \$m	78.6	85.0	-7.5%	95.5	89.2	66.0
Gross Margin %	48.5%	48.4%	0.1ppt	49.3%	46.8%	43.0%
Contribution Margin \$	36.7	41.4	-11.2%	52.7	48.8	32.7
Contribution Margin %	22.6%	23.5%	-0.9ppt	27.2%	25.6%	21.3%
EBITDA \$m	16.0	18.2	-11.8%	34.0	28.8	16.3
NPAT \$m	6.0	7.9	-24.0%	20.0	2.4	8.2

- H1 revenue was down -11.2%, in H2 the decline reduced to -3.5% YoY
- Increased investment in discounting has improved order frequency and stabilised active customer base
- Gross margin % remained relatively stable despite inflationary pressure felt throughout the supply chain including ingredients, labour, and fuel costs. Price adjustments were kept to a minimum
- Operational investments in pick technology and Auckland site consolidation have resulted in a 1.7ppt increase in H2 YoY contribution margin
- H2 EBITDA improved \$2.0m YoY

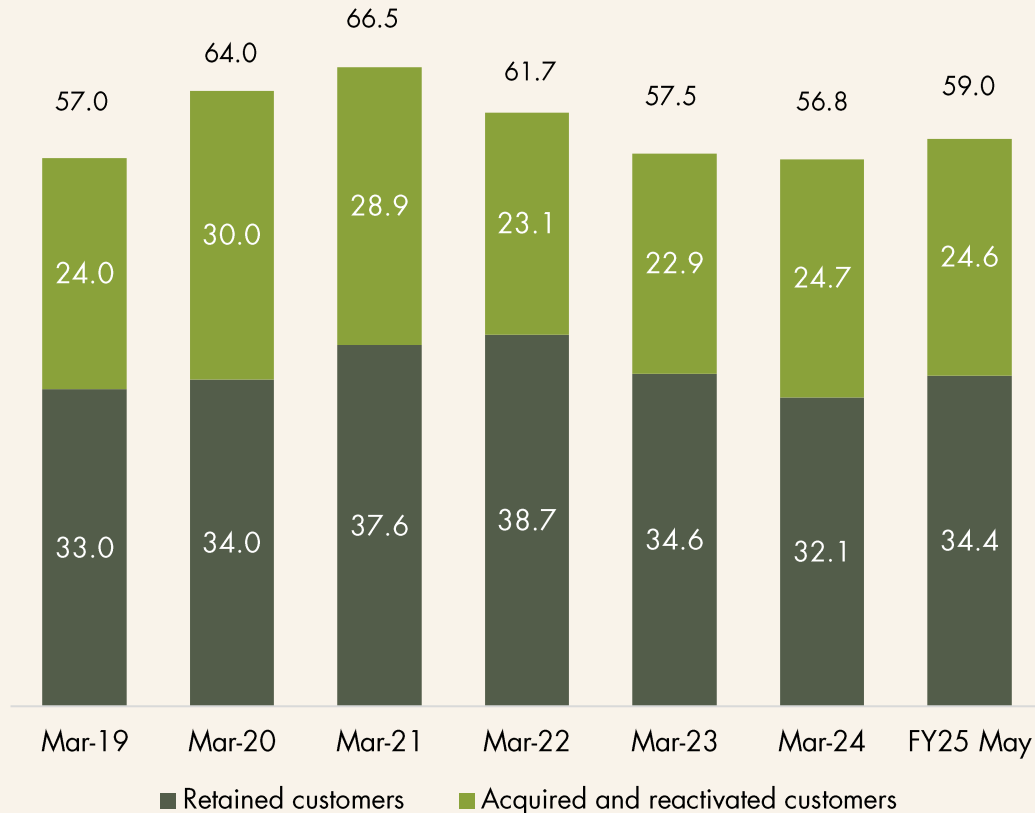
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** Company was not listed

Focus on sustainable active customer growth

Use of segmentation and multi-week offers have been used in Q4 to drive overall ROI

Total active customers split (000's)

