

29 August 2024

## Me Today Ltd announces result for the Year Ended 30 June 2024

Me Today Limited (NZX: MEE) today announced its audited Group results for the year ended 30 June 2024.

The Group recorded revenue of \$5.03m and a loss after tax of \$11.28m. The operating EBITDA loss was \$4.48m after adding back non-recurring and non-cash items of \$6.8m relating to the King Honey business as explained further below. By comparison the operating EBITDA loss for FY23 was \$5.15m.

Gross revenue for the Group before the costs of marketing services provided by a customer was \$6.13m. This was split between the King Honey business at \$2.05m, Me Today branded sales of \$3.43m and agency services revenue at \$0.65m.

The Group has signalled previously it intended to sell the King Honey business; discussions are ongoing with one interested party which the board hopes to bring to a conclusion within the coming months.

The FY24 result and strategy of each business unit is described further below.

### Me Today and the Good Brand Company

The revenue and operating EBITDA for the Me Today brand in FY24 was as follows.

Gross revenue for Me Today and the agency business segments before the costs of marketing services provided by a customer was \$4.1m which was an increase of 21% on FY23 gross revenue of \$3.38m.

At operating EBITDA the loss for the brand and the agency business segments was \$1.5m which was a decrease of 39% on the loss of \$2.5m in FY23.

The improvement in operating EBITDA comes from the increase in revenue together with an effort to reduce costs and spend on the brand in a more targeted way. The strategy for FY25 is to continue to bring down the operating EBITDA loss whilst still investing in the brand.

The New Zealand market remains important to the strategy, a strong New Zealand business enables us to take the story of the brand offshore, it is also a market where we test strategy and Product Development.

As we advised earlier this month there has been an increased activity in the New Zealand market recently. The brand presence has been expanded through a new above-the-line marketing campaign which went live in June. The brand has launched a range of seven new premium supplements into New Zealand pharmacies. In October it will further expand its range by adding fourteen products across different formats which will see expanded shelf presence within the New Zealand pharmacy channel. We will continue to monitor this activity and consider the next steps as the new strategy rolls into the market.

Outside of New Zealand the near-term strategy will focus on Greater China, Southeast Asia, the USA and Australia.

## **Greater China**

The Me today brand will continue to work with its Chinese Partner to grow sales within the Greater China territory. The group sees this partnership providing the platform to accelerate growth for the brand in China and Internationally.

The engagement of the partner is high with daily interaction with the New Zealand based Me Today team. The Chinese partner has a detailed plan of further events and promotional activity for the brand over the next six months which is being supported and, in some case, executed by the Me Today team in New Zealand.

## **USA**

The strategy in the USA is threefold, across online, offline and social.

We have presence in offline traditional retail through Manuka Honey and Skincare. As we have advised previously, the Manuka Honey category is competitive, and price driven in the current environment.

Online sales are building through the traditional channels, and we continue to add online retailers into the customer mix. We are in early-stage discussions with our Chinese partner around looking to replicate the social media opportunity in the USA. Our partner has considerable experience in the channel in China and we are considering structures to take this model into other markets.

## **Southeast Asia and Australia**

Australia continues to be important given its proximity to New Zealand. As the NZ business grows leverage opportunities arise in Australia. We have been cautious about these opportunities to date but will look to invest more as the right opportunities present.

Our Chinese partner has also expressed interest in distributing Me Today products into SE Asia and we are in early-stage discussions around the appropriate business model to establish Me Today in these markets.

## **Other Markets**

Whilst not listed as focus markets we still have strong relationships in Japan, Ireland and the UAE and we will continue to work with our partners in those markets to grow the Me Today brand.

## **King Honey**

The revenue and operating EBITDA for the King Honey business in FY24 was as follows.

Revenue was \$2.1m which was a decrease of 65% on FY23 gross revenue of \$5.8m. The reasons for the reduction in revenue were as follows. The business made a decision not to sell bulk drum honey in FY24, sales from ABM were down in FY24, there were timing differences with orders shipping over July and August 2024 that were initially placed for June delivery.

At operating EBITDA the loss for the King honey business was \$1.8m which was an increase of 51% on the loss of \$1.3m in FY23. The business has carried out cost cutting, and the full impact of these

savings will not be seen until the FY25 year. The total King Honey segment loss was \$8.5m after deducting non-cash and non-recurring items of \$6.6m.

