FY23 *results*

MY FOOD BAG

19 MAY 2023

PRESENTING *today*

Mark Winter
Chief Executive Officer

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Chief Financial Officer

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YEAR IN *review*

REVENUE

$175.7m

Down 9.4% YoY

EBITDA*

$18.2m

With a contribution margin of 23.5%

NPAT

$7.9m

Down from $20.0m in FY22

AOV

$130.11

Up 2.7% YoY

GROSS MARGIN %

48.4%

Compared to 49.3% in FY22

ACTIVE CUSTOMERS

57.5k

Compared to 61.7k in FY22

TOTAL DIVIDEND**

3.0cps

Fully Imputed

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

** 3.0 cents per share dividend was the interim dividend paid in December 2022 and that no final dividend has been declared for FY23; Yield Based on share price as at 31 March of $0.23.

YEAR IN *review*

- Implementation of pick technology driving better customer experience and productivity
- Increased choice offering across all brands, including variety and number of recipes
- Bargain Box growth, with active customers up 12% YoY
- Expanded Kitchen offering driving up average order value
- Introduction of the Coola Box to improve recyclability and customer experience
- Culture and capability investment improving retention and building knowledge

1 BUSINESS *update*

Adapting for the current economic environment

We have navigated a challenging year for the business but are confident in our position to perform well going forward

- Current economic environment and inflationary pressures have presented challenges for the business, and we have adapted to ensure we will deliver during a tougher 2023
- We are confident that the business is in a strong position to perform well going forward
- Reviewed our cost base to ensure it is right-sized for current levels of demand
- Driving Bargain Box as our most affordable meal kit
- Greater flexibility, including choice, across the portfolio to drive value for the customer
- Implementation of pick technology delivers labour efficiency and improved customer experience through quality and increased choice

Focused on initiatives to grow active customers

Underpinned by productivity throughout the business

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

Growing awareness of Bargain Box affordability

1. Highlight comparison to supermarket
2. Price freeze for six months to provide consumer certainty

Deliver flexibility

1. Expand recipe choice
2. Launch preferences and filters enhancing the user journey

Re-invigorate Fresh Start

1. Sharper messaging around goal-based solution
2. New website/customer journey
3. Increased recipe choice

Expand the Kitchen

1. Expand SKU range available
2. Continue to test and learn with new categories

Productivity to drive growth

Bargain Box affordability continues to be a competitive edge in the inflationary environment

We have continued to leverage our brand portfolio with a focus of awareness and value of Bargain Box

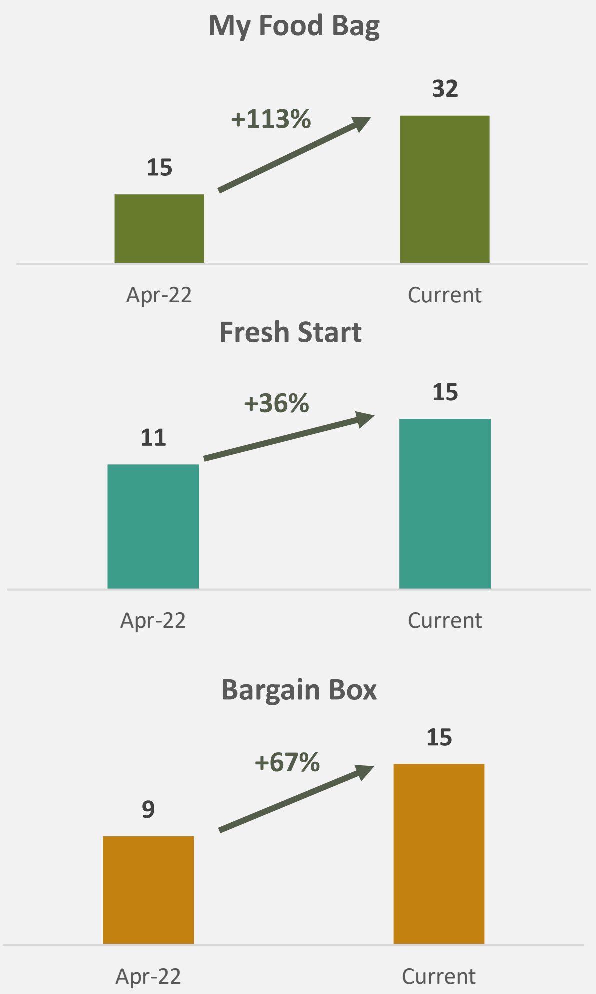
- **Active customers are up YoY 12%**
- **Upweighted media spend in Q4** to drive affordability message has seen Bargain Box growth of 5% on the same quarter in FY22
- **Strengthened the affordability message** with compelling results from a comparison to supermarket pricing, in addition a commitment to a **price freeze** on Bargain Box for six months
- **Increased recipes in the Bargain Box** range including some at a surcharge improving AOV