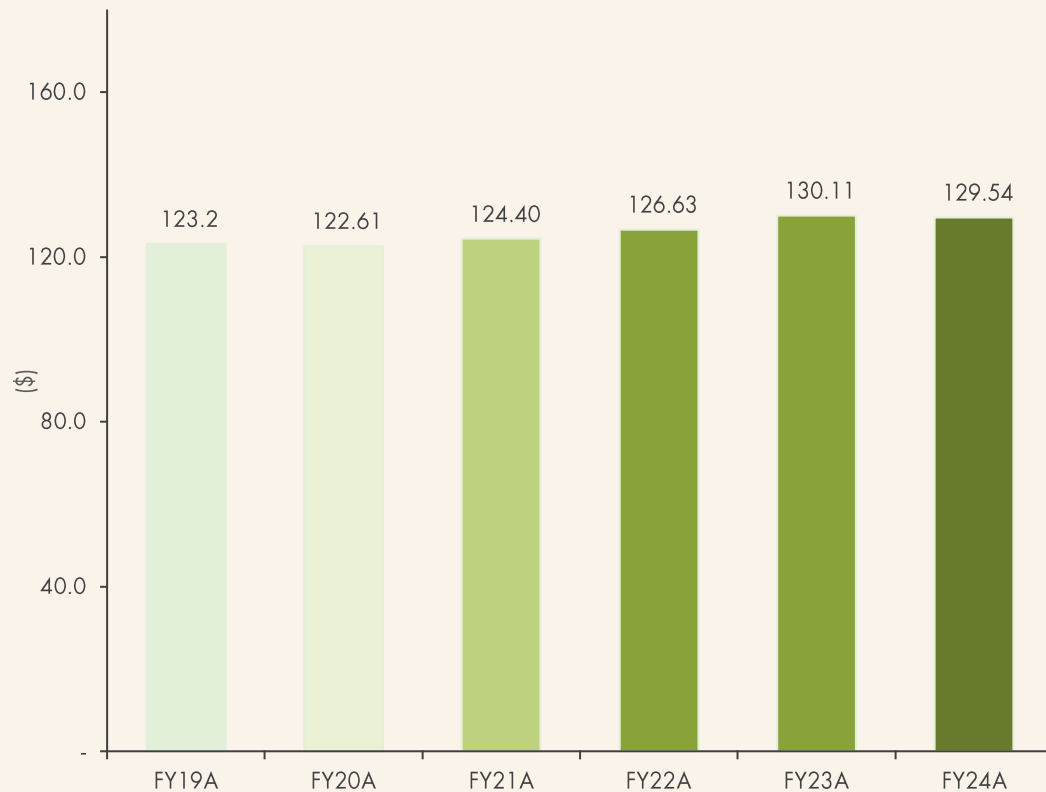


- Whilst operating in a tough consumer trading environment, we have seen our demand stabilise
- FY24 retention of new customers is in line with PY. We have seen a 3.3% improvement in customers who received 7 or more deliveries. A signal of our ongoing efforts to bring in and retain quality customers
- Increased advertising and promotional investment to build brand awareness for long-term growth with differentiated brands particularly on Bargain Box which has comparatively low awareness
- Active customers have continued to grow since the end of March, with our total base broadly inline with prior year

Bargain Box success leads to small decline in AOV in FY24

The success of Bargain Box is a key driver of decreased Average Order Value

Average Order Value (\$)



Average Order Value was \$129.54, down -0.4% on FY23 driven by:

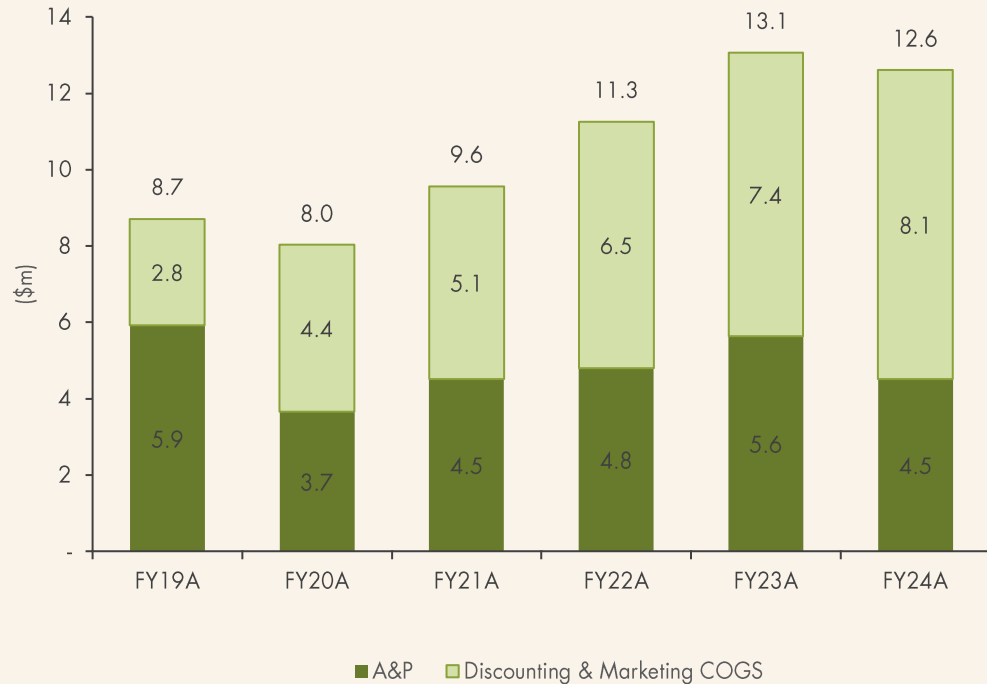
- Higher indexing to Bargain Box relative to other brands

