



FY22 Results

May 2022



Presenting *today*



Kevin Bowler
Chief Executive Officer



Mark Winter
Chief Financial Officer



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1 Executive *summary*



Delivered *the goods*



Delivered against the PFI. Revenue up by 1.7% to \$194.0m and pro forma EBITDA* up 18.1% to \$34.2m versus prior year



Built and successfully transitioned a new South Island factory to support future growth needs on-time and on-budget



Improved our customer offering to drive order frequency, launched recipe choice across our portfolio of brands and added enhanced functionality for customers to flex nights and upgrade recipes



Expanded into new categories with the Kitchen leveraging the My Food Bag platform to provide more solutions for customers



Grew the contribution margin to 27.2% while managing challenges from the macro-environment



Established the Soft-Plastics Recycling Programme to divert waste from landfill

* Pro forma EBITDA is a non-GAAP measure. It has been calculated on a consistent basis to the EBITDA measure presented in the FY22 PFI. A reconciliation from GAAP NPAT to non-GAAP Pro forma EBITDA can be found in the appendices.

Key highlights

REVENUE

\$194.0m

+1.7% vs prior year



**FY22 PFI
forecast
delivered**



**Kitchen offering expanded
driving Average Order Value**



Pro forma EBITDA*

\$34.2m

At a margin of 17.6%

FINAL DIVIDEND



4.0cps

Fully imputed, which, in addition to the interim dividend paid in 2021, brings the total dividends in respect of FY22 to 7.0 cps



**South
Island
factory
opened**

NPAT

\$20.0m

Up +19.8% vs prior year pro forma NPAT**



Enhanced customisation across brands



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** Pro forma NPAT is a non-GAAP measure that includes pro forma adjustments. These adjustments include adding incremental costs associated with running a listed company and removing the one-off transaction costs associated with the offer. A reconciliation from GAAP NPAT to non-GAAP pro forma EBITDA and pro forma NPAT can be found in the appendices.

2 Business
update



Delivered in a challenging year

Teamwork and personal commitment succeeded over uncertainty and disruption



- Our highest priority is always to keep our people and suppliers' teams safe and well
- COVID-19 preparedness reduced risk and disruption
- The outbreaks presented challenges to operating procedures, productivity, labour availability and increased health and safety costs
- We are well positioned to continue to manage these ongoing challenges



Joanne Mitchell
Chief Customer
Officer



Paul Kelly
Chief Supply Chain
Officer



Cassie Ormand
Head of People
and Culture

We have strengthened the Senior Leadership Team with the addition of Joanne Mitchell leading Marketing and Customer Love, Paul Kelly leading Supply Chain and Operations and Cassie Ormand as head of People and Culture

Our growth strategy

Focused on growth and improvement

Win in Meals



Energise meal kit category through winning brand portfolio



Establish leadership in ready-made meals

Expanding our Horizons



Expand the Kitchen



Extend into new categories

Enhancing our Strong Foundations



Culture & capability revitalisation



System and operational step change



Integrated ESG ambition

Our growth strategy

Focused on growth and improvement

Win in Meals



Energise meal kit category through winning brand portfolio

- A clear portfolio approach to differentiate brands with a clear mission
- Improving our personalisation and customisation options to add more value
- A relentless focus on improving the customer experience

Establish leadership in ready-made meals

- Extend menu choices into more meal occasions
- Strengthen margin while protecting and growing IP
- Exploring vertical integration opportunities

Expanding our Horizons



Expand the Kitchen

- Provide more solutions by accessing more meal occasions
- Extend the Kitchen range depth and breadth, fueled by the introduction of better picking technology

Extend into new categories

- The Kitchen allows us to introduce new categories, building a more logical connection for consumers between our existing products and new categories
- Continue to assess M&A options, targeting businesses that we can add value to

Our growth strategy

Focused on growth and improvement

Enhancing our Strong Foundations



Culture & capability revitalisation

- Recognising the workforce needs of the future, a reset of our approach to attracting, retaining and engaging talent



System and operational step change

- Transform our operating model by introducing picking technology that assures the scalability of the operation to meet future customer and business requirements
- Smooth transition to the new Christchurch factory
- Active management of key business risks