Enhanced customer experience with increased recipe choice

Pick technology enabling increased choice, coupled with recipe innovation and digital enhancements, a platform for growth

Pick Technology implementation delivers a platform for innovation without added operational complexity

Recipe option expansion across all brands



Using this capability along with **recipe development** with added variety and an **enhanced digital journey** drive all revenue growth levers

FREQUENCY

- More choice for customers to increase menu conversion
- Enhanced digital journey with preferences and filters to make choosing easier

AOV GROWTH

- A more sophisticated pricing architecture to deliver value through customisation including surcharges on more premium recipes and use of additions to meals
- The Kitchen expansion increasing attachment and basket size

NEW CUSTOMERS

- Capacity to grow range to target new food preferences and meal occasions targeting new customer groups

Supply chain optimisation

Pick technology has been implemented unlocking productivity opportunities, a better customer experience and capacity for growth

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

- New pick technology has been implemented across Auckland and Christchurch sites. This includes the utilisaton of software to enable efficient ingredient-level picking (compared to recipe-level) with automated prompts to make picking very clear and simple. This drives:
    - productivity savings in labour, customer credits and wastage
    - enhanced customer experience
    - expansion of choice and kitchen offering without added complexity
- Custom-built site in Christchurch operational since April 2022 and efficiencies being realised
- Investment in food safety quality and health and safety including improved people capability and systems

Pick technology has enabled a better customer experience

Reduced picking and quality issues ~30% improvement seen since implementation of the technology

Dynamic packaging solution allows for more appropriate box sizing

Improved NPS results from customers receiving boxes packed with pick technology

Right-sizing of the cost base

Review of our fixed cost base to ensure efficiency and reduce cost

We have reviewed our fixed cost base and removed cost across the business to match our current demand profile, we expect to see the benefits in FY24

- Completed a restructure of our non-operational team in March 2023, resulting in the number of people across this group reducing by approximately 10%
- The implementation of pick technology in the last quarter of 2023 is delivering both labour efficiency at production sites, as well as improved customer experience and the benefits this brings (such as higher retention and reduced customer credits)
- Corporate overhead review including delisting from the ASX, right-sizing our lending facilities, and pause on ESOS scheme
- We don't anticipate increasing marketing spend in FY24 and have a strong focus on strengthening marketing efficiency

Full review undertaken, and we will continue to manage and reduce costs where prudent

Building capability and revitalising culture

Strengthening retention and capability of our staff

RAISING THE BAR

Investment in learning and development

- Identifying and hiring necessary expertise to realise our strategy
- Leadership development programme "Raising the Bar"
- Operations programme "Going for Gold" to increase literacy and numeracy

Culture revitalisation to underpin key strategic objectives

The "Secret Sauce" is the 'how' we work, with three 'ingredients' or values being ambition, customer and teamwork

- Rituals to be purposeful and deliberate to incorporate the values
- Collaborative development process involved two-thirds of employees
- Won HRNZ award for Organisational Change and Development

Advancing diversity and inclusion

- Committed to publicly reporting gender pay gaps on the Mind the Gap registry
- Full details of our parental leave policy included on The New Zealand Parental Leave Register through Crayon

Creating a better way to shop and eat by prioritising ESG

	BETTER PACKAGING	BETTER FOR THE ENVIRONMENT	BETTER FOR OUR PEOPLE & THE COMMUNITY	BETTER, SAFER FOOD
Key Initiatives FY23	Launched the **Coola Box** insulation and avoided the use of 15t of soft plastic	Continuing our carbon reduction journey with the purchase of our first **electric delivery van**	Continued our support of **Garden to Table** with $44k raised in FY23	Continued to **buy local** with 98% fresh produce & protein sourced locally and a strong focus on local suppliers in the Kitchen
	Dynamic Cartonisation Project to ensure the optimum amount of packaging per delivery is used	Commenced measurement of our carbon footprint and the development of our **Carbon Action Plan**	Supported those affected by the **Auckland Floods & Cyclone Gabrielle** by donating boxes to those in need and donating the proceeds from our Love Local Veggie Box to the Red Cross	Refreshed our **Approved Supplier Programme** to improve quality expectations and broader ethical standards

