



MY FOOD BAG

# Annual Report 2023





In this annual report references to the 'Company' are references to My Food Bag Group Limited. References to 'My Food Bag' or the 'Group' are to My Food Bag Group Limited together with its subsidiary My Food Bag Limited. All references to financial years (e.g. 'FY22' and 'FY23') are to the financial year ended 31 March. References to \$ and NZ\$ are to New Zealand dollars.

The annual report includes certain non-GAAP financial information, including EBITDA, Ingredients margin and Contribution margin. These measures are used extensively by the Board and management as indicators of underlying profitability. Non-GAAP measures are not defined in NZ IFRS and are not subject to audit. Non-GAAP performance measures are not defined consistently by all companies. Accordingly, these performance measures may not be comparable with similarly titled measure used by other companies. Reconciliations of Non-GAAP financial information to a comparable GAAP measure are shown on page 58.

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This Annual Report is dated 18 May 2023  
and is signed on behalf of the Board by:

  
Tony Carter  
**Chair**

  
Jen Bunbury  
**Director and Chair of the  
Audit and Risk Committee**

# Letter from the *Chair and CEO*



As we marked My Food Bag's ten-year anniversary in March 2023, we also navigated a challenging year for the business primarily driven by the changing economic environment. We have responded to these challenges and are confident that the business is in a strong position to perform well going forward.

During the year we undertook a reset of our business spanning our leadership, supply chain and brand positioning, all focused on strengthening My Food Bag to remain relevant and continue delivering into its second decade.

Inflationary pressure on households and low consumer confidence have resulted in more subdued demand over the second half of the year.

This has been seen across all our brands except Bargain Box, which saw the year end with active customers up 12% on the prior year. As our most affordable meal kit, this strong result is pleasing to see, and we expect this to continue into FY24.

We are focused on driving the full range of brands across our portfolio as they each play an important part in our offering.

The importance of health and wellbeing has never been more important. We offer families the ability to eat high quality,

nutritious meals – together, at home – across a wide range of taste preferences and price points, and continue to innovate our offering for different meal occasions.

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. This includes proactively managing input cost pressures and ensuring that overhead costs are at an appropriate level for demand.

We are a profitable business with a strong brand and customer offer. We are executing a disciplined plan to drive sustainable active customer growth, focused on:

- Driving our portfolio of brands
- Growing choice and flexibility
- Operational efficiencies

We anticipate that the economic environment will get worse before it gets better, but we are confident that our adaptability and resilience holds us in good stead, and we will continue to do what we do well.

## Financial Performance

Across FY23 revenue was \$175.7 million, down 9.4% compared to the previous year, and deliveries were down 11.8% over the same time period. Lower active customers and retention rates have driven this result.

We achieved an EBITDA of \$18.2 million, compared to \$34.0 million in FY22. This 46.5% drop is primarily driven by diseconomies of scale and the impact of the subdued demand seen in FY23. Inflationary pressure felt throughout the supply chain have been partially offset by price increases early in the financial year. NPAT for the year was \$7.9 million, compared to \$20.0 million in FY22.

Across FY23, the company delivered in excess of 15.7 million meals and achieved an order value of \$130.11, up \$2.7% on \$126.63 in FY22. This has been achieved despite Bargain Box, at our lowest price point, performing the strongest across the portfolio.

Average order values were driven up by purchases through the Kitchen and surcharge meals adding to basket size, in addition to recovering some of the input cost inflation through price.

Ingredient margin was 48.4% for FY23, down slightly on the 49.3% seen in FY22. This is an extremely strong result given food prices rose 12.1% in New Zealand during the year



ended 31 March 2023\*, and it has been achieved without compromising customer value.

Our stable ingredient margin in the current environment demonstrates our ability to manage costs with methods such as recipe optimisation. Ingredient substitution is also an important tool in managing varying produce and other food item availability and spend.

We have also managed supply chain challenges due to the severe weather events in the fourth quarter, which meant we needed to issue additional credits and write-offs due to bags not being able to be delivered, and produce availability was impacted.

### CASH MANAGEMENT AND DIVIDENDS

Our cash position in FY23 has seen the impact of a strong FY22 and the timing of FY22 final dividend and final tax payments falling into the current year. We have also invested in new pick technology across our sites, which is a key foundation to enable successful execution of strategy.

The total cash dividend for FY23 is 3.0 cents per share, representing a total payment of \$7.3 million. This total dividend is a pay-out of 92% of net profit after tax, slightly outside our distribution target of 70-90%. This is driven by the changing conditions across the second half resulting in actual results being less than forecast earlier in the year.

The Board has taken the prudent approach not to pay a final dividend for the FY23 year.

Net debt was \$15.3 million at balance date and remains at a prudent level. Despite this, we are focused on reducing net debt over time through the generation of free cash flow and expect to see this strengthen over FY24.

The Board expects to resume paying dividends in FY24.

\* Stats NZ, Food price index: March 2023



## Business update

With FY23 presenting challenging trading conditions, we've leveraged our different brands to drive active customers across our portfolio.

We offer the broadest range of meal kits in New Zealand. During the first half of the financial year we worked to differentiate these four brands further and strengthen each one.

By offering different brands with varying propositions and price points we can appeal to a wider audience overall and meet a bigger range of customer needs.

We know that price and value play a central role in consumer consideration and are pleased that we have recently been receiving the highest 'Value For Money' scores since May 2021 for My Food Bag and Fresh Start customers since launching new pick technology in March 2023.

In addition to Bargain Box active customers increasing year-on-year, deliveries across this brand were also up 1.6% compared to FY22.

Bargain Box, our most accessible meal kit, is particularly well placed to capitalise on the current economic environment. Across the year we upweighted our investment in the brand and spent the back end of FY23 setting Bargain Box up for further growth in FY24.

This work aligns with the announcement in April 2023 of a six-month price freeze for Bargain Box, giving significant certainty to this customer base in a time of rising food cost.

### PICK TECHNOLOGY

Just prior to the close of the financial year we rolled out automated pick technology in our primary Auckland assembly centre, and we completed installation in our Christchurch assembly centre in early May. This pick technology includes the utilisation of software to enable efficient picking at an ingredient level rather than a recipe level, with automated prompts to make picking very clear and simple.

This is a transformational investment in proven technology to unlock growth. Pick technology enables a vast improvement in customer choice, productivity, and quality.

Within the first week of installation, our accuracy of picking ingredients for boxes improved. This technology has already allowed us to increase recipe choice to 25 dinners a week without increasing labour costs.

We expect this technology to underpin significant simplification of our operating processes, unlocking productivity and cost efficiencies in FY24 and beyond.

### RIGHT-SIZING COSTS

During FY23 we incurred a number of one-off costs. Some of these related to strategic initiatives, including the pick technology, as well as in areas such as culture revitalisation and ESG.

We reviewed and adjusted our costs across the business at the end of FY23 to ensure these are aligned with current levels of demand, and to set us up for FY24.

This included restructuring our non-operational team to reduce the number of people by approximately 10%. This was completed at the end of FY23.



Other cost reduction initiatives implemented include delisting from the ASX to reduce compliance costs and adjusting our lending facilities to right-size them for our needs and to reduce line fees. We will continue to review and reduce costs where prudent, including assessment of our North Island footprint, with a view on costs.

#### OUR PEOPLE

Across the year we made significant progress revitalising our team culture and building capability where we need it.

In the middle of the financial year, we launched a new measure of internal engagement eNPS (Employee Net Promoter Score) and scored a two on a scale from -100 to +100. By the end of the financial year, we lifted this score to +15.

This improvement in team culture has come off the back of our investment in developing and rolling out new company values and incorporating them into every aspect of the business.

As the New Zealand labour market has tightened, we have also dealt with upwards pressure on wages, which has required us to review how we incentivise team members for the long term to motivate them and increase loyalty.

We have rolled out two new training programmes, as well as a long-term incentive plan, to serve the business' strategic growth initiatives.

#### SENIOR LEADERSHIP

The Board were delighted to announce Mark Winter's appointment into the role of Chief Executive Officer of My Food Bag in November 2022 following the departure of Kevin Bowler.

Having been with the business since 2019, Mark has been integral to My Food Bag's success and it has been really pleasing to see succession from within the business. Mark's passion for the business, and strong leadership has seen him transition seamlessly into this role.

We also saw Leanne Dekker join the Senior Leadership Team in March 2023 as Chief Financial Officer. Leanne joins My Food Bag with nearly 20 years' experience in professional services and listed company environments and complements the skill set of management.

#### GOVERNANCE

In August 2022 we bid farewell to Chris Marshall as a Director and we also welcomed Cecilia Robinson back to the Board.

Cecilia's entrepreneurial background and drive for innovation, as well as her extensive institutional knowledge, are a great fit with the existing skillset across the Board.

Mark Powell also joined us in October 2022, bringing the total number of Directors to six.

Mark has diverse experience across a number of industries including retail, property, logistics, food, financial services, agriculture and education.

We established a Marketing Committee of the Board during FY23, utilising the expertise of Directors with Cecilia Robinson chairing this committee. The committee's purpose is to enhance the effectiveness of marketing and innovation plans across My Food Bag in order to drive sustainable, profitable sales and market share growth.



**A BETTER WAY TO SHOP AND EAT**

Core to our ability to return to sustainable active customer growth is our environmental, social and governance strategy.

Our materiality assessment in FY23 aligned our work streams. Major milestones include launching our new Coola Box, a cardboard solution that has displaced 15 tonnes of soft plastic being sent to customers since August 2022.

We also started measuring our Scope 1, 2 and 3 greenhouse gas (GHG) emissions, which will be audited in the first half of FY24.

During the year we continued our commitment to building stronger, healthier families and communities, via charitable relationships with Garden to Table and a plethora of other charities.

We also focused on building uncompromisingly high food safety standards and a transparent supply chain.

During the year we were pleased to increase the seniority of our key food safety roles, as well as to refresh our approved supplier programme and to bring our supplier audit programme in house to enable collaboration and build stronger supplier relationships. We have made robust improvements to quality control verification processes, ensuring optimal ingredient quality throughout packing operations.