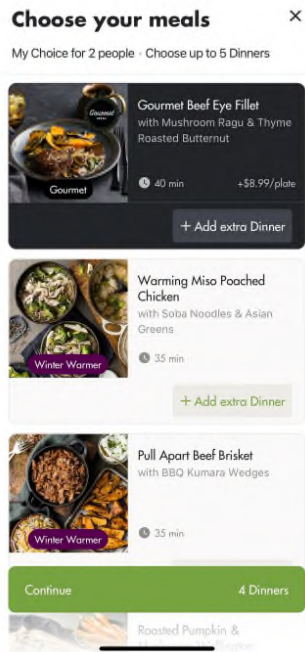
Integrated ESG ambition

- Further reduce our end-to-end carbon footprint
- Encourage better food choices by providing healthier options with a strong bias to local sourcing
- Continue to minimise food waste
- Encourage diversity across the business

Greater choice and flexibility for our customers

Strong launch of Gourmet upgrade driving higher Average Order Value (AOV)

- >85% of our customers are on a Choice offering which drives improved order frequency
- Choice provides the foundation for more flexibility for our customers



Our focus on **customisation features** has strengthened our AOV:

- *Gourmet Upgrade* allows customers to choose to upgrade one of their meals to a gourmet culinary experience. We've rolled this out across all brands
- *Weekly Flex* enables customers to flex the number of meals up each week to better meet their needs

5-10% of customers upgrading each week

~1000 customers a week using Weekly Flex



We're building a more **personalised experience** for our customers:

- Ability to select meal preferences to better meet customer dietary needs, protein and recipe style preferences, etc.
- Continued personalisation of our customer communications and journeys to improve efficiency and attachment rate

Expanding beyond meals

The My Food Bag Kitchen pilot has been a success driving strong AOV and attachment. The next phase is to scale the offering in FY23



Range expansion

>200 SKUs to date and growing

>80 items available weekly

10 categories

Available across meal kit portfolio



Awareness and attachment build

Weekly attachment rate 10% - 15%

AOV >\$20 (FY22 Q4)



Best in class customer experience

iOS app enhancement

CX, improving attachment



Automation commitment

Vendor selection process underway

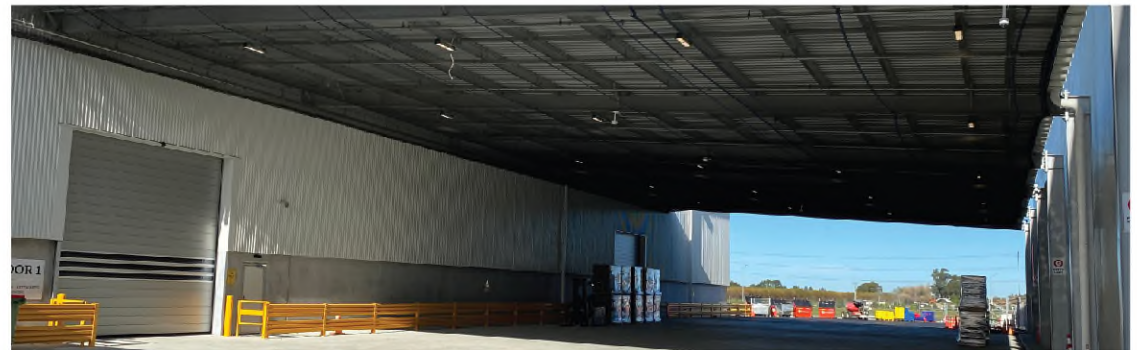
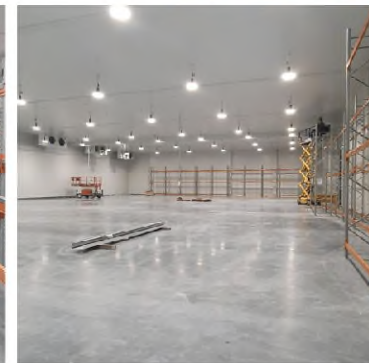
- Leverage our platform to access a greater total addressable market (TAM)
- The Kitchen is providing valuable insight into adjacent categories with favourable unit economics
- We continue to progress activity on adjacent categories for growth and verticalisation opportunities