2 FINANCIAL *overview*

Challenging market conditions have driven lower deliveries

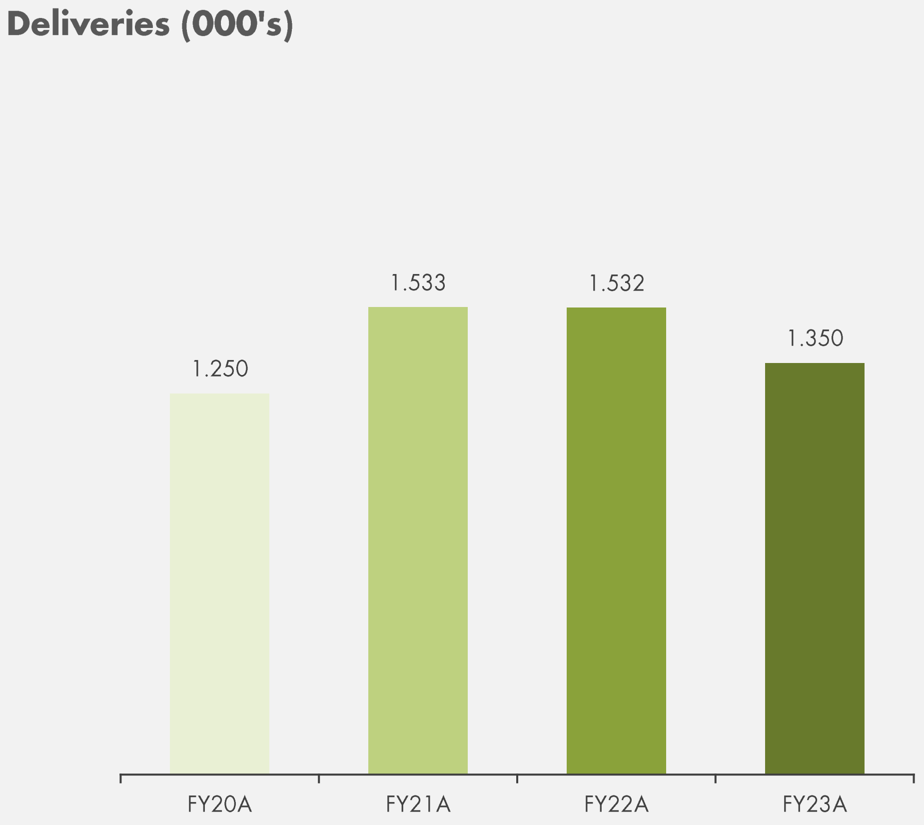
Disproportionate impact on EBITDA due to diseconomies of scale

Key Metrics Overview	FY23	FY22	YoY Movement %	FY21	FY20
Deliveries ('000)	1,350	1,532	*-11.8%*	1,533	1,250
AOV	$ 130.11	$ 126.63	*2.7%*	$ 124.40	$ 122.61
Revenue $m	175.7	194.0	*-9.4%*	190.7	153.3
Gross Margin $m	85.0	95.5	*-11.1%*	89.2	66.0
Gross Margin %	48.4%	49.3%	*-0.9ppt*	46.8%	43.0%
Contribution Margin $	41.4	52.7	*-21.5%*	48.8	32.7
Contribution Margin %	23.5%	27.2%	*-3.6ppt*	25.6%	21.3%
EBITDA $m	18.2	34.0	*-46.5%*	28.8	16.3
NPAT $m	7.9	20.0	*-60.8%*	2.4	8.2

- Lower active customers and retention have impacted deliveries and EBITDA
- Inflationary pressure felt throughout the supply chain including raw materials, labour, and fuel costs. This has been partially offset price adjustments early in the year
- Increased investment in marketing to build awareness of strong value proposition, particularly for Bargain Box
- Investment in initiatives to improve productivity and provide a platform for growth, have contributed to higher overhead cost in FY23