This reduction is largely offset by:

- Small price increases to recover some input cost pressure
- Gourmet upsell popularity
- Improved operating service levels requiring lower compensation to customers

Marketing spend upweighted to drive awareness and trial

Marketing spend (\$m)

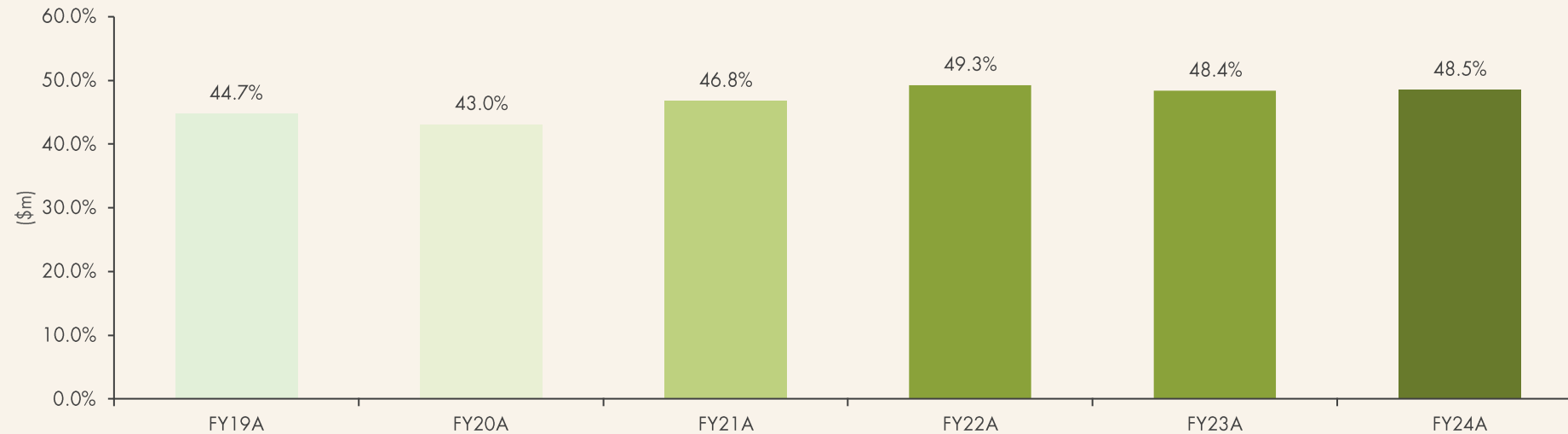


- Marketing spend was \$0.5m lower in FY24 with a focus on brand differentiation and driving awareness on Bargain Box, where we have seen strong outcomes as a result
- An upweighted investment in discounting relative to brand investment was used in FY24 to drive active customer growth and customer order frequency. Order frequency of customers was in line with prior year and investment in discounting continues to have a positive return on investment
- A more segmented approach to discount offerings was applied throughout FY24 to drive return on investment and customer lifetime value
- The focus of FY25 marketing spend will be on building our brands and recruiting quality customers. Continuing to embed My Food Bag ‘Dinner, Done Better.’ brand and reinforcing Bargain Box ‘Most Affordable Meal Kit’ positioning.