Supply chain improvement

Continuing to improve our operating footprint and supply chain model

- Purpose-built South Island factory fully operational, completed April 2022 on-time and on-budget
- Footprint to support growth needs including scaling of the My Food Bag Kitchen and vertical integration
- Committed to greater automation of pick technology across all factory sites which will improve productivity and customer experience. Vendor selection process underway



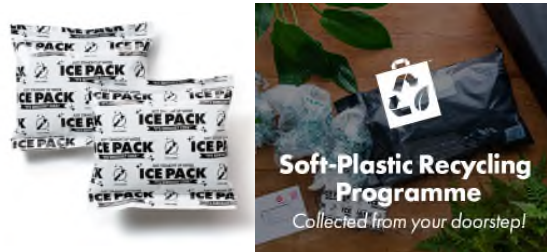
Creating a better way to shop and eat by prioritising ESG



Packaging

We are committed to using the minimum amount of the most sustainable packaging we can, to keep food safe and fresh for our customers. Examples include:

- ~80% of our ingredients by value are delivered to our factories in reusable crates
- We use 100% compostable and biodegradable wool insulation to keep our ingredients fresh and chilled in transit
- Our cardboard boxes are made from forest stewardship council (FSC) certified 47% recycled cardboard and all our paper printing comes from FSC-certified pulp
- First to use 100% water in our ice packs instead of the gel still found in many chiller packs



Environment

We aspire for our meal-kits to be the most climate-friendly way to shop and eat:

- 98% of our fresh meat and produce is proudly locally sourced close to our North Island and South Island factories, greatly reducing transport emissions
- Through careful planning, management and partnership, we are a near-zero food waste company
- Research shows meal kits to be as much as 33% more greenhouse-gas efficient than supermarket-bought meals because of reduced wastage in our supply chain*

* Source: Scientific Journal Resources, Conservation and Recycling (USA, 2019)

Creating a better way to shop and eat by prioritising ESG



Healthier Communities

We passionately believe that cooking and eating together helps build stronger, healthier families and communities.

- Supporting families in need by working with Kiwi Harvest and City Missions across the country
- Introduced a partnership with Heart Foundation NZ aimed at making it easier for Kiwis to choose to eat for a healthier heart
- My Food Bag's motto "Work Safe, Home Safe" is frequently referenced as a reminder for our team to take all steps to work safely, so that they go home to their families safely



Food and Sourcing

We strive to build uncompromisingly high food safety standards and a transparent supply chain, with an emphasis on local sourcing and our Approved Supplier Programme

- Maintaining our sourcing of fresh produce and protein at 98% local. This is important in reducing food miles as well as connecting our customers to the food on their plate
- We source 100% free range product for all our recipes
- Operating under a National Level 3 Food Safety Programme, compliant with the Food Act 2014
- Requiring our suppliers to uphold our expectations, codes and standards of supplying quality and safe food