**Outlook**

As a profitable business with a strong brand and customer offer, our intent in FY24 is to stabilise sales and execute a disciplined plan to drive sustainable active customer growth.

Our investment in pick technology, initiatives to increase choice, flexibility, customisation and value for customers, and our focus on cost will drive performance over the coming financial year. We also continue to progress strategic initiatives across the organisation.

We would like to acknowledge the My Food Bag whānau and our partners for their commitment and dedication throughout FY23 as we have navigated the various challenges which have arisen over the year.

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

We thank shareholders for their commitment to the business.

Tony Carter  
**Chair**

Mark Winter  
**CEO**



## My Food Bag Strategy

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



**GROWING AWARENESS  
OF BARGAIN BOX  
AFFORDABILITY**



**DELIVER FLEXIBILITY**



**RE-INVIGORATE  
FRESH START**



**EXPAND THE KITCHEN**

**Productivity to drive growth**

# Results *at a glance*

## REVENUE

\$175.7m

YOY

↓ 9.4%

## EBITDA

\$18.2m



## ACTIVE CUSTOMERS

57.5k

FY23 Q4

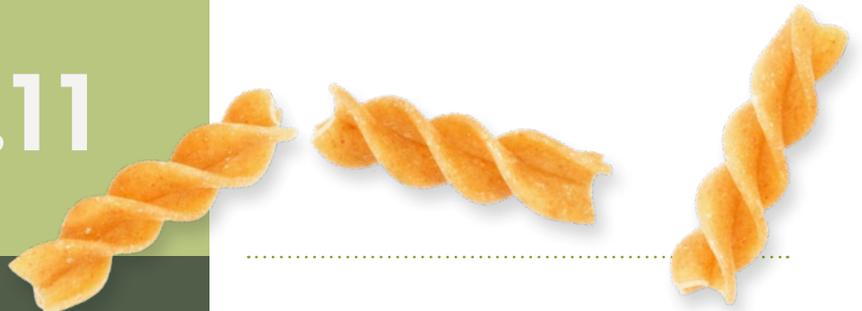
## AOV

\$130.11

↑ 2.7% YOY

## NPAT

\$7.9m



## TRIFR

2.3

Total Recordable Incident Frequency Rate  
(number of injuries multiplied by 2,000,000  
divided by number of hours worked)

## GM%

48.4%

## TOTAL DIVIDEND

3.0c / SHARE

Fully imputed



12%↑

YOY growth in Bargain Box active customers

\$44k raised for Garden To Table

12%

attachment of The Kitchen



20k+

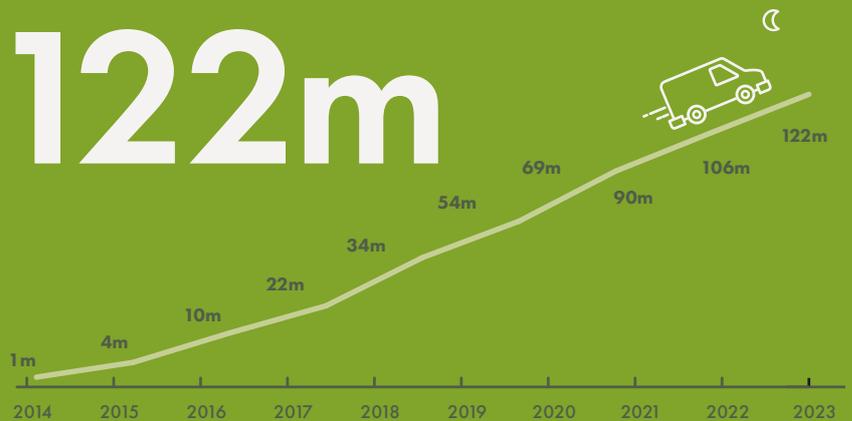
customers received a loyalty reward

98%

fresh protein & produce sourced locally

MEALS DELIVERED SINCE LAUNCH

122m



4.08★

Average recipe rating



15T

less plastic used due to the launch of the Coola Box



# Business *Update*

Our strategy remains to expand our share of New Zealand's \$41 billion retail food sector via a pipeline of growth initiatives, and we have a clear focus on this throughout the business.

Aotearoa's current economic environment and inflationary pressures have presented challenges for My Food Bag during the past financial year, and we anticipate that the environment will get worse before it gets better.

However, we are confident that we have the flexibility to adapt the business to ensure we can continue to deliver during this period while progressing growth initiatives that will set us up for the future.

We have a strong portfolio of brands, and we will continue to leverage each of them to capitalise on their different offerings. Growing the awareness of Bargain Box has been a particular focus recently as our most affordable meal kit, while we have promoted our increased flexibility on My Food Bag and weight loss focus on Fresh Start.

We have looked at our cost base to ensure that it is appropriate for current levels of demand and will continue to review this and manage costs where appropriate. We also implemented new pick technology late in FY23 and expect to see efficiencies as a result of this in FY24 and beyond.



## Driving our portfolio of brands

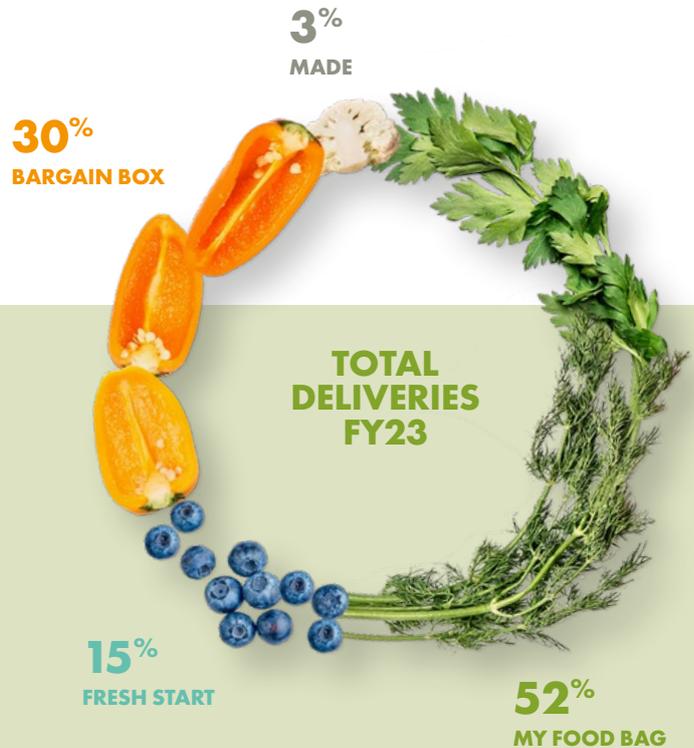
We have a strong portfolio of brands which we are able to leverage and ensure we have a relevant offering for all Kiwis. We are committed to providing quality and delicious meal kit solutions, at a range of price points and are focused on providing value through our range with recipe variety and convenience options to suit all budgets.

We offer the broadest range of meal kits in New Zealand under our My Food Bag, Bargain Box, Fresh Start and MADE brands.

Each of our four consumer brands has a different proposition and price points allowing us to appeal to a wider audience overall and meet more specific customer needs.

During the first half of the financial year we worked to differentiate these brands further and strengthen each one. We have further work to do here, and work to increase consumer awareness continues.

Bargain Box is our most accessible meal kit and is New Zealand's most affordable, with simple recipes that are a good introduction to the meal kit category.



In April 2023, we showed that five Bargain Box dinnertime meals for a household of four is on average 4.44% cheaper than Countdown and New World based on a like-for-like basket, making it a very compelling offering for Kiwis and helping to dispel the myth that meal kits are expensive.

The My Food Bag brand offers greater choice and inspiration for all Kiwi households, with our largest range of recipes. We focus on delivering great value with My Food Bag by concentrating on ease, quality and variety with food.

Our specialist brand, Fresh Start, targets weight loss and wellness with calorie-controlled meals accompanied by weight loss challenges designed by our in-house nutritionist.

Our ready-made meal brand, MADE, can be purchased as a weekly or fortnightly subscription, or included as meals within our recipe ranges. This gives us access to another market segment, looking for an easier and more convenient alternative to cooking a recipe.



**UPWEIGHTING INVESTMENT IN BARGAIN BOX**

In FY23 we increased investment in the Bargain Box brand, including revealing a fresh new brand look, and launching a new advertising campaign during the second half focussed on owning the proposition of ‘NZ’s most affordable meal kit – more than you bargained for’.

The brand is particularly well positioned to continue to grow in the current economic climate. Bargain Box finished FY23 with 12% more active customers, compared to the end of FY22. Across the whole year, deliveries were up 1.6% year-on-year, and customer acquisition was on an upwards trajectory across the final quarter of the year.

With the full price per plate starting at \$6.60, Bargain Box is not only cheaper than meal kit competitors, but significantly cheaper than takeaways and also priced below buying the same quality ingredients from most supermarkets.

We have made the strategic decision to freeze the price of Bargain Box over the first two quarters of FY24 to give customers certainty in the current inflationary environment.

**MY FOOD BAG TAKING KIWIS ON TASTE ADVENTURES**

Synonymous with meal kits in New Zealand, My Food Bag continues to own mealtimes for Kiwi families no matter their taste preference.

During the year we had an ongoing cadence of campaigns direct to our database of customers to take them on taste adventures and highlight local brands and restaurants.

These campaigns are effective at both reactivating lapsed customers and driving frequency from our loyal foodies and have included collaborations with Kiwi brands like Proper Crisps and Tiny (Garage Project’s non-alcoholic beer).

My Food Bag was the principal sponsor of the first season of Nadia’s Farm on television station Three, and we took recipes Nadia created on TV into our My Food Bag menus. We reached more than 1.1 million people during the 8-week show.

Across the year we also added more convenience to the My Food Bag range, with the launch of a new bag ‘Ready to Cook’ in October featuring Superquick, ready-made, pre-prepped and one pan meals – which are all available within My Food Bag My Choice.