Deliveries performance

Deliveries down 11.8%, continued strength in Bargain Box up 1.6% versus FY22

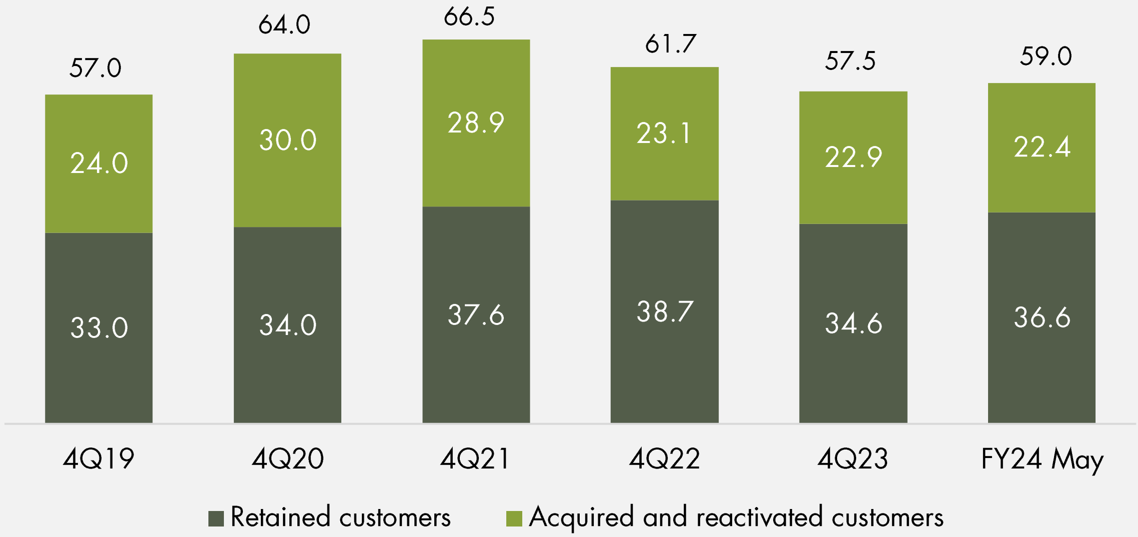


- Deliveries of 1.35m down 11.8% on FY22
  - Inflationary pressure on households and low consumer confidence resulting in more subdued demand
  - Disruptive Q4 with customers out of routine drove a slower return following the Christmas break
  - Slower start to FY23 due to Omicron disruption in February to April 2022
- Bargain Box deliveries up 1.6% YoY driven by combination of strong conversion of in-market offers and some migration from the My Food Bag brand
  - We continue to see the strength of having differentiated brands, with a focus on retaining customers within our portfolio

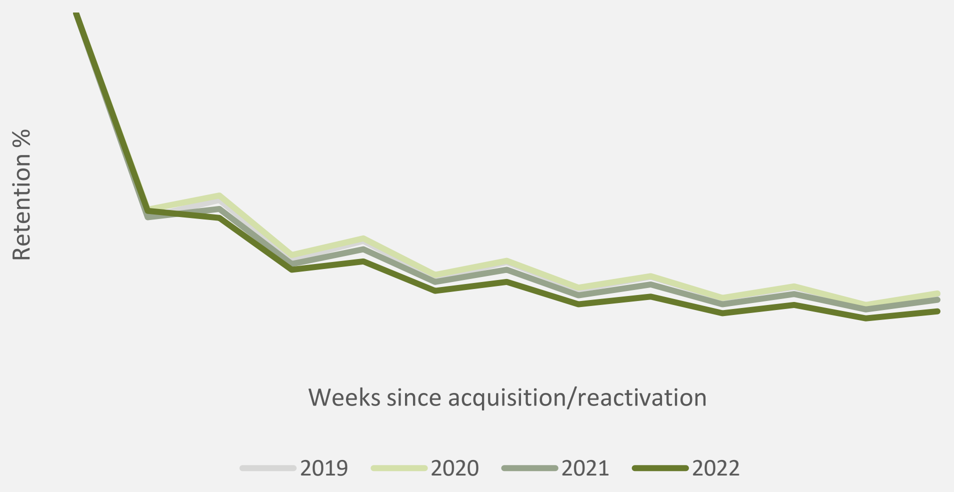
Focus on sustainable active customer growth

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

Total active customers split (000's)