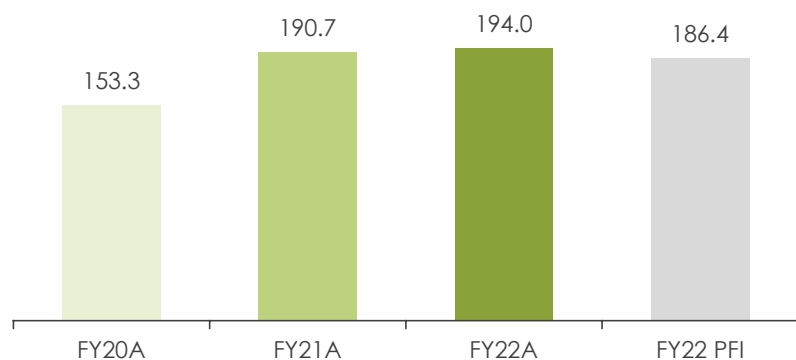
3 Financial *overview*



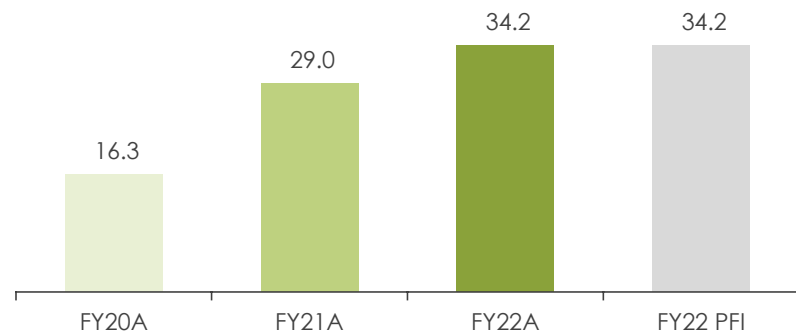
Summary financial performance

Year-on-year Pro forma EBITDA* growth of +18.1% and revenue growth of +1.7%, delivers a strong FY22 financial performance

Revenue \$m



EBITDA* \$m



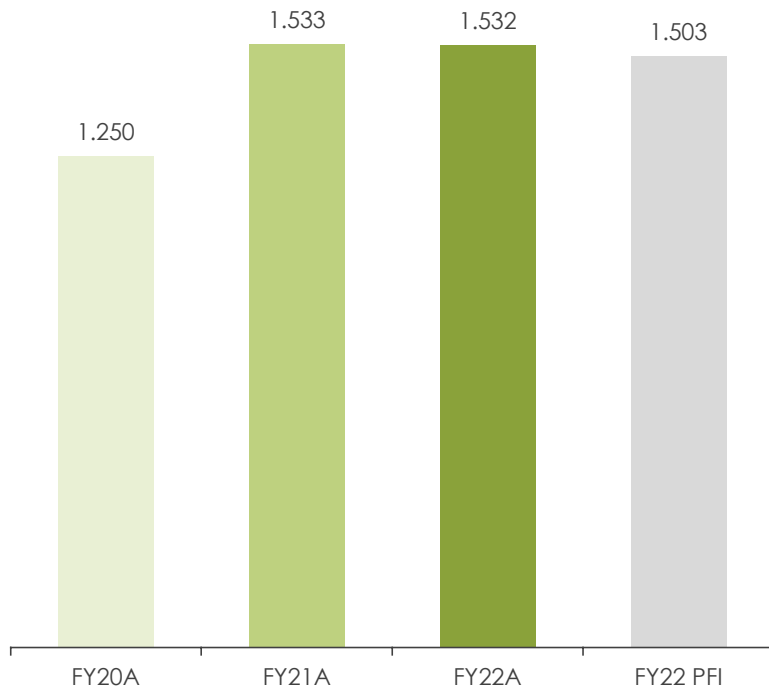
- Strong FY22 revenue performance of +1.7% vs prior year and +4.1% vs PFI
- Product innovation and upweighted marketing has improved frequency and grown AOV
- Contribution margin expansion through delivery of improved procurement outcomes
- Pro forma EBITDA* of \$34.2m which represents growth of +\$5.2m vs prior year (+18.1%)
- Strong cashflow enabling 4.0 cents per share fully imputed final dividend to be paid (full year FY22 7.0 cps)

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Strong deliveries performance

Underpinned by strong frequency, deliveries remain strong year-on-year

Deliveries (000's)

