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My Food Bag Releases FY23 Financial Results

- Revenue of \$175.7 million, down 9.4% compared to FY22
- EBITDA¹ of \$18.2 million, compared to \$34.0 million in FY22
- NPAT of \$7.9 million, compared to \$20.0 million in FY22
- NZ's most affordable meal kit, Bargain Box, grew active customers² by 12% year-on-year
- Transformational investment in automated pick technology rolled out at assembly centres
- Cost reduction initiatives implemented to ensure alignment with current demand

Subscription-based meal kit and food solutions business, My Food Bag Group Limited, today reported EBITDA of \$18.2 million for the twelve months to 31 March 2023 (FY23), in line with the trading update provided to the market in February 2023.

FY23 ingredient margin was 48.4%, down slightly on 49.3% in FY22. This is an extremely strong result given food prices rose 12.1% in New Zealand during the year ending March 2023, and was achieved without compromising customer value.

Responding to economic conditions

Tony Carter, Chairman of My Food Bag, says the business has navigated a challenging year driven by the changing economic environment.

"Inflationary pressure on households and low consumer confidence have resulted in subdued demand, driving diseconomies of scale within the business.

"As a result, we have undertaken a reset of our business spanning our leadership, supply chain and brand positioning, all focused on strengthening My Food Bag to deliver.

"Our investment in pick technology, initiatives to increase choice, flexibility, customisation and value for customers, and our focus on cost, will drive performance in FY24 and will position us for further growth into the future," says Carter.

My Food Bag's free cash flow was impacted in FY23 by the subdued demand seen, as well as strategic investment in pick technology and some one-off costs. Given this, the Board has taken the prudent approach not to pay a final dividend for the FY23 year. The interim cash dividend for FY23 of 3.0 cents per share represents a pay-out of \$7.3 million.

"We expect to see free cash flow strengthen over FY24 and to resume dividend payments in the coming year," says Carter.

¹ EBITDA (earnings before interest, tax, depreciation and amortisation) is a non-GAAP measure. A reconciliation from GAAP NPBT to non-GAAP EBITDA can be found in the FY23 Annual Report.

² Active customers are customers that have taken at least one delivery in the 13 weeks prior.



Business highlights

Mark Winter, CEO of My Food Bag, says: “While we have seen some softening of demand in FY23 across the business, we’ve invested in Bargain Box to support growth. As New Zealand’s most affordable meal kit, it is well placed to grow during current economic conditions. During FY23, Bargain Box active customers grew by 12%, and overall deliveries grew by 2% year-on-year.”

In addition to a focus on Bargain Box, we continue to drive performance across all our consumer brands and the company delivered in excess of 15.8 million meals across the year at an average order value of \$130.11, up 2.7% on \$126.63 in FY22.

During the year, My Food Bag also made a transformational investment in automated pick technology to unlock growth. This proven technology enables a vast improvement in customer choice, productivity, and quality.

The technology is expected to underpin significant simplification of operating processes, unlocking productivity and cost efficiencies in FY24 and beyond.

Alongside the pick technology, the business implemented other initiatives to reduce costs in FY24 and beyond.

“We’ve reviewed and adjusted our costs to ensure they are aligned with current levels of demand. This has included reducing the number of people across our non-operational team by approximately 10% and commencing the delisting process from the ASX to reduce compliance costs, given the poor liquidity seen.

“This will be an ongoing focus for us, and we will continue to review and reduce costs where prudent,” says Winter.

Outlook

Winter says he is confident the changes the business has made means it can deliver during these times.

“We have adapted, and will continue to adapt, our business for the current climate, ensuring our ability to deliver and perform now, as well as continuing to strengthen our position. We are a profitable business with a strong brand and customer offer. In FY24 our intent is to stabilise sales and execute a disciplined plan to deliver sustainable active customer growth, focused on driving our portfolio of brands, growing choice and flexibility, as well as operational efficiencies.

“We look forward to FY24 where we can demonstrate the strength of the business – with a focus on leveraging our deep understanding of Kiwis’ needs, our digital platform and our nationwide supply chain to grow demand,” says Winter.

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