As stated previously the King Honey business has three separate strategies in place to grow the sales of manuka honey:

- **Access Corporate Group (ACG) and the BEE+ Brand**
- **Branded opportunity through Me Today and SuperLife**
- **Contract pack and OEM opportunities.**

King Honey continues to engage in the partnership with ACG in respect to the BEE+ brand. Michael Kerr and Antony Vriens attended the product launch for the new product that has been launched as part of the strategy to expand the BEE+ brand wider into the Wellness category. The launch event was held in Hangzhou in front of an audience of 500 people with an online reach into the millions. Over the coming months ACG are looking to add additional new products into this wellness range. King Honey is currently in discussions with ACG to finalize purchase orders for the remainder of this calendar year. Strategy discussions are ongoing with the next quarterly meeting with the ACG team scheduled for mid-October.

The most secure opportunity to create sales of Manuka Honey is through established brands. The manuka honey industry remains competitive, meaning a point of difference through brand is even more important. Outside of BEE+ the King Honey business has access to two brands in the group Me Today and SuperLife. Under the new operating structure post the restructure in March Me Today purchases manuka honey products for sale through its network. SuperLife sales are made direct from King Honey to SuperLife distributors.

King Honey continues to provide contract pack and OEM services to a number of customers. It receives regular inbound enquiry in this area. The focus of this customer is price, and King Honey will be price competitive whilst ensuring it can recover the carrying value of manuka honey inventory.

Alongside the activity to sell the business the group are in ongoing discussions with the lenders to the King Honey business in respect to the challenging trading conditions and King Honey will continue to review its overall cost structure. Both lenders to the business remain supportive at this time.

## **Full Year Results Further explained.**

**The key aspects of the Group's consolidated financial statements for the twelve months to 30 June 2024 are explained further below:**

- The operating EBITDA loss for the Group was \$4.48m (FY23 \$5.15m), split between the business divisions as follows.
  - The Me Today sale of goods and agency services segments combined operating EBITDA loss was \$1.53m compared to an operating EBITDA loss of \$2.52m for the 12 months ended 30 June 2023.
  - The King Honey segment operating EBITDA loss was \$1.85m compared to an operating EBITDA loss of \$1.2m for the 12 months ended 30 June 2023.
  - The listed company and shared services operating costs were \$1.1m compared to \$1.4m for the 12 months ended 30 June 2024.

Deducted from operating EBITDA were expenses amounting to \$6.80m resulting in a net loss after tax of \$11.28m.

The \$6.80m of expenses consisted of the following.

|   |         |
|---|---------|
| • Net finance Costs                           | \$0.72m |
| • Fair Value loss on Biological assets        | \$0.47m |
| • Depreciation and Amortisation               | \$0.47m |
| • Amortisation of Customer Relationship asset | \$0.54m |
| • Impairment of Customer Relationship asset   | \$3.45m |
| • Restructuring costs                         | \$0.36m |
| • Impairment of Right of Use Asset            | \$0.12m |
| • Loss on Disposal of fixed assets            | \$0.57m |
| • Other Costs                                 | \$0.10m |

Total Expenses deducted from operating EBITDA **\$6.80m**

Further explanation of these expenses is provided below.

○ **Amortisation and impairment of the Customer Relationship Asset**

As part of the review of the half year financial statements the directors completed a discounted cashflow valuation of the King Honey cash generating unit. Following the completion of this assessment the decision was taken to write down the intangible asset completely. The financial statements record an amortisation of the asset of \$0.54m and an impairment of \$3.45m. This position remains consistent at year end meaning that the value of the customer relationship asset is now recorded as zero in the financial statements.

○ **Closure of beekeeping**

The following costs have been incurred as a result of the decision to close the beekeeping operation.

- The reduction in hive numbers has resulted in a biological asset fair value loss of \$0.47m.
- Property, plant and equipment has been sold resulting in a loss on sale of \$0.57m
- Restructuring costs of \$0.36m have been incurred in relation to closing the beekeeping business and include commitments still to be paid.
- Impairment of the Right of use assets in relation to Beekeeping leases of \$0.12m

For further information, please contact:

Grant Baker  
Chairman, Me Today Limited  
021 729 800

Stephen Sinclair  
CEO, Me Today Limited  
021 330 053  
stephen@metoday.com