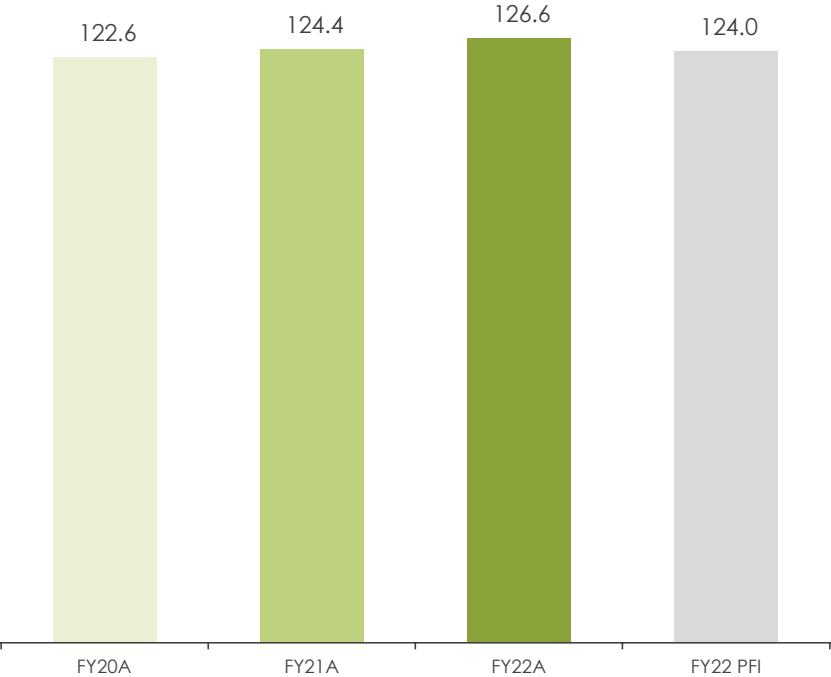


- Deliveries of 1,532k in line with FY21, and ahead of PFI, consolidated step-change in performance from FY20
- Achieved a strong H2 FY22 deliveries performance up +6% vs H2 FY21
- This reflects the strength of our product innovation rolling out recipe choice across the portfolio and our continued focus on improving the order frequency across our customer base

Improving AOV to drive revenue growth

Average order value continues to grow year-on-year

Average order value (\$)



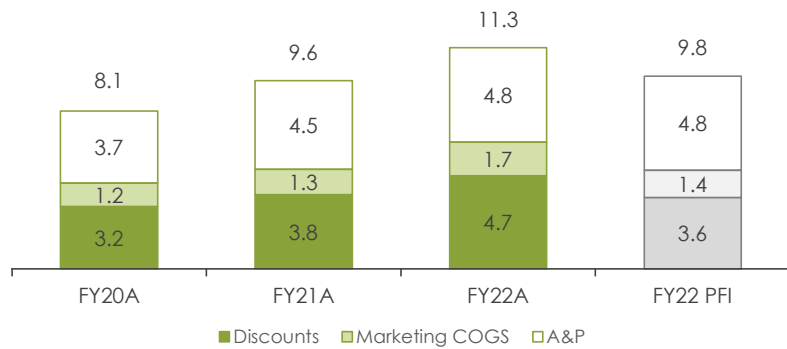
AOV of \$126.6 for FY22 +\$2.23 year-on-year and ahead of PFI reflects:

- Successful rollout of the My Food Bag Kitchen pilot across the portfolio and extension of range
- Stronger Fresh Start choice performance
- Successful implementation of selected price increases
- Delivery of customisation and personalisation initiatives

Marketing investment to drive revenue growth

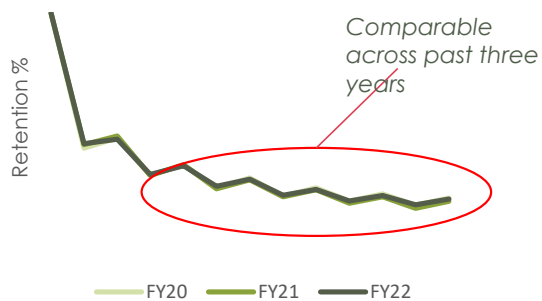
Increased marketing investment in new customer offers (recipe choice and customisation) delivered improved order frequency

Marketing spend (\$m)

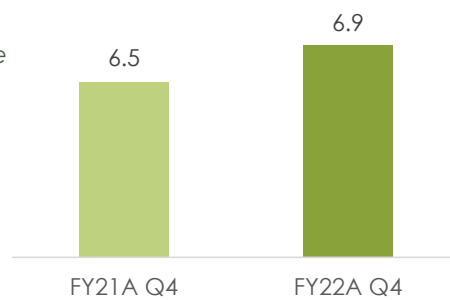


- Increased marketing spend aligned to launches of Bargain Box and Fresh Start recipe choice offers
- Upweighted promotional incentives to engage lapsed customers (reactivation) with stronger order frequency through multi-week offers.