Retention profile of acquired and reactivated customers



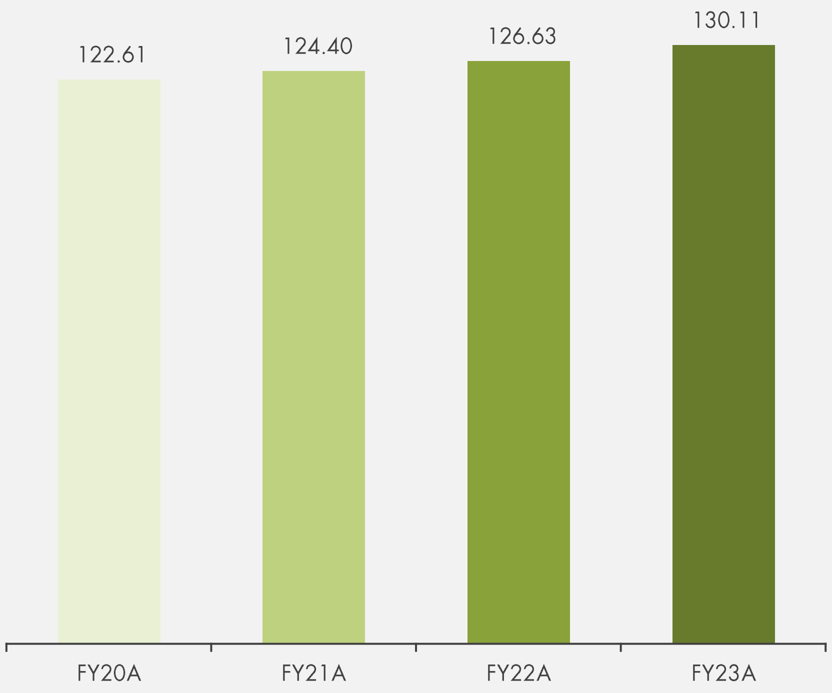
- FY23 retention was lower than historic trends primarily driven by activity in H1 that saw strong uptake. Focus in H2 on more sustainable customer growth and retention. Q4 acquisition and reactivation cohorts are ~5% better frequency than the same quarter of FY22. This has been driven by investment in multi-week offers and utilisation of segmentation analysis for better cohort targeting
- High value customers* remain the primary driver of revenue making up 60% of deliveries. Whilst we have seen some softening in this customer group, growing this cohort remains a key focus of sustainable active customer growth
- Increased A&P investment to build brand awareness for long-term growth with differentiated brands particularly on Bargain Box which has comparatively low awareness

Active Customers are defined as number of unqique customers purchased in the last 13 weeks
*High value active customers are defined as customers who have taken at least 20 deliveries in the previous 12 months

Strong uplift in average order value in FY23

The My Food Bag Kitchen is a key driver of increased Average Order Value

Average order value ($)



Average order value was $130.11, up 2.7% on FY22 driven by:

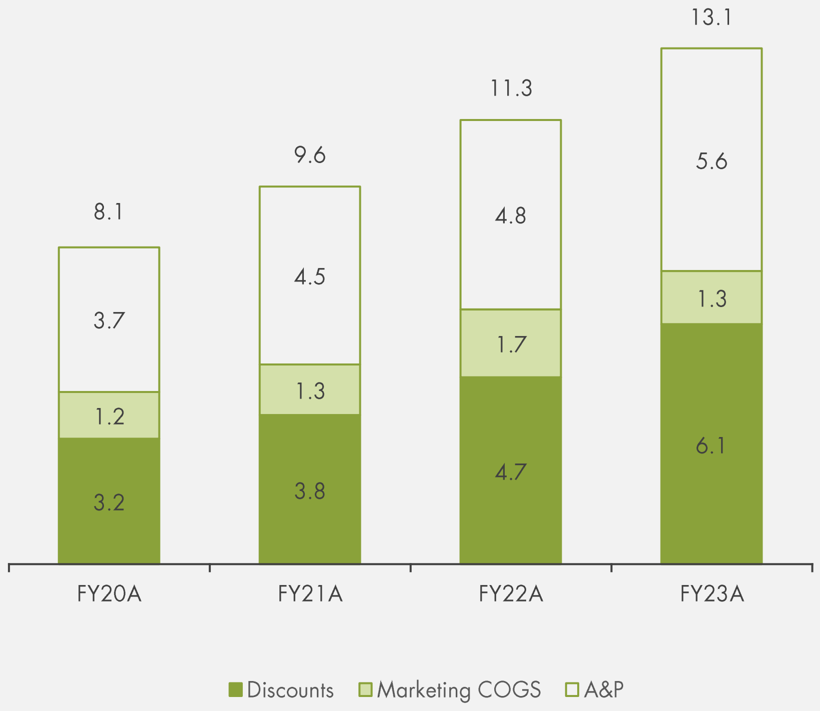
- Introduction, and continued growth, of the My Food Bag Kitchen offering
- Introduction of surcharge meals across all brands at a range of price points
- Price increases to offset input cost pressure
- Consistent operating service levels requiring lower compensation to customers
- Pick technology enables further opportunities to increase AOV

This uplift has been slightly offset by:

- higher indexing to Bargain Box
- Increased discount spend to drive active customers in H1, and with multi-week discounts used in Q4 to drive frequency

Marketing spend upweighted to drive awareness

Marketing spend ($m)

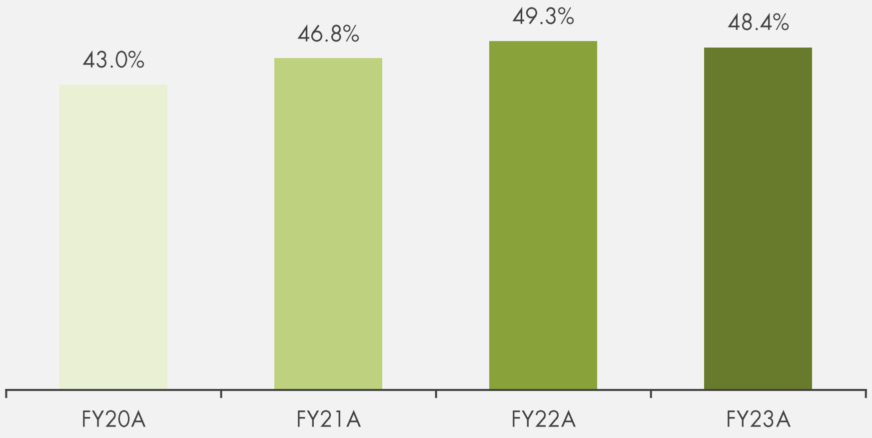


- Marketing spend was upweighted in FY23 with a focus on brand differentiation and driving awareness on Bargain Box
  - Bargain Box has seen good response to marketing activity with higher site conversion
- A heavy discount approach was used in Q1 to drive active customer growth, with these customers subsequently having a higher churn than previous cohorts
- A more segmented approach to discount offerings was applied in Q4, and use of multi-week discounts has been a successful way of ensuring stronger retention of these cohorts
- We don’t anticipate increasing marketing spend in FY24

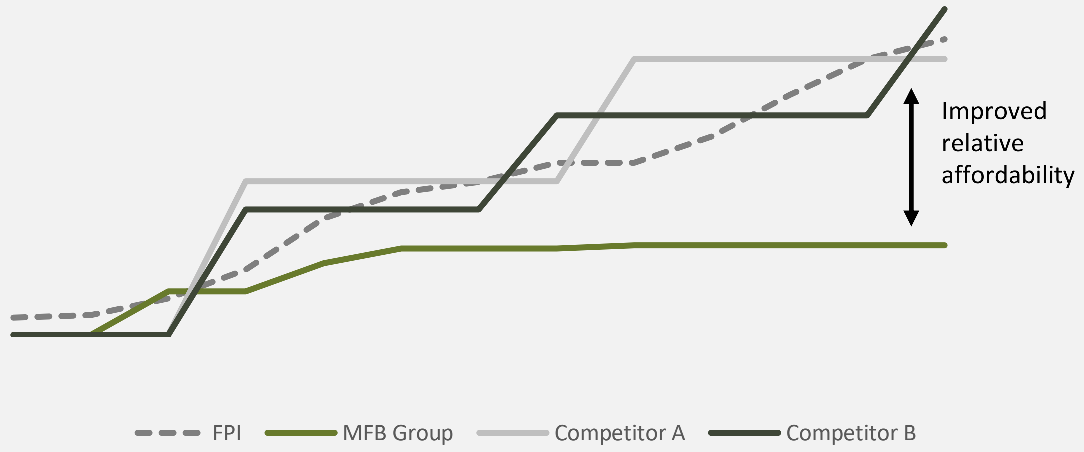
Improved relative affordability in the inflationary environment