Improved relative affordability in the inflationary environment

Margin improvement of 0.1ppt despite ingredient cost inflation

Gross Margin %



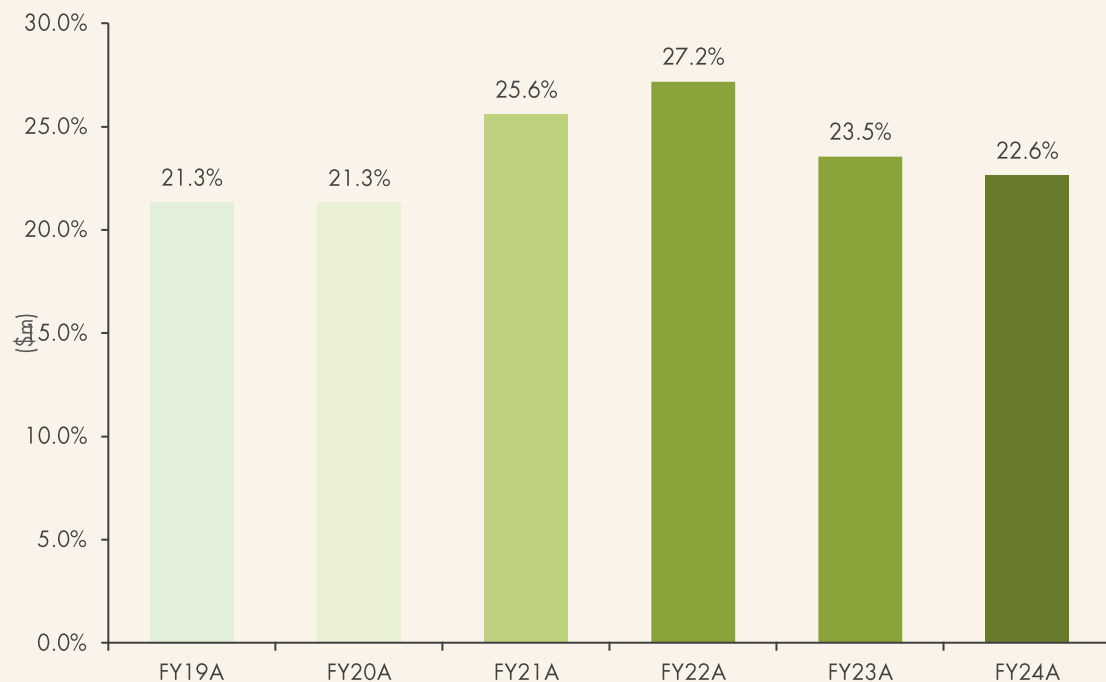
- Gross margin was 48.5% versus FY23 margin of 48.4%. We continued to see input cost inflation throughout FY24 and made price increases to recover some of the cost increases
- Continued focus on maintaining value of our product at competitive price points
- The inflationary impact was offset by initiatives to reduce impact to ingredients margin
- Use of recipe development and ingredient substitution to support the management of rising input costs

*Gross margin is a non-GAAP measure defined as revenue less cost of goods sold (including free marketing goods)

Contribution margin

Contribution margin in H2 improved 1.7ppt YoY driven by action taken to reset cost base and investment in productivity

Contribution Margin %



- Contribution margin is down -0.9ppt, driven by:
 - Effect of diseconomies of scale driven by lower demand YoY, particularly in H1
 - Investment in capability, particularly in health and safety and food safety quality
 - Input cost pressure in ingredients, labour and distribution costs, partially offset by price rises in My Food Bag and Made in July and Bargain Box in December
- Contribution margin in H2 improved 1.7ppt YoY due to reset fixed cost base and stabilising demand
- We continue to drive efficiency initiatives to offset the impact of inflationary pressure:
 - Leveraging implemented pick technology solutions at both our Christchurch and Auckland assembly centres
 - The consolidation of Auckland assembly centres into one site in September

Balance sheet remains strong

The business is well positioned to continue to reduce debt

Summary balance sheet (\$m)	FY24	FY23
Assets		
Cash and cash equivalents	0.2	0.2
Working capital assets	1.6	4.5
Property, plant, and equipment	8.0	7.9
Right-of-use assets	8.4	10.5
Intangible and other assets	86.0	85.5
Liabilities		
Bank overdraft	(0.5)	(4.0)
Working capital liabilities	(11.1)	(15.9)
Lease liabilities	(9.7)	(11.9)
Bank debt	(11.4)	(11.4)
Other liabilities	(6.9)	(7.4)
Equity	64.6	58.0

- Right-of-use assets and lease liabilities have decreased with the consolidation of Auckland assembly sites
- Net debt has reduced by -\$3.5m from FY23 with surplus cash being used to reduce debt
- Total debt facilities of \$30m in place
- The balance sheet is well positioned to execute on future growth opportunities