Retention profile of acquired and reactivated customers



13-week frequency retained customers

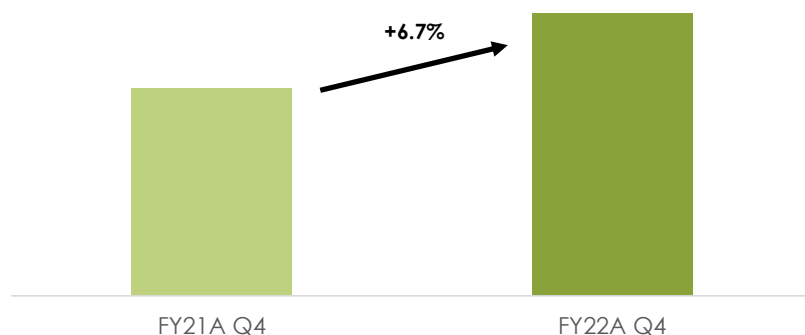


- FY22 acquired and reactivated customer cohort has been retained at comparable levels to historic cohorts
- Strong retention of customers with increasing order frequency and AOV
- If total marketing spend was to be only applied to acquisition the associated payback would be ~8 months in FY22

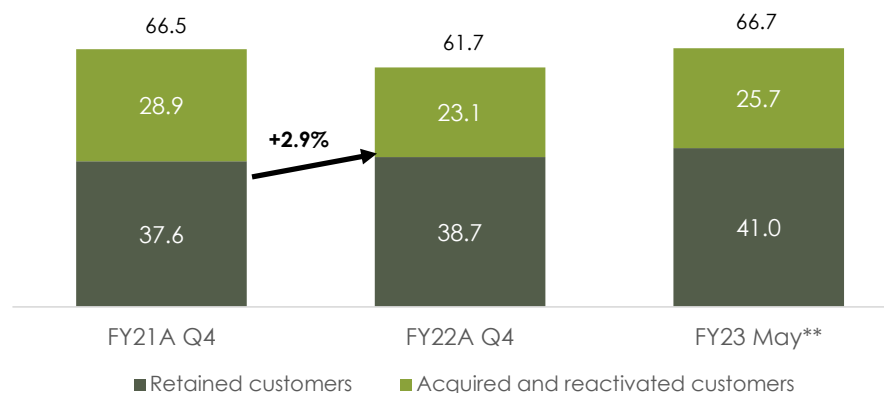
High value customers continue to grow

Focus on retained customers growth and strong conversion into high value customers*

High Value Customers*



Total active customers split (000's)



- Improved customer offers (recipe choice and customisation) have improved retention and driven stronger order frequency
- Conversion of active customers into the high value customer cohort remains strong, with this group growing +6.7% year-on-year
- Active customers in Q2 and Q3 were strong, up year-on-year +3.8% and +1.5% respectively
- Less focus on acquisition and reactivation during Q4 given supply chain uncertainty arising from Omicron. FY22 Q4 marketing spend down ~10% versus prior year
- Active Customers have expectedly increased in May to over 66,700 with continued growth driven from planned activity and seasonal routine

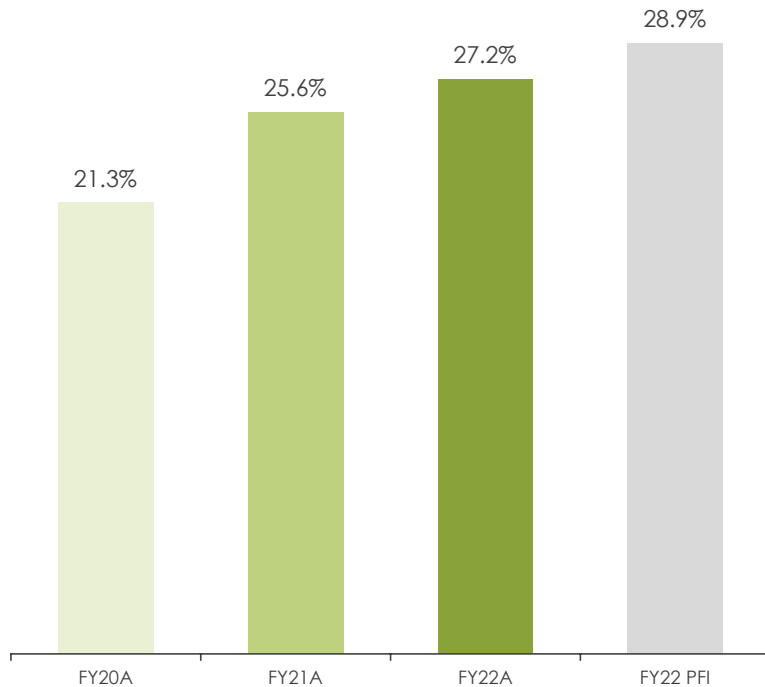
* High value active customers are defined as customers who have taken at least 20 deliveries in the previous 12 months

** Measured at 18th May 2022

Strong growth in contribution margin continues

Well positioned to maintain contribution margin while navigating the ongoing uncertain macro-environment

Contribution Margin %



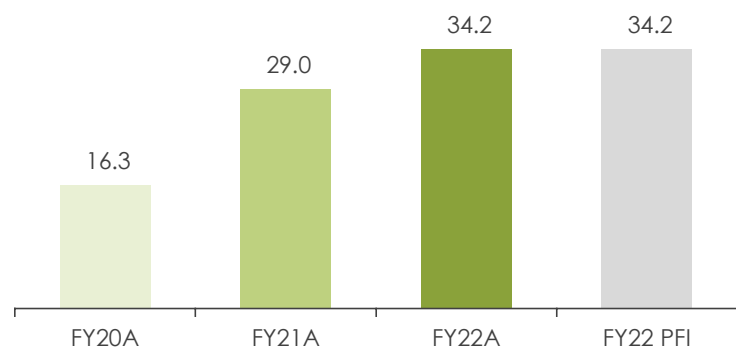
- Contribution margin improvement of +1.6 percentage points year-on-year, largely driven by improved procurement outcomes
- In FY22 we mitigated a number of macro-environment challenges:
 - Input cost inflation - selected price increases, tight cost management
 - Labour availability and uncertainty (Delta and Omicron) led to lower productivity - business simplification and micro-management, particularly in Q4
 - Supply chain and logistics disruption - worked closely with our suppliers adjusting our offer as required
- Assembly and distribution costs were 22.1% which was 0.9 percentage points higher year-on-year and 1.1 percentage points versus the PFI
- Produce supply agreement renewed in March 2022 for two-years
- Well positioned to maintain contribution margin while navigating macro-environment challenges, such as inflation, labour availability and supply chain pressures

*Contribution margin is a non-GAAP measure defined as revenue less cost of goods sold (including free marketing goods) less direct costs (assembly and distribution expenses).

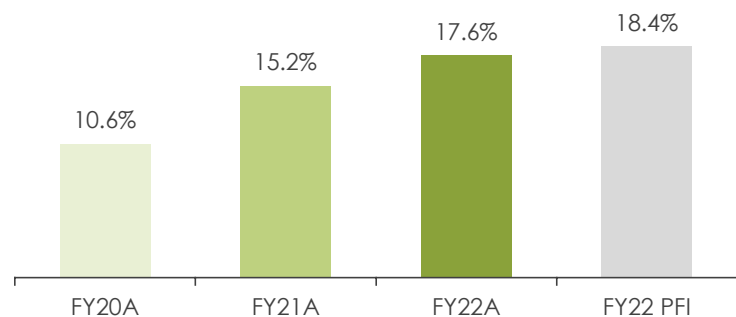
EBITDA* of \$34.2m demonstrates continued growth and delivery of PFI

Strong earnings trajectory continues

EBITDA* (\$m)



EBITDA* margin %



- Achievement of FY22 PFI forecast
- Overheads favourable driven by cost management and non-achievement of management incentives hurdles
- Pro forma EBITDA* of \$34.2m which represented growth of \$5.2m versus prior year (+18.1%), driven by:
 - Strong revenue performance underpinned by strength of our retained customer base who have demonstrated stronger order frequency and improved AOV
 - Continued margin growth demonstrating significant operating leverage, despite cost pressure
- EBITDA* margin % of 17.6% down by 0.8 percentage points vs PFI as a result of input cost inflation

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Balance sheet is well positioned for growth opportunities

Asset light business model and conservative gearing position the business well for further reinvestment in growth initiatives