Ingredients margin 0.9pp down with a strategic decision to hold price in H2

Ingredient Margin %



Cummulative % change over 12 months**



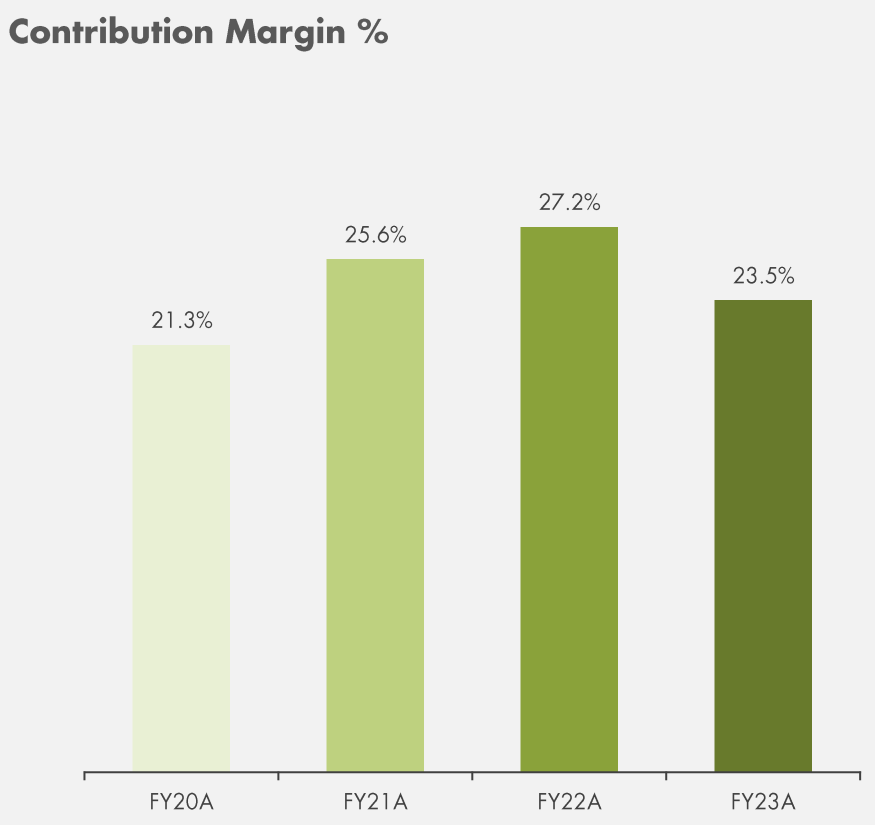
- Gross margin was 48.4% versus FY22 margin of 49.3%. We have continued to see input cost inflation throughout FY23 and have held price in the second half to protect value of money in the inflationary environment
  - Improved relative affordability against food alternatives over the last 12 months, reflected by price movement v FPI
  - Continued focus on maintaining value of our product at competitive price points
- The inflationary impact has been offset with initiatives to reduce impact to ingredients margin
  - Price increases for My Food Bag early in the financial year offset cost pressure that has continued throughout the year
  - Use of recipe development to support management of rising input costs

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

**MFB group increase reflects weighted average price movement. FPI (Food Price index) taken from stats NZ Food price index: March 2023 | Stats NZ, Competitor A and Competitor B are averages of movements in regular prices seen over the last 12 months.

Contribution margin

Contribution margin of 23.5% down on prior year due primarily to lower deliveries



- Contribution margin is down 3.6pp, driven by:
  - Effect of diseconomies of scale driven by lower demand YoY
  - Investment in capability, particularly in health and safety and food safety quality
  - Input cost pressure in raw materials, labour and distribution costs (fuel) and the strategic decision not to move price in H2
- We continue to drive efficiency initiatives to offset the impact of inflationary pressure. FY23 saw efficiency benefits with the implementation of the Christchurch warehouse
- In FY24 we expect to see benefit from the implementation of pick technology which has been successfully implemented at our biggest Auckland site, as well as in Christchurch

*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).

Balance sheet remains strong following significant cash payments

The business is well positioned to reduce debt and recommence dividend payments in FY24

Summary balance sheet ($m)	FY23	FY22
Assets		
Cash and cash equivalents	0.2	5.9
Working capital assets	4.5	5.0
Property, plant, and equipment	7.9	3.4
Right-of-use assets	10.5	6.3
Intangible and other assets	85.5	85.1
Liabilities		
Bank overdraft	(4.0)	-
Working capital liabilities	(15.9)	(17.0)
Lease liabilities	(11.9)	(7.6)
Bank debt	(11.4)	(3.4)
Other liabilities	(7.4)	(10.7)
Equity	**58.0**	**66.9**

- Impairment testing carried out for goodwill and indefinite life brands with no impairment required
- Right-of-use assets have increased with the Christchurch site becoming operational in April 2022
- Net debt has moved from a surplus of $2.5m to a liability of $15.3m driven by the FY22 final dividend and FY22 income tax paid in the current year, as well as investment in pick technology
- Net debt is expected to reduce over the coming 12 months and dividend payments anticipated to resume for the FY24 year
- Total debt facilities of $30m in place