**FY24 FOCUS**

During FY24, we will continue to invest in our full portfolio of brands, and we are particularly focused on continuing to drive the affordability message for Bargain Box through marketing activity given its current strong performance and relevance. Our commitment to freezing Bargain Box prices for six months is just one of the ways we are building brand momentum and awareness in the current economic climate.

Another focus over the coming year is our digital roadmap of improvements and enhancements planned for the website and app. These are all focused on making the digital experience even better for customers and allowing us to better communicate promotions and recipe features.



## Growing choice and flexibility

Centred on ensuring all our customers can build just the right menu for them, we're committed to our expanded recipe choice and to enhancing flexibility with how meals can be customised, as well as extending into new categories.

### ENABLING EXPANDED CHOICE THROUGH PICK TECHNOLOGY AND INNOVATION

During FY23 we engaged an international vendor with extensive experience implementing ingredient-level pick technology in the global meal kit industry. This includes the utilisation of software to enable efficient picking at an ingredient level rather than a recipe level, with automated prompts to make picking very clear and simple.

In the fourth quarter of the financial year we rolled out this automated pick technology in our primary assembly centre in Auckland, and we completed installation in our Christchurch assembly centre in early May. This technology will underpin operational efficiencies in FY24 and beyond.

The new pick technology allows us to significantly simplify our operating processes, making the job of picking ingredients easier. In Auckland, we have seen an immediate improvement in the quality and accuracy of our bag picking.

After installing the new pick technology, we have been able to increase recipe choice to 25 dinners a week for My Food Bag customers in the North Island, up from 15, without increasing labour cost and will shortly do this in the South Island also following the recent implementation at our Christchurch site.

Our pick technology creates capacity to extend the range depth and breadth within our Kitchen offering. It also enables us to accurately identify each customer's bag, allowing us to personalise their experience and creating the opportunity to offer customers further flexibility and grow our range to target new food preferences and consumer trends.



In the long term, the technology enables us to introduce more complex pricing architecture that delivers customer value through customisation, including surcharges on more premium and other meal-specific customisation.

In addition to increasing the recipe choices for My Food Bag, we also expanded our Bargain Box range up from 11 to 15 recipes per week to broaden appeal and improve the value proposition of the brand. We simplified our recipe instructions without compromising on taste or nutrition, making the brand even more accessible.

We have also built out specific offerings for different Bargain Box customer segments. For example, we launched 'Feed the team', which provides a recipe that serves double the amount of people to add value and convenience. We have also added balanced and low carb Bargain Box meals to increase the health credentials of the range.

**KITCHEN EXPANSION**

In mid- 2021, we launched The Kitchen, offering a curated collection of food solutions in addition to our range of meal kits. Nearly two years on and the Kitchen continues to play an important role in moving beyond weeknight meals.

Kitchen orders contributed to average order values being up 3% year-on-year across the portfolio.

Each week a constantly evolving range of 100+ locally sourced products are offered to customers to add onto their order. On average, weekly attachment rates were between 12% to 16% and average order value for the Kitchen was between \$20 to \$28.

The Kitchen aligns with our weekly operational cycle for meal kits, meaning customers have until 11:59pm on a Sunday night to tell us what they want to order the following week from The Kitchen. We then place orders with suppliers on Monday and goods start arriving during the week. This means we only carry stock that customers have already paid for.

This year we have sold more than 80 thousand breakfasts, 150 thousand lunches and 170 thousand desserts and treats via the Kitchen range.

Premium staples and sides like organic milk, oat milk, sourdough bread and garlic bread, as well as seasonal specials over occasions like Easter and Christmas drive the highest attachment rates.

**DIGITAL PLATFORM DRIVING UPSELLS**

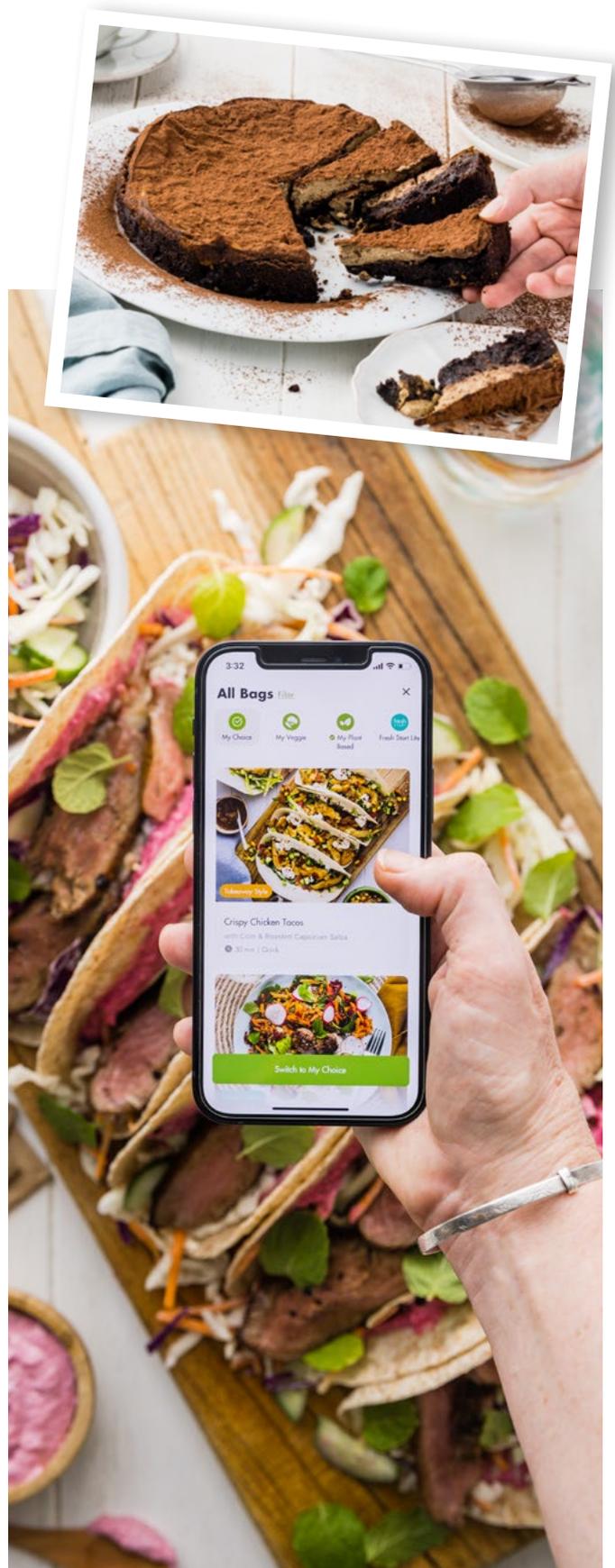
Throughout FY23, our in-house digital team developed several new features to improve customer experience, flexibility and personalisation.

We increased the number of premium meals we offer each week at a range of surcharge prices. On average we're achieving around 5% attachment each week for surcharge and gourmet upsell meals, equating to more than a million in revenue across the year.

**FY24 FOCUS**

Looking ahead, we have streams of work planned or underway focusing on further flexibility, choice and improved customer experience. This will help ensure we have an offering that suits maximum different household and taste preferences and can capitalise on emerging trends we see demand for.

We intend to expand customisation and recipe choice further across My Food Bag and Bargain Box, by leveraging what our new pick technology and our digital platform enables while continuing to drive our Fresh Start offering with the aim of taking a bigger slice of the weight loss and wellbeing goal-driven market.





## Operational efficiencies

With ten years of operating under our belt we have a clear history and strong operational foundation to build on.

In the second half of FY23 we made a number of changes to ensure our costs are aligned with current levels of demand and also put in place initiatives to create operational step changes that transform our operating model, build culture and team capability and advance our integrated ESG ambition.

### ASSEMBLY FOOTPRINT

As part of our strategy to maintain robust supply chains and source as locally to our customers as we can, we invested in a new assembly centre for our South Island operations. In April, we opened this purpose-built 4,405 m2 site in Christchurch, complete with four pick lines and capacity for our growing Kitchen offering.



**RIGHT-SIZING COSTS**

We reviewed and adjusted cost across the business at the end of FY23 to match current levels of demand and to set us up for FY24.

In March 2023 we restructured our non-operational teams to ensure we have the right team mix in FY24, while also removing some personnel costs. As a result, we reduced the number of people across the non-operational team by approximately 10% and made the decision not to make a grant of the ESOS scheme to eligible staff in FY24.

Our investment in pick technology will allow us to increase efficiency at our assembly centres. We expect to be able to pick more efficiently, for overall quality to increase, and for the value of customer credits that we factor in every week due to picking errors to reduce.

Other cost reduction initiatives such as delisting from the ASX to reduce compliance costs and adjusting our lending facilities to reduce line fees have been implemented and we will continue to review and amend our cost base as appropriate.

**SUPPLY CHAIN MANAGEMENT**

FY23 was a particularly complex year from a supply chain perspective. We started the year navigating the hangover of the Omicron Covid wave in early 2022. This had a marked effect on our supply-side confidence and meant we had to reduce our product offering, resulting in a slower start to FY23 than anticipated.

Across the year we have navigated rising costs (fuel, ingredients, labour) and we ended the year navigating severe weather events.