Summary balance sheet (\$m)	FY22	FY21
Assets		
Cash and cash equivalents	5.9	1.6
Working capital assets	5.0	3.9
Property, plant, and equipment	9.6	11.7
Intangible + other assets	85.1	85.2
Liabilities		
Working capital liabilities	(17.0)	(14.8)
Lease liabilities	(7.6)	(10.0)
Bank debt	(3.4)	(15.9)
Other liabilities	(10.9)	(7.5)
Equity	66.9	54.2

- Negative working capital position
- A total facility of \$40m (until March 2024)
- Net cash position reflects strong operating cashflow in the period
- Continued capex investment to maintain growth
- The balance sheet is well positioned to execute on future growth opportunities
- The Board will continue to evaluate capital management opportunities

Cash generative nature supports dividend payment

Negative working capital position, coupled with an asset light business model underpins strong cash flow generation

Summary cash flow (\$m)	FY22	FY21
Net cash from operating activities	29.5	23.8
Lease principal payments	(2.6)	(2.2)
Capex	(2.8)	(2.7)
Free cash flow	24.1	18.9
Pro forma EBITDA*	34.2	29.0
Lease payments	(2.9)	(2.6)
Pre-IFRS 16 EBITDA*	31.3	26.4
Pre-IFRS 16 cash flow conversion %	77%	72%

- Strong profitability driving cash flow from operations
- Final dividend of 4.0 cents per share declared, fully imputed and to be paid on 16 June 2022.
- Dividend represents ~85% of NPAT, within policy range of 70 - 90%
- Allows for sufficient retained cash to fund growth requirements internally
- Dividend yield ratio of 12.2%**

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** Dividend yield ratio calculated using an annual dividend of 7.0 cents per share and a share price of \$0.80 per share (as at 16 May 2022).

4 FY23
outlook



FY23 Outlook

We are well positioned to navigate the continued uncertainty in FY23 including inflation, labour availability and supply chain pressures

-  Portfolio of brands and flexible features to meet anticipated changes in the trading environment
-  Successful pilot of the Kitchen provides basis for further range expansion
-  Supply chain improvements and price recovery to counter inflationary environment
-  Strong balance sheet to invest in operational improvements and pursue M&A opportunities

Further guidance is expected to be provided at the ASM in August

5 Q&A



6 Appendices



Statement of Comprehensive Income

	FY22	FY22	FY21
Consolidated Statement of Comprehensive Income (\$m)	Actual	PFI	Actual
Income	194.0	186.4	190.7
Cost of Goods Sold	(98.5)	(93.6)	(101.6)
Gross Profit	95.5	92.8	89.1
Assembly and Distribution	(42.8)	(39.0)	(40.3)
Contribution Margin	52.7	53.8	48.8
Indirect Expenses	(18.5)	(19.6)	(19.2)
Other income & expenses	-		(14.1)
EBITDA	34.2	34.2	15.3
Depreciation and Amortisation	(5.4)	(5.3)	(4.8)
EBIT	28.8	28.9	10.7
Interest and Funding	(1.0)	(1.1)	(1.7)
Net Profit Before Tax	27.8	27.9	9.0
Income Tax Expense	(7.8)	(7.8)	(6.5)
Net Profit After Tax and Comprehensive Income	20.0	20.1	2.4

Reconciliation between GAAP and pro forma financials

	FY22	FY22	FY21
Reconciliation of non-GAAP to GAAP financials (\$m)	Actual	PFI	Actual
Net Profit After Tax	20.0	20.1	2.4
Add Back:			
Depreciation and amortisation	5.1	5.0	4.6
Net financing costs	1.0	1.1	1.7
Income tax expense	7.8	7.8	6.5
EBITDA	34.0	34.0	15.3
Pro forma adjustments:			
SaaS accounting policy adjustment	0.3	0.3	0.2
Offer costs	-	-	14.1
Listed company costs	-	-	(0.6)
Pro forma EBITDA	34.2	34.2	29.0
Deduct:			
Depreciation, amortisation and impairment			(4.6)
Net financing costs			(1.7)
Income tax expense / (income)			(6.5)
Pro forma adjustments:			
SaaS accounting policy adjustment			(0.2)
Listed company capital structure (interest and funding)			0.9
Tax impact			(0.1)
Pro forma NPAT			16.7

Thank
you



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