Free cash flow \$4.0m favourable YoY

Summary cash flow (\$m)	FY24	FY23
Net cash from operating activities	9.8	9.8
Lease principal payments	(2.5)	(2.6)
Capex	(3.8)	(7.7)
Free cash flow	3.5	(0.5)
EBITDA*	16.0	18.2
Lease payments	(3.0)	(3.2)
Pre-IFRS 16 EBITDA	13.0	15.0

Summary dividend payments	FY24 (\$m)	FY23 (\$m)	FY22 (\$m)	FY24 (\$cps)	FY23 (\$cps)	FY22 (\$cps)
Cash dividend	1.2	7.3	17.0	0.5	3.0	7.0
Imputation credits	0.5	2.8	6.4	0.2	1.2	2.7
Gross dividend	1.7	10.1	23.4	0.7	4.2	9.7
NPAT	6.0	7.9	20.0	2.5	3.2	8.3
Cash dividend payout ratio to NPAT	20%	92%	85%			

*EBITDA is a non-GAAP measure. A reconciliation from GAAP NPBT to non-GAAP EBITDA can be found in the appendices.

- Net cash from operating activities remains constant at \$9.8m in FY24, putting us in a strong position to reduce net debt and recommence payment of dividends to our shareholders in FY25
- Capex in FY24 was under \$4.0m and expected to reduce in FY25
- A final dividend for FY24 of 0.5 cps has been declared, fully imputed and to be paid in June 2024
- FY24 dividend payout ratio is lower than MFB's policy of distributing between 70-90% of NPAT to continue to reduce debt and preserve cashflow
- The Board expects to continue paying dividends in FY25

3 FY25

outlook



My Food Bag - match fit for the future

Strategically driving active customer growth by better suiting customers lifestyles

- Health and wellness, provenance, convenience, and ecommerce are enduring trends for customers, and we are well positioned across our portfolio of brands to capitalise on this
- We strongly believe there continues to be opportunity for further growth across our brands, demonstrated by Bargain Box deliveries growing 19.5% in FY24. We are confident of gaining a bigger share of our competitors' customer-base – meal kits and supermarkets – by reinforcing the value of our product offering
- Our philosophy is to invest in our brands for the health and growth of our business. We will do this through four key priority areas; further strengthening our brands, continuing to improve convenience, building a seamless customer experience and fuelling our offer with unique ready-made solutions
- These priority areas will be supported by reinforcing and building on our company culture, our community of Kiwi customers and our technology and data expertise

FY25 trading conditions and outlook

- Our FY25 strategy is focused on driving active customer growth by better suiting customers lifestyles now and in the future
- We have reset our cost base with an ongoing focus on productivity
- We are investing to strengthen our offer and brand awareness to grow active customers
- We are encouraged by the start to FY25, with the first 8 weeks of trading showing overall net sales and active customers (59,009) broadly in line with the prior year and our partnership with the New Zealand Olympic Team having been successfully launched
- Capex requirements are forecast to normalise to approximately \$3.0m - \$3.5m, supporting stronger cash flows
- The Board has declared a final FY24 dividend of 0.5 cents and expects to continue to pay dividends in FY25
- An update on FY25 trading will be provided at our ASM in August

4 APPENDICES



Statement of Comprehensive Income

Statement of Comprehensive Income (\$m)	FY24 Actual	FY23 Actual	YOY Movement %
Income	162.2	175.7	(7.7)%
Cost of Goods Sold	(83.6)	(90.7)	7.8%
Gross Margin	78.6	85.0	(7.5)%
Assembly and Distribution	(41.9)	(43.6)	3.9%
Contribution Margin	36.7	41.4	(11.2)%
Indirect Expenses	(20.7)	(23.2)	10.8%
EBITDA	16.0	18.2	(11.8)%
Depreciation and Amortisation	(5.4)	(5.7)	5.3%
EBIT	10.6	12.4	(14.5)%
Interest and Funding	(2.0)	(1.4)	(42.9)%
Net Profit Before Tax	8.6	11.0	(21.8)%
Income Tax Expense	(2.6)	(3.1)	16.1%
Net Profit After Tax and Comprehensive Income	6.0	7.9	(24.0)%

Reconciliation of GAAP to non-GAAP financials

Reconciliation of GAAP to non-GAAP financials (\$m)	FY24 Actual	FY23 Actual	YOY Movement %
Net Profit Before Tax	8.6	11.0	<i>(21.8)%</i>
Add Back:			
Depreciation and amortisation	5.4	5.7	5.3%
Net financing costs	2.0	1.4	<i>(42.9)%</i>
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	16.0	18.2	<i>(11.8)%</i>

THANK
you



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