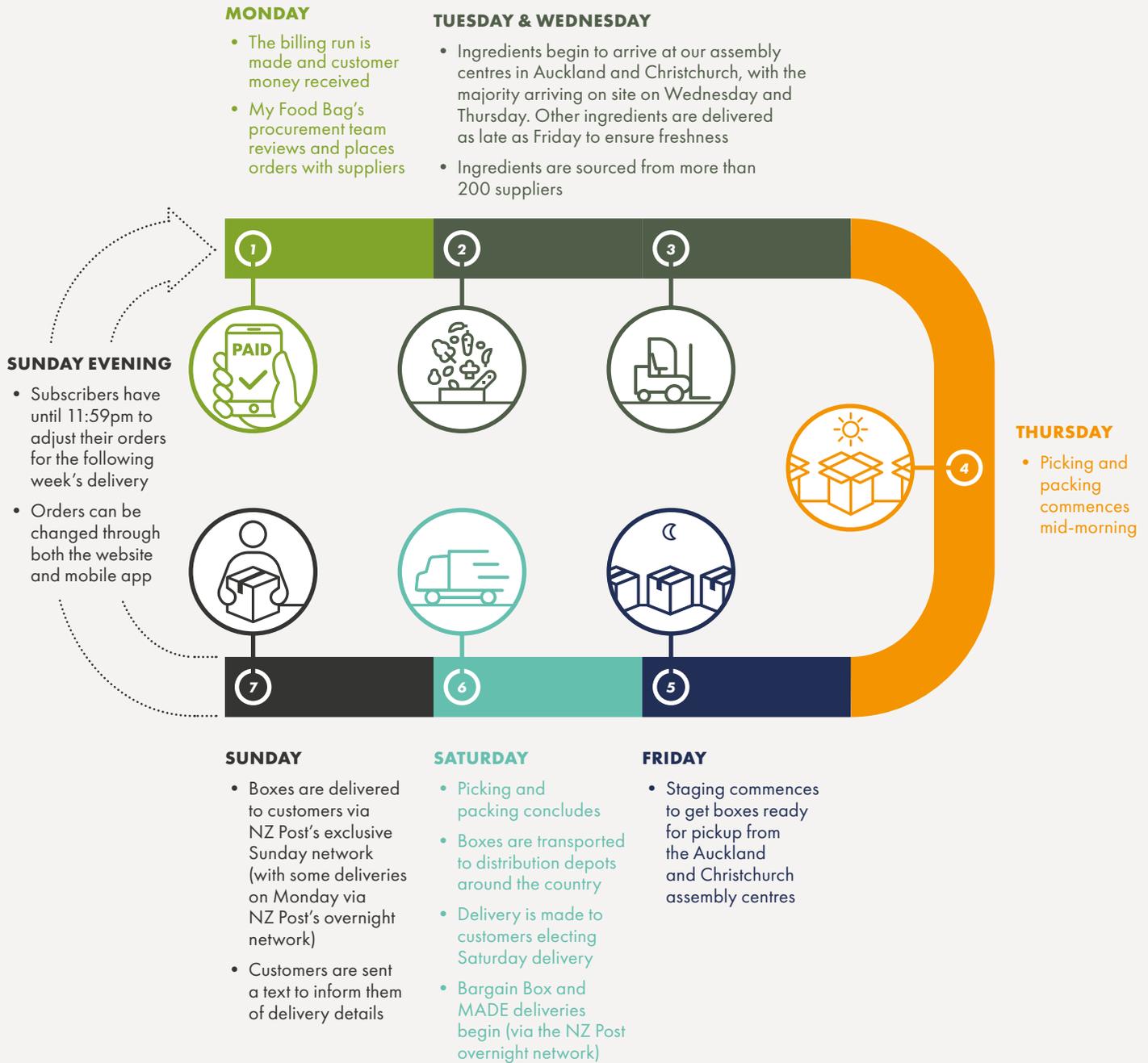
Both the Auckland Floods and Cyclone Gabrielle created logistical issues that our team, in partnership with NZ Post, worked hard to resolve for customers. Where we were unable to deliver boxes to customers, we worked with a range of charities to ensure the food was gifted to those in need.

The cyclone also impacted availability and costs for some fresh produce items, long after the storm and required us to write off bags that couldn't be delivered due to storm disruptions.

Despite this, our local chefs enabled us to minimise customer impact as much as possible by making recipe changes that made sense for customers. Throughout these challenges, we continued to operate our weekly business cycle. Orders for the following week's delivery are 'locked' on a Sunday night, ingredients arrive to our assembly centres on Tuesday through Friday, and items are 'picked and packed' on Thursday and Friday prior to being delivered to customers.



## Weekly Operations Cycle



### CASH MANAGEMENT

Our free cash flow was impacted in FY23 by the timing of dividend and tax payments related to a strong FY22 year falling into the current year, as well as our strategic investment in pick technology which sets us up with a strong foundation for efficiency and growth. Given this, the Board has taken the prudent approach not to pay a final dividend for the FY23 year.

We expect to see free cash flow strengthen over FY24 with these impacts not recurring and a continued focus on capital management, and it is anticipated that payment of dividends will resume for the coming year.

### FY24 FOCUS

The focus for FY24 is realising the benefits from the changes we have made in the last six months and continuing to identify and implement further productivity gains.

While there is still work to do, we have made good progress and expect to see the benefit of initiatives and investments recently made, and we look forward to FY24 in an upbeat frame of mind.

# Environmental, Social and Governance

## CREATING A BETTER WAY TO SHOP AND EAT

Our Environmental Social and Governance Strategy brings to life our vision of creating a better way for people to shop and eat.

To be successful in the long run, we look beyond just delivering great customer service and products, into how we serve the environment, our people and the communities we can impact.

In FY23 we conducted a Materiality Assessment with internal stakeholders and customers. This study aligned with our workstreams and has helped us prioritise future initiatives.

We view our responsibility through four broad sustainability workstreams.

|   |   |   |   |
|---|---|---|---|
|    | <p><b>BETTER PACKAGING</b></p> <p>Improve the sustainability of our packaging with a focus on reduction, recyclable or compostable material and supporting our customers to thoughtfully dispose of their packaging waste.</p> <p><b>Key focus areas</b></p> <ul style="list-style-type: none"> <li>• Internal packaging (boxes, insulation, ice)</li> <li>• On-site waste</li> </ul>     |    | <p><b>BETTER FOR THE ENVIRONMENT</b></p> <p>Continue to develop greener practices through monitoring and ongoing initiatives to understand, minimise and mitigate our impact on the environment to ensure our meal kits are the most climate-friendly way to shop and eat.</p> <p><b>Key focus areas</b></p> <ul style="list-style-type: none"> <li>• Food miles</li> <li>• Freight</li> <li>• Energy usage</li> <li>• Water usage</li> <li>• Food waste</li> <li>• Climate-friendly cooking</li> </ul>    |
|  | <p><b>BETTER FOR OUR PEOPLE &amp; COMMUNITY</b></p> <p>To support our people and the wider community to eat better and live better.</p> <p><b>Key focus areas</b></p> <ul style="list-style-type: none"> <li>• Charitable partnerships</li> <li>• Employee benefits and initiatives</li> <li>• Health &amp; safety</li> </ul>     |  | <p><b>BETTER, SAFER FOOD</b></p> <p>To ensure we maintain uncompromisingly high health and safety standards for our people and product and a transparent supply chain.</p> <p><b>Key focus areas</b></p> <ul style="list-style-type: none"> <li>• Local sourcing</li> <li>• Approved supplier programme</li> <li>• Food safety</li> <li>• Allergens &amp; labelling</li> </ul>    |

Icons indicate which of the United Nations Sustainable Development Goals (UNSDGs) our ESG Pillars are aligned with.



## Better 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. We're focused on reducing packaging where possible, and ensuring all packaging we need to use is easily recyclable.

This includes:

- Approximately 80% of our ingredients by value now being delivered to our factories in reusable crates.
- Our cardboard boxes being made from forest stewardship council (FSC) certified 47% recycled cardboard and all our paper printing coming from FSC-certified pulp.
- The trays we use for our MADE meals containing 80% recycled plastic.
- Being the first NZ meal kit provider to switch to 100% water in our ice packs, instead of the gel still found in many chiller packs.

### SPOTLIGHT ON:

#### Coola Box

In FY23 we replaced our plastic-lined wool insulation system with a new fully recyclable, cardboard solution. Working together with our packaging partners and following extensive testing, we developed the Coola Box.

Made with 70% recycled cardboard and Forest Stewardship Council (FSC) pulp, it's a big step forward in our plastic reduction journey. Since launching in August 2022, our Coola Box has already prevented 15 tonnes of soft plastic being sent to customers.





## Better for the environment

We aspire for our meal kits to be the most climate-friendly way to shop and eat. Through innovative ideas and strong partnerships, we are working to comprehensively monitor and reduce our greenhouse gas emissions and operational waste.

Some examples of this:

- Research shows meal kits are as much as 33% more greenhouse-gas efficient than supermarket-bought meals because of reduced wastage in our supply chain\*.
- 98% of our fresh meat and produce is locally sourced close to our North Island and South Island factories, greatly reducing transport emissions.
- Our just-in-time ordering model means that we purchase just what we need. This means that our operations have all but eliminated the food waste which has become normalised in conventional grocery retailing, and we are a near-zero food waste company.
- Working with NZ Post, our delivery partner, we optimise delivery routes to minimise emissions for our depot-to-door deliveries.

### SPOTLIGHT ON:

#### Carbon footprint action plan

Our sustainability action is driven by our internal team. However, in FY23 we commissioned external consultants to help develop our Carbon Action Plan to ensure we make the right decisions and changes for our business.

During FY23 we started measuring our Scope 1, 2 and 3 greenhouse gas (GHG) emissions, which will be audited in the first half of FY24. From there we then conduct a gap analysis between Aotearoa New Zealand Climate Standards, and My Food Bag's current position.

In tandem with this work, we are still progressing carbon-reducing initiatives and in FY23 we purchased our first e-vehicle for Auckland deliveries.



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

**SPOTLIGHT ON:****Health and safety**

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 can go home to their families safely.

In FY23 we launched numerous new health and safety initiatives and improvements. This included new induction videos, the implementation of a new Health and Safety Reporting System (Engage) which in turn has improved our reporting rates and the launch of a manual handling programme called "First Move".

Across the year, our Total Recordable Injury Frequency Rate (TRIFR) increased from 1.62 in 2022 to 2.3 in 2023. TRIFR is a metric based on the number of injuries multiplied by 2,000,000 divided by hours worked. This increase in TRIFR is the result of teams being more engaged in health and safety, and our increased focus on reporting – both of which we see as a positive.

**Better for our people and community**

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

Some of the ways we do this:

- Any unused food bags and food left over from recipe tests are given to families in need through our support of charitable organisations including Kiwi Harvest and City Missions across the country.
- We have a partnership with the Heart Foundation aimed at making it easier for Kiwis to choose to eat for a healthier heart.
- For the fourth year in a row, we raised funds for Garden to Table, a charitable trust empowering kids to grow, harvest, prepare, and share great food. We proudly raised \$44,000 during FY23 for the charity.
- Across the year we donated bags and vouchers to many charitable fundraising initiatives including for Raukatauri Music Therapy Centre, World Asthma Day, Waikato Women's Refuge, Well Foundation and Northern Regions Intensive Care Units.

**SPOTLIGHT ON:****Love local**

Supporting the communities impacted by the Auckland Floods and Cyclone Gabrielle was of utmost importance to the My Food Bag team.

Following these events the logistics team worked hard to donate hundreds of food boxes to local charities, including Kindness Collective and BBM Foodbank. Following Cyclone Gabrielle, we sold Support Local Veggie Boxes and donated all proceeds from the boxes to the Red Cross Disaster Relief fund.



ROYALBURN STATION WILD VENISON SLIDER KIT



## Better, safer food

We strive to build uncompromisingly high food safety standards and a transparent supply chain, through our local sourcing, Approved Supplier Programme and our cold chain management.

Investing in better, safer food:

- All of our suppliers run extensive Food Control Plans or National Programmes aligned to the Food Regulations Act 2015, and we operate under a National Level 3 Food Safety Programme, compliant with the Food Act 2014.
- Since day one, we've only delivered free range eggs, chicken and beef, free farmed pork and sustainably caught fish. But we don't stop there. We continually look for ways we can improve our ethical and sustainability practices, and in FY23 we aligned with the Better Chicken Commitment.
- In FY23 we refreshed our Approved Supplier Programme to strengthened the requirements of My Food Bag branded products, in particular encouraging a risk-based approach to food safety and quality management.
- We made a significant change to our supplier audit programme during the year, bringing it in house, to collaborate more closely with our suppliers in quality improvements.

### SPOTLIGHT ON:

#### Local suppliers

We love creating seasonally inspired recipes using locally sourced ingredients. And as foodies, we're passionate about provenance and the incredible suppliers we work with.

We work with more than more than 250 suppliers, growers, and farmers across Aotearoa, including:

- **Royalburn Station:** Run by My Food Bag co-founders Nadia Lim and Carlos Bagrie, the station is a leader in regenerative, diverse and ethical farming supplying meat to My Food Bag Kitchen.
- **Mt Cook Alpine Salmon:** Raised in the swift, cold current flowing from the alpine ridges, Mt Cook Alpine Salmon is sustainably farmed and delicious.
- **Meadow Mushrooms:** Operating for more than 50 years, this family-owned farm handpicks and harvests mushrooms 364 days a year in Canterbury.



MEADOW MUSHROOMS



## Culture and Capability

Across FY23 we focused on revitalising team culture and building capability, both of which are fundamental to delivering our strategic growth initiatives.

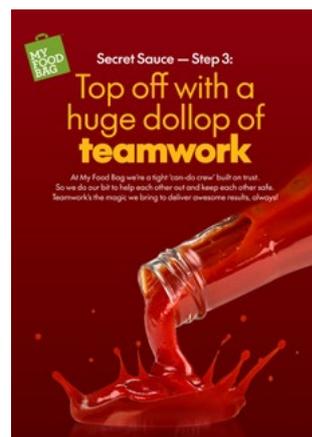
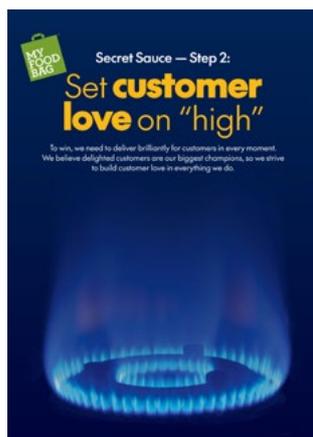
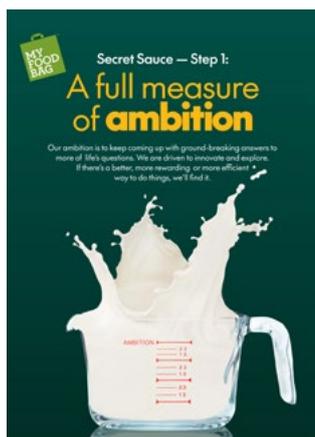
### VALUES DRIVING CULTURE REVITALISATION

During the first half of the year, we created and launched a new set of values to drive culture and collaboration across our teams. We engaged our entire business with the support of our Culture Chefs (functional representatives who are communication champions) to develop and roll out these values.

We have been purposeful and deliberate to embed these values into all our company activity, including our recruitment processes, development and performance frameworks and our recognition programme.

Off the back of all this work our eNPS, which is our new internal engagement measure, has increased significantly since it was first measured at the end of Q2. We initially scored two and increased this to 15 by the end of the year. During the second half of the year staff turnover has also reduced.

We were very proud to have all this work recognised by winning the HRNZ Organisational Change and Development Award in March 2023.





**INVESTING IN LEARNING AND DEVELOPMENT**

During the year we defined what leadership competencies are important to achieving our strategy and developed our own leadership programme to teach these skills across the team. Starting with direct reports to the Senior Leadership Team, 35 people have been through this training.

For our Operations team in Auckland, we partnered with Aspire2 to leverage government funding to build literacy and numeracy skills in our distribution centres. This sets our team up for success with our Pick to Light transformation. We are halfway through the first round of training and receiving strong feedback about the content.

**INCENTIVISING PERFORMANCE**

We are focused on attracting the best talent and paying for performance, both in terms of salaries and incentives for certain roles.

Like most businesses we have experienced an upwards pressure in wages during FY23, as the talent market tightened.

To help combat this and encourage performance, we launched a new long-term incentive scheme for senior employees. We made the decision to engage a broad number of senior people in this scheme to ensure we are keeping key team members focused on longer-term business performance. The scheme also supports retention ensuring we keep IP within the business, helping to drive performance.

We also developed a skills matrix for Operations and Customer Love teams to incentivise and motivate them to engage in training. We have laid out a clear pathway for people to earn more, when they can perform more for the business.

**ADVANCING INCLUSION AND DIVERSITY**

Across our business, we strive for a 40/40/20 gender balance across team members, meaning 40% women, 40% men and 20% open.

We are also pleased to join the growing number of companies committed to publicly reporting their gender pay gaps on the Mind the Gap registry.

As at March 2023 our average pay gap was 14.93% and our median pay gap is 12.77%. All permanent My Food Bag employees – part-time and full-time– are included in the calculation and the salaries of those who are not full-time employees are converted to a full-time equivalent.

We’re also proud to have added the full details of our parental leave policy to The New Zealand Parental Leave Register through Crayon. This is the first register globally to have this level of verified parental leave information and our decision to join reflects our commitment to transparency.

To advance diversity and inclusion across My Food Bag in FY24 we intend to:

- Continue focusing on pay equity through our annual remuneration review and recruitment processes.
- Measure and publicly report our gender pay gap annually.
- Create a diversity and inclusion team to enable targeted activity to increase belonging and equity.
- Incorporate diversity into our Leadership programmes.
- Continue to offer flexible working arrangements as well as a parental leave policy that supports new parents.

## BOARD OF DIRECTORS



### Tony Carter

#### Independent Chair

Tony joined the My Food Bag board in January 2021 and was appointed Chair at that time.

He has a broad range of experience in governance across the consumer, industrial services, infrastructure and energy sectors. Tony moved into governance following a successful executive career, where he served as Chief Executive and Managing Director at Foodstuffs – New Zealand’s largest retail organisation – for 10 years.

Tony is currently Chairman of Datacom and TR Group and sits on the respective boards of Vector, The Interiors Group and The Skin Institute. He was formerly Chair of Air New Zealand for six years, Chair of Fisher & Paykel Healthcare for eight years, a director of Fletcher Building for nine years and a director of ANZ Bank New Zealand for 10 years. He was Chairman of the New Zealand Institute when it merged with the New Zealand Business Roundtable to form the New Zealand Initiative in 2012, of which he served as inaugural Chairman until 2013.

Tony graduated from the University of Canterbury with a Bachelor of Engineering with honours, before completing a Master’s of Philosophy at Loughborough University of Technology in the United Kingdom. In 2020 he was made a Companion of the New Zealand Order of Merit for services to business governance.



### Jennifer (Jen) Bunbury

#### Independent Non-Executive Director

Jen was appointed as a director of My Food Bag in January 2021 and acts as Chair of the Audit and Risk Committee.

She has an extensive background in financial services, including NZX listings, acquisitions, mergers and strategic advisory. Jen was a director in the Investment Banking team at Craigs Investment Partners for nine years, with experience in the horticulture, logistics and energy sectors. Her earlier career included investor relations roles at BHP and Publicis in Europe, following four years in the Investment Banking team at ABN Amro in New Zealand.

Jen is currently on the board of Oyster Property Group. She is a member of the NZ Institute of Directors and participated in the Future Directors programme with the board of agribusiness Scales Corporation.

Jen completed a Bachelor of Commerce majoring in finance, graduating with first-class honours from the University of Canterbury.



### Sarah Hindle

#### Independent Non-Executive Director

Sarah was appointed as a director of My Food Bag in January 2021.

She has a broad range of experience in management and governance across the technology and consumer sectors. Sarah was most recently the founding general manager of Tech Futures Lab, where she helped grow New Zealand’s most innovative, tech-led learning institute.

Previously, Sarah was Global Head of Business Delivery for Direct Wines and Manager of Customer Experience and Digital for KPMG Boxwood in the United Kingdom. She began her career as a solicitor for Minter Ellison Rudd Watts in New Zealand.

She is also passionate about agri-tech and the application of ‘tech for good’ and has held governance roles as Chair of the Executive Council of AgriTech New Zealand and as a director and deputy chair for NZTech.

Sarah holds a Bachelor of Arts and Bachelor of Laws from Victoria University of Wellington, along with an MBA from BI Norwegian Business School of Management. She is enrolled as a barrister and solicitor of the High Court in New Zealand.



**Jon Macdonald**

**Independent Non-Executive Director**

Jon joined the My Food Bag board in January 2021 and acts as the Chair of the Nomination and Remuneration Committee.

He has deep experience in technology, the internet and consumer behaviour. Jon held senior roles at Trade Me for more than 15 years, including 11 years as Chief Executive Officer, and has since held a position as a director (through Trade Me’s parent company, Titan Parent NZ Ltd). He is also on the boards of Contact Energy, Mitre 10 and Sharesies.

Earlier in his career, Jon worked in the United Kingdom for HSBC, and in Australia and New Zealand for Deloitte. He has a Bachelor of Engineering (Hons) from the University of Canterbury, and is a Chartered Member of the NZ Institute of Directors.



**Cecilia Robinson**

**Non-Executive Director**

Cecilia was appointed as a director of My Food Bag in August 2022 and acts as Chair of the Marketing Committee. Cecilia has extensive knowledge of the business as she co-founded My Food Bag in 2012, was co-CEO until 2018 and served as a director of the company prior to its listing on the NZX Main Board in 2021.

Cecilia is one of New Zealand’s leading entrepreneurs and has an extensive background in business management. She was the Supreme Winner 2017 Women of Influence Awards, Next Magazine Businesswoman of the year 2014, EY Young Entrepreneur of the year 2013 and HER Businesswomen of the year 2012. She was also a founding trustee of the Prince’s Trust Aotearoa New Zealand.

Passionate about helping women in business and solving the everyday problems of working mums and dads, Cecilia is also the founder and co-CEO of Tend Health, a board member of Pie Funds and a member of the NZ Institute of Directors.



**Mark Powell**

**Independent Non-Executive Director**

Mark joined the My Food Bag board in November 2022.

Mark has extensive and diverse experience having worked in a number of different industries in New Zealand and overseas as part of his executive and governance career, including retail, property, logistics, food services, financial services, agriculture and education. Mark moved into governance following a successful executive career, where he established and led Wal-Mart Canada’s logistics operations, served as the Logistics Operations Director for Tesco Plc, and spent 13 years at the Warehouse Group, ultimately as Group CEO – for five years.

Mark is currently a director of ASX listed JB Hi-Fi and Bapcor, NZX listed Kiwi Property Group and one of Australia’s largest private companies, 7-Eleven Australia.

Mark graduated from the University of Wales, UK with a Bachelor of Mining Engineering with honours, before completing a Masters in Logistics at Cranfield and later a MBA at Cardiff Business School, UK. He has also completed a number of executive courses including the ESG Sustainability Programme at London Business School. He is a Chartered Member of the New Zealand Institute of Directors, a Graduate Member of the Australian Institute of Company Directors and a Fellow of the Chartered Institute of Transport and Logistics.

## MANAGEMENT TEAM

My Food Bag's Senior Leadership Team bring a depth and breadth of experience across multiple industries including FMCG, services, and e-commerce.

With a balanced representation of men and women, the team work collaboratively together to effectively lead the business strategy and culture.



### Mark Winter

**Chief Executive Officer**

Mark drives the team to do the basics brilliantly every week while also developing and implementing the long-term vision and goals. He is responsible for all day-to-day management decisions.



### Leanne Dekker

**Chief Financial Officer**

Leanne leads the finance function and has primary responsibility for planning, implementing, and controlling all finance related activities. She achieves this with a collaborative team focused on strong business partnerships.



### Paul Kelly

**Chief Supply Chain Officer**

Paul oversees a broad team, and is responsible for both our operations and logistics teams. This includes the management of our assembly operations in both the North and South Islands, as well as the nationwide logistics teams. Paul also leads the compliance functions covering both health and safety and food safety.



### Polly Brodie

**Head of Development Kitchen**

Polly leads a passionate team who are responsible for both recipe development and food photography. The culinary team design the menus and recipes as well as sourcing and developing new ingredients. The team ensure that not only is the product delicious, but ingredient margin is maintained while upholding My Food Bag's high food quality and nutrition standards.

#### Past experience:

- Chief Financial Officer, My Food Bag (2019 – 2022)
- Group Financial Controller, Fonterra Brands NZ (2016 – 2019)
- Commercial Manager Operations & Supply Chain, Fonterra Brands NZ (2015 – 2016)
- GM Commercial Operations, Fonterra LATAM (2014 – 2015)

#### Past experience:

- Group Financial Controller, Kiwi Property (2020 – 2023)
- Deputy CFO and Company Secretary, Summerset Group (2011 – 2020)

#### Past experience:

- General Manager – Dairy Process Excellence, Fonterra (2021 – 2022)
- Director Technical Excellence (Acting), Fonterra (2019 – 2021)
- General Manager – Value Chain Centres of Excellence, Fonterra (2016 – 2019)
- Director Operations, Fonterra Brands (2012 – 2014)

#### Past experience:

- Development Kitchen and Nutrition Manager, My Food Bag (2015 – 2018)
- Recipe Development and Test Kitchen Chef, My Food Bag (2014 – 2015)
- Sous Chef, Motor Yacht *SIRONA III* (2012 – 2014)



**Craig Jordan**  
Chief Digital Officer

Craig manages all digital, technology and data functions, leading a capable data-driven team responsible for maintaining and enhancing My Food Bag's proprietary e-commerce platform, along with providing actionable data insights. Craig also leads the growth marketing team to drive customer acquisition and retention through digital channels.



**Trish Whitwell**  
Head of Innovation

Trish drives business growth through the creation of new products and the evolution of existing ones. She runs a collaborative innovation process that allows My Food Bag to respond quickly to market changes. Trish also leads the brand marketing team to create and implement campaigns that strengthen and grow awareness of My Food Bags' portfolio of brands.



**Cassie Ormand**  
Head of People & Culture

Cassie drives performance and culture within the business by ensuring sound frameworks and processes are in place to attract and retain great people and enable them to achieve. She leads a team that offers commercially focused advice in partnership with the business to drive culture, capability and communication.

**Past experience:**

- Chief Digital Officer, The Warehouse Group (2014 – 2017)
- Various executive and senior leadership roles, Trade Me (2007 – 2014)

**Past experience:**

- Head of Marketing, My Food Bag (2016 – 2017)
- Marketing Manager, Meadow Fresh, Goodman Fielder (2015 – 2016)
- Marketing Manager, Digital Channels, TVNZ (2011 – 2013)

**Past experience:**

- Head of People & Culture Plan B (2019 – 2021)
- Senior HR Business Partner, Goodman Fielder (2018 – 2019)
- Head of HR AMEA, Rexam Beverage Can (2014 – 2017)



## Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

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## Statement of Financial Position

AS AT 31 MARCH 2023

| NZ\$000                              | Note | 2023           | 2022           |
|--------------------------------------|------|----------------|----------------|
| <b>ASSETS</b>                        |      |                |                |
| <b>Current</b>                       |      |                |                |
| Cash and cash equivalents            |      | 150            | 5,913          |
| Trade and other receivables          | 5    | 670            | 570            |
| Inventories                          | 6    | 2,160          | 2,608          |
| Prepayments                          |      | 1,628          | 1,799          |
| <b>Total current assets</b>          |      | <b>4,608</b>   | <b>10,890</b>  |
| <b>Non-current</b>                   |      |                |                |
| Property, plant and equipment        | 9    | 7,946          | 3,372          |
| Intangible assets                    | 10   | 85,263         | 84,889         |
| Right-of-use assets                  | 11   | 10,549         | 6,269          |
| Other receivables                    |      | 185            | 248            |
| <b>Total non-current assets</b>      |      | <b>103,943</b> | <b>94,778</b>  |
| <b>Total assets</b>                  |      | <b>108,551</b> | <b>105,668</b> |
| <b>LIABILITIES</b>                   |      |                |                |
| <b>Current</b>                       |      |                |                |
| Bank overdraft                       | 13   | 3,995          | -              |
| Trade and other payables             | 7    | 12,737         | 13,000         |
| Deferred revenue                     |      | 3,199          | 4,004          |
| Lease liabilities                    |      | 2,535          | 2,022          |
| Other current liabilities            | 8    | 1,296          | 1,089          |
| Tax liability                        |      | 1,400          | 4,850          |
| <b>Total current liabilities</b>     |      | <b>25,162</b>  | <b>24,965</b>  |
| <b>Non-current</b>                   |      |                |                |
| Lease liabilities                    |      | 9,344          | 5,576          |
| Borrowings                           | 13   | 11,420         | 3,411          |
| Deferred tax liability               | 15   | 4,317          | 4,556          |
| Provisions                           |      | 330            | 250            |
| <b>Total non-current liabilities</b> |      | <b>25,411</b>  | <b>13,793</b>  |
| <b>Total liabilities</b>             |      | <b>50,573</b>  | <b>38,758</b>  |
| <b>Net assets</b>                    |      | <b>57,978</b>  | <b>66,910</b>  |
| <b>EQUITY</b>                        |      |                |                |
| Share capital                        | 12   | 59,336         | 59,336         |
| Retained earnings                    |      | (1,624)        | 7,574          |
| Share-based payment reserve          |      | 266            | -              |
| <b>Total equity</b>                  |      | <b>57,978</b>  | <b>66,910</b>  |

For and on behalf of the Board of Directors who authorised the issue of the financial statements on 18 May 2023.



Tony Carter  
Chair  
18 May 2023



Jen Bunbury  
Director and Chair of the  
Audit and Risk Committee  
18 May 2023

## Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2023

| NZ\$000                              | Note     | 2023          | 2022          |
|--------------------------------------|----------|---------------|---------------|
| Income                               | 1        | 175,694       | 193,954       |
| Cost of sales                        |          | (134,319)     | (141,282)     |
| <b>Gross profit</b>                  |          | <b>41,375</b> | <b>52,672</b> |
| Marketing expenses                   |          | (5,640)       | (4,804)       |
| Financing expenses                   |          | (1,493)       | (1,079)       |
| Indirect expenses                    |          | (23,284)      | (19,130)      |
| Other income                         | 1        | 45            | 148           |
| <b>Net profit before tax</b>         | <b>3</b> | <b>11,003</b> | <b>27,807</b> |
| Income tax expense                   | 15       | (3,153)       | (7,800)       |
| <b>Net profit after tax</b>          |          | <b>7,850</b>  | <b>20,007</b> |
| <b>Total comprehensive income</b>    |          | <b>7,850</b>  | <b>20,007</b> |
| <b>Earnings per share</b>            |          | <b>NZ\$</b>   | <b>NZ\$</b>   |
| Basic and diluted earnings per share | 4        | <b>0.03</b>   | <b>0.08</b>   |

## Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2023

| NZ\$000  | Note | Share capital | Retained earnings | Share-based payment reserve | Total equity  |
|--|------|---------------|-------------------|-----------------------------|---------------|
| <b>At 1 April 2022</b>                         |      | 59,336        | 7,574             | -                           | 66,910        |
| Net profit for the year                        |      | -             | 7,850             | -                           | 7,850         |
| <b>Total comprehensive income for the year</b> |      | -             | <b>7,850</b>      | -                           | <b>7,850</b>  |
| Dividend                                       | 12   | -             | (17,048)          | -                           | (17,048)      |
| Share-based payments                           |      | -             | -                 | 266                         | 266           |
| <b>At 31 March 2023</b>                        |      | <b>59,336</b> | <b>(1,624)</b>    | <b>266</b>                  | <b>57,978</b> |
| <b>At 1 April 2021</b>                         |      | 59,336        | (5,138)           | -                           | 54,198        |
| Net profit for the year                        |      | -             | 20,007            | -                           | 20,007        |
| <b>Total comprehensive income for the year</b> |      | -             | <b>20,007</b>     | -                           | <b>20,007</b> |
| Dividend                                       | 12   | -             | (7,295)           | -                           | (7,295)       |
| <b>At 31 March 2022</b>                        |      | <b>59,336</b> | <b>7,574</b>      | -                           | <b>66,910</b> |

## Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2023

| NZ\$000  | Note | 2023            | 2022            |
|--|------|-----------------|-----------------|
| <b>OPERATING ACTIVITIES</b>  |      |                 |                 |
| <i>Cash was provided from:</i>   |      |                 |                 |
| Receipts from customers  |      | 174,755         | 194,958         |
| Tax refund   |      | 277             | -               |
| Proceeds from insurance  |      | -               | 59              |
| Interest received  |      | 75              | 40              |
| <i>Cash was applied to:</i>  |      |                 |                 |
| Payments to suppliers  |      | (156,874)       | (160,667)       |
| Interest paid  |      | (1,447)         | (1,211)         |
| Tax paid   |      | (7,028)         | (3,645)         |
| <b>Net cash flows from operating activities</b>                                |      | <b>9,758</b>    | <b>29,534</b>   |
| <b>INVESTING ACTIVITIES</b>  |      |                 |                 |
| <i>Cash was provided from:</i>   |      |                 |                 |
| Proceeds from the sale of property, plant and equipment                        |      | 11              | 11              |
| <i>Cash was applied to:</i>  |      |                 |                 |
| Purchase of property, plant and equipment                                      |      | (5,178)         | (896)           |
| Payments for development of software   |      | (2,569)         | (1,983)         |
| <b>Net cash flows from investing activities</b>                                |      | <b>(7,736)</b>  | <b>(2,868)</b>  |
| <b>FINANCING ACTIVITIES</b>  |      |                 |                 |
| <i>Cash was provided from:</i>   |      |                 |                 |
| Proceeds from borrowings   | 13   | 19,250          | 8,000           |
| <i>Cash was applied to:</i>  |      |                 |                 |
| Principal payments on leases   |      | (2,603)         | (2,557)         |
| Dividends paid   |      | (17,139)        | (7,295)         |
| Repayment of borrowings  | 13   | (11,250)        | (20,500)        |
| Credit facility extension fee  |      | (38)            | -               |
| <b>Net cash flows from financing activities</b>                                |      | <b>(11,780)</b> | <b>(22,352)</b> |
| Net (decrease) / increase in cash flows  |      | (9,758)         | 4,314           |
| Cash and cash equivalents at the beginning of the year                         |      | 5,913           | 1,599           |
| <b>Net (bank overdraft) / cash and cash equivalents at the end of the year</b> |      | <b>(3,845)</b>  | <b>5,913</b>    |
| <i>Represented by:</i>   |      |                 |                 |
| Cash and cash equivalents  |      | 150             | 5,913           |
| Bank overdraft   |      | (3,995)         | -               |
| <b>Net (bank overdraft) / cash and cash equivalents at the end of the year</b> |      | <b>(3,845)</b>  | <b>5,913</b>    |

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

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# Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2023

## General Information

### Reporting Entity

My Food Bag Group Limited is a profit-oriented company incorporated and domiciled in New Zealand. My Food Bag Group Limited is registered under the Companies Act 1993 and is a FMC reporting entity under the Financial Markets Conduct Act 2013.

My Food Bag Group Limited is listed on the NZX Main Board and as a Foreign Exempt Listing on the Australian Securities Exchange (ASX).

The consolidated financial statements (the financial statements) presented are for My Food Bag Group Limited and its wholly owned subsidiary My Food Bag Limited (together referred to as "the Group").

### Basis of Preparation

#### STATEMENT OF COMPLIANCE

These financial statements comply with International Financial Reporting Standards (IFRS) and New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). These financial statements have been prepared in accordance with Generally Accepted Accounting Practice applicable to for-profit entities and the requirements of the Financial Markets Conduct Act 2013.

#### BASIS OF MEASUREMENT

These financial statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value.

#### FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in New Zealand dollars (NZ\$), which is the Group's functional currency, and rounded to the nearest thousand dollars (NZ\$000) unless otherwise stated.

#### GOING CONCERN

These financial statements have been prepared on the basis the Group is a going concern.

### Significant Estimates and Judgements

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the accompanying disclosures. Actual outcomes may differ from these estimates.

Information about significant estimation uncertainty and judgments in applying accounting policies that have the most significant effect on the amounts recognised are set out below:

- Recoverable amount assessment (Note 10 Intangible Assets).  
An impairment test is performed annually to assess the recoverable amount of goodwill. The recoverable amount is based on a value-in-use calculation that requires the use of estimates.

### Significant Accounting Policies

The significant accounting policies which are relevant to an understanding of these financial statements are included throughout the notes to the financial statements.

### Standards Issued but Not Yet Effective

There are no new or amended standards that are issued, but not yet effective, that are expected to have a material impact to the Group.

## Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

### Financial Performance

#### 1. Income

Revenue from the sale of goods is recognised when control of the goods transfers to the customer. This is typically when the goods are delivered to the customer.

The amount of revenue recognised reflects the consideration that the Group expects to be entitled for providing the goods to the customer.

Revenue is measured as the sales price (net of discounts), adjusted for customer credits. Customer credits are recognised as deductions from revenue at the time that the related sales are recognised.

Payment for the goods is typically received a week in advance of delivery. The payment received in advance of delivery is recognised in the Statement of Financial Position as a liability (deferred revenue) until the goods are delivered to the customer.

| NZ\$000   | 2023           | 2022           |
|---|----------------|----------------|
| Contracts with customers                          | 175,694        | 193,954        |
| <b>Total income</b>                               | <b>175,694</b> | <b>193,954</b> |
| Interest income                                   | 75             | 40             |
| Proceeds from insurance                           | -              | 59             |
| Other income                                      | 15             | 58             |
| Loss on disposal of property, plant and equipment | (45)           | (9)            |
| <b>Total other income</b>                         | <b>45</b>      | <b>148</b>     |

#### 2. Segment Reporting

Operating segments are determined based on the financial information that is regularly reported to the Chief Executive Officer (CEO) and Chief Financial Officer (CFO). The CEO together with the CFO is considered to be the Chief Operating Decision Maker (CODM).

The Group operates in one reportable segment being online meal kit and food delivery. This consists of creating and delivering meal kits, pre-prepared ready-to-heat meals and grocery items to New Zealand customers.

The Group operates in one geographic area, New Zealand.

### 3. Expenses

Net profit before income tax has been arrived at after charging / (crediting) the following items:

| NZ\$000   | 2023   | 2022   |
|---|--------|--------|
| Staff expenses  |        |        |
| Salaries and wages  | 16,627 | 13,168 |
| Defined contribution                                      | 485    | 426    |
| Share-based payment expense                               | 266    | -      |
| Interest expense  | 1,493  | 1,258  |
| Fair value of derivatives                                 | -      | (179)  |
| IT expenses   | 2,720  | 2,267  |
| Depreciation and amortisation                             | 5,745  | 5,121  |
| Fees paid to the auditor (Ernst & Young)                  |        |        |
| Audit and review of the financial statements <sup>1</sup> | 155    | 120    |

1. The audit fee includes the fees for both the annual audit of the financial statements and the review of the interim financial statements.

### 4. Earnings per Share (EPS)

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders by the weighted average number of shares outstanding during the year.

Diluted earnings per share is calculated by adjusting the profit or loss attributable to equity holders and the weighted average number of shares outstanding during the year for the effects of shares with dilutive potential.

|   | 2023    | 2022    |
|---|---------|---------|
| <b>Basic and diluted earnings per share</b>             |         |         |
| Net profit attributable to equity holders (NZ\$000)     | 7,850   | 20,007  |
| Weighted average number of shares for basic EPS (000)   | 242,438 | 242,438 |
| Weighted average number of shares for diluted EPS (000) | 242,646 | 242,438 |
| Basic and diluted earnings per share (NZ\$)             | 0.03    | 0.08    |

The diluted weighted average number of shares takes into account the number of share rights and performance share rights that may be dilutive depending on the likelihood of vesting conditions being met.

## Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

### Working Capital

The Group operates a weekly meal-kit subscription business and has a weekly business cycle. Customers are invoiced, and cash is received, in advance each week on a Monday (initially recognised as a current liability, deferred revenue). Inventory in relation to the customers invoiced is received during the week following this and suppliers are predominantly paid monthly. This cycle results in the business operating with net current liabilities and negative working capital as the cash generated from customers in advance is used to fund investing and financial activities.

### 5. Trade and Other Receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. Trade receivables are initially recognised at the amount invoiced to the customer and subsequently measured at the amount expected to be collected.

Estimates are used to determine the amount of trade receivables that may not be collected. A provision for impairment of trade receivables is recognised based on the lifetime expected credit loss at each reporting date.

| NZ\$000                                       | 2023       | 2022       |
|---|------------|------------|
| Trade receivables                             | 355        | 238        |
| Provision for impairment of trade receivables | (207)      | (125)      |
| Other receivables                             | 522        | 457        |
| <b>Trade and other receivables</b>            | <b>670</b> | <b>570</b> |

### 6. Inventories

Inventories are measured at the lower of cost or net realisable value. In the case of finished goods, cost includes direct costs plus a portion of fixed and variable overheads incurred in assembling the finished goods.

| NZ\$000                          | 2023         | 2022         |
|----------------------------------|--------------|--------------|
| Ingredients and work in progress | 204          | 1,584        |
| Finished goods                   | 1,878        | 766          |
| Packaging                        | 78           | 258          |
| <b>Inventories</b>               | <b>2,160</b> | <b>2,608</b> |

During the year inventories of NZ\$95,953,000 (2022: NZ\$103,976,000) were recognised as an expense in Cost of sales.

## 7. Trade and Other Payables

Trade and other payables are recognised at the amount invoiced by the supplier, or the estimated amount where the cost is accrued.

| NZ\$000                         | 2023          | 2022          |
|---------------------------------|---------------|---------------|
| Trade payables                  | 11,518        | 11,965        |
| Other payables                  | 57            | 384           |
| Accrued expenses                | 1,162         | 651           |
| <b>Trade and other payables</b> | <b>12,737</b> | <b>13,000</b> |

## 8. Other Current Liabilities

Liabilities for wages and salaries and annual leave are recognised at the amounts expected to be paid when the liabilities are settled.

| NZ\$000                          | 2023         | 2022         |
|----------------------------------|--------------|--------------|
| Accrued wages and salaries       | 420          | 279          |
| Annual leave                     | 751          | 627          |
| <b>Employee benefits</b>         | <b>1,171</b> | <b>906</b>   |
| Other liabilities                | 125          | 183          |
| <b>Other current liabilities</b> | <b>1,296</b> | <b>1,089</b> |

## Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

### Long-Term Assets

#### 9. Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses. Cost includes the purchase consideration and those costs attributable to bringing the asset to the location and condition necessary for its intended use. Subsequent costs are capitalised only when it is probable the future economic benefits associated with the item will flow to the Group. The carrying amount of any replaced part is derecognised. All other repairs and maintenance costs are recognised as an expense when they are incurred.

Gains or losses on disposals are calculated by comparing the sales proceeds with the carrying amount, and are recognised in profit or loss.

Depreciation is calculated on a straight-line basis to allocate the cost of the asset, less any residual value, over its useful economic life. Residual values and useful lives are reviewed, and adjusted if required, each financial year.

The depreciation rates for each class of property, plant and equipment are as follows:

- Motor vehicles 21% - 25%
- Plant and machinery 8% - 67%
- Furniture, fixtures and fittings 13% - 67%
- Computers 50% - 67%

| NZ\$000                                | Motor vehicles | Plant and machinery | Furniture, fittings and equipment | Computers  | Total         |
|--|----------------|---------------------|-----------------------------------|------------|---------------|
| <b>Cost</b>                            |                |                     |                                   |            |               |
| At 1 April 2022                        | 389            | 3,446               | 1,871                             | 711        | 6,417         |
| Additions                              | 129            | 5,012               | 101                               | 184        | 5,426         |
| Disposals                              | -              | (126)               | (29)                              | (23)       | (178)         |
| <b>At 31 March 2023</b>                | <b>518</b>     | <b>8,332</b>        | <b>1,943</b>                      | <b>872</b> | <b>11,665</b> |
| <b>Accumulated depreciation</b>        |                |                     |                                   |            |               |
| At 1 April 2022                        | 309            | 1,193               | 1,010                             | 533        | 3,045         |
| Depreciation                           | 29             | 436                 | 178                               | 152        | 795           |
| Disposals                              | -              | (80)                | (22)                              | (19)       | (121)         |
| <b>At 31 March 2023</b>                | <b>338</b>     | <b>1,549</b>        | <b>1,166</b>                      | <b>666</b> | <b>3,719</b>  |
| <b>Net book value at 31 March 2023</b> | <b>180</b>     | <b>6,783</b>        | <b>777</b>                        | <b>206</b> | <b>7,946</b>  |
| <b>Cost</b>                            |                |                     |                                   |            |               |
| At 1 April 2021                        | 412            | 2,779               | 1,852                             | 526        | 5,569         |
| Additions                              | -              | 680                 | 24                                | 192        | 896           |
| Disposals                              | (23)           | (13)                | (5)                               | (7)        | (48)          |
| <b>At 31 March 2022</b>                | <b>389</b>     | <b>3,446</b>        | <b>1,871</b>                      | <b>711</b> | <b>6,417</b>  |
| <b>Accumulated depreciation</b>        |                |                     |                                   |            |               |
| At 1 April 2021                        | 293            | 838                 | 913                               | 407        | 2,451         |
| Depreciation                           | 34             | 355                 | 102                               | 132        | 623           |
| Disposals                              | (18)           | -                   | (5)                               | (6)        | (29)          |
| <b>At 31 March 2022</b>                | <b>309</b>     | <b>1,193</b>        | <b>1,010</b>                      | <b>533</b> | <b>3,045</b>  |
| <b>Net book value at 31 March 2022</b> | <b>80</b>      | <b>2,253</b>        | <b>861</b>                        | <b>178</b> | <b>3,372</b>  |

At 31 March 2023 additions of \$1,841,000 (2022: \$174,000) included in Plant and machinery are not ready for use and therefore have not been subject to depreciation during the year. Of these additions \$1,473,000 (2022: nil) relate to the implementation of pick technology.

## 10. Intangible Assets

The significant intangible assets recognised by the Group are goodwill, brands and software assets.

### Goodwill

Goodwill represents the premium paid by the Group over the fair value of the Group's share of net identifiable assets of an acquired subsidiary at the date of acquisition. Goodwill is initially measured at cost and subsequently measured at cost less accumulated impairment losses, if any. Goodwill is not amortised.

### Brands

Brands that are purchased by the Group are initially recognised at cost, or at their fair value if acquired as part of a business combination. A brand is determined to have an indefinite life where there is an intention to maintain and support the brand for an indefinite period. Indefinite life brands are not amortised, they are subsequently measured at cost less accumulated impairment losses, if any.

### Software assets

Software assets, both purchased and internally developed, are capitalised provided there is an identifiable asset, controlled by the Group, that will generate future economic benefits through supporting revenue generation or cost savings. Subsequent costs are capitalised if they extend the useful life or enhance the functionality of the asset. Software assets are amortised on a straight-line basis over their estimated useful lives (using amortisation rates of 14% - 50%). Amortisation is included in Indirect expenses.

### Impairment testing

Goodwill and indefinite life brands are tested for impairment annually, or more frequently if there is an indicator of impairment. Software assets are tested for impairment when an indicator of impairment exists.

## Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

| NZ\$000                                | Goodwill      | Brands        | Software     | Software<br>WIP | Other        | Total         |
|--|---------------|---------------|--------------|-----------------|--------------|---------------|
| <b>Cost</b>                            |               |               |              |                 |              |               |
| At 1 April 2022                        | 63,631        | 18,357        | 6,231        | 272             | 5,261        | 93,752        |
| Additions                              | -             | -             | 76           | 2,493           | -            | 2,569         |
| Transfers                              | -             | -             | 1,854        | (1,854)         | -            | -             |
| Disposals                              | -             | -             | -            | (18)            | -            | (18)          |
| <b>At 31 March 2023</b>                | <b>63,631</b> | <b>18,357</b> | <b>8,161</b> | <b>893</b>      | <b>5,261</b> | <b>96,303</b> |
| <b>Accumulated amortisation</b>        |               |               |              |                 |              |               |
| At 1 April 2022                        | -             | -             | 3,602        | -               | 5,261        | 8,863         |
| Amortisation                           | -             | -             | 2,177        | -               | -            | 2,177         |
| <b>At 31 March 2023</b>                | <b>-</b>      | <b>-</b>      | <b>5,779</b> | <b>-</b>        | <b>5,261</b> | <b>11,040</b> |
| <b>Net book value at 31 March 2023</b> | <b>63,631</b> | <b>18,357</b> | <b>2,382</b> | <b>893</b>      | <b>-</b>     | <b>85,263</b> |

| NZ\$000                                | Goodwill      | Brands        | Software     | Software<br>WIP | Other        | Total         |
|--|---------------|---------------|--------------|-----------------|--------------|---------------|
| <b>Cost</b>                            |               |               |              |                 |              |               |
| At 1 April 2021                        | 63,631        | 18,357        | 3,620        | 900             | 5,261        | 91,769        |
| Additions                              | -             | -             | 131          | 1,852           | -            | 1,983         |
| Transfers                              | -             | -             | 2,480        | (2,480)         | -            | -             |
| <b>At 31 March 2022</b>                | <b>63,631</b> | <b>18,357</b> | <b>6,231</b> | <b>272</b>      | <b>5,261</b> | <b>93,752</b> |
| <b>Accumulated amortisation</b>        |               |               |              |                 |              |               |
| At 1 April 2021                        | -             | -             | 1,662        | -               | 5,261        | 6,923         |
| Amortisation                           | -             | -             | 1,940        | -               | -            | 1,940         |
| <b>At 31 March 2022</b>                | <b>-</b>      | <b>-</b>      | <b>3,602</b> | <b>-</b>        | <b>5,261</b> | <b>8,863</b>  |
| <b>Net book value at 31 March 2022</b> | <b>63,631</b> | <b>18,357</b> | <b>2,629</b> | <b>272