Operating cash flow impacted by lower demand and tax timing

Summary cash flow ($m)	FY23	FY22
Net cash from operating activities	**9.8**	**29.5**
Lease principal payments	(2.6)	(2.6)
Capex	(7.7)	(2.9)
Free cash flow	**(0.5)**	**24.0**
EBITDA*	**18.2**	**34.0**
Lease payments	(3.2)	(2.9)
Pre-IFRS 16 EBITDA	15.0	31.1

- Net cash from operating activities reduced to $9.8m in FY23, driven by lower demand and the impact of diseconomies of scale on assembly and distribution costs, higher indirect costs, and timing of income tax payments (final tax payment for FY22 paid in FY23)
- Capex in FY23 is above long-term trend, due to one-off investment in pick technology

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

FY23 total cash dividend of 3.0 cents per share

Summary dividend payments	FY23 ($m)	FY22 ($m)	FY23 (cps)	FY22 (cps)
Cash dividend	**7.3**	**17.0**	**3.0**	**7.0**
Imputation credits	2.8	6.4	1.2	2.7
Gross dividend	**10.1**	**23.4**	**4.2**	**9.7**
NPAT	**7.9**	**20.0**	**3.2**	**8.3**
Cash dividend payout ratio to NPAT	92%	85%		

- 3.0 cps total cash dividend* paid for FY23
- The cash dividend payout ratio for FY23 is slightly outside of the distribution policy range of 70-90% of NPAT as earnings in 2H FY23 were less than forecast at the time the interim dividend was declared
- No final dividend for FY23 declared, as indicated in the February trading update
- The Board expects to resume paying dividends in FY24

* 3.0 cents per share interim dividend paid in December 2022. No final dividend declared for FY23

3 FY24 *outlook*

Meal-kits remain relevant in the current environment

Our strategy focuses on enhancing our product, and communication of proposition enhancing relevance

- The importance of health and wellbeing has never been more important. We offer the ability for NZ families to eat high quality, nutritious meals - together, at home - across a wide range of taste preferences and price points. We continue to innovate the menu options available and the mealtime occasions
- We continue to use quality and local ingredients with our nude food philosophy remaining at the heart of recipe development
- Choice offering has been expanded with a focus on added variety and value throughout the range, increasing the customer pool through the taste preferences catered for
- Bargain Box brand affordability messaging, strengthened with comparison to supermarkets finding that Bargain Box is on average 4.44% cheaper than Countdown and New World*, and price freeze giving customers certainty

*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.

FY24 trading conditions and outlook

Growth of active customers continues to be the priority, while managing the cost base

- While active customers are down May FY24 compared to May FY23, we continue to acquire and reactivate lapsed customers which has seen growth in the overall active customer base over the first seven trading weeks of the new financial year
- We have responded, and are confident that the business is in a strong position to perform well going forward
- Focus on sustainable active customer growth and driving the offering across our portfolio of brands
- Realise efficiencies from investment in pick technology and supply chain improvements
- Continue to manage cost pressures and mitigate where possible
- The Board expects to resume paying dividends in FY24

4 APPENDICES

Statement of Comprehensive Income

Statement of Comprehensive Income ($m)	FY23 Actual	FY22 Actual	YOY Movement %
Income	175.7	194.0	*(9.4)%*
Cost of Goods Sold	(90.7)	(98.5)	*7.9%*
Gross Margin	**85.0**	**95.5**	*(11.0)%*
Assembly and Distribution	(43.6)	(42.8)	*(1.9)%*
Contribution Margin	**41.4**	**52.7**	*(21.4)%*
Indirect Expenses	(23.2)	(18.7)	*(24.1)%*
EBITDA	**18.2**	**34.0**	*(46.5)%*
Depreciation and Amortisation	(5.7)	(5.1)	*(12.2)%*
EBIT	**12.4**	**28.9**	*(56.9)%*
Interest and Funding	(1.4)	(1.0)	*(36.5)%*
Net Profit Before Tax	**11.0**	**27.8**	*(60.4)%*
Income Tax Expense	(3.1)	(7.8)	*60.3%*
Net Profit After Tax and Comprehensive Income	**7.9**	**20.0**	*(60.8)%*

Reconciliation of GAAP to non-GAAP financials

Reconciliation of GAAP to non-GAAP financials ($m)	FY23 Actual	FY22 Actual	YOY Movement %
Net Profit Before Tax	**11.0**	**27.8**	*(60.4)%*
Add Back:			
Depreciation and amortisation	5.7	5.1	*(12.2)%*
Net financing costs	1.4	1.0	*(36.5)%*
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	**18.2**	**34.0**	*(46.5)%*

THANK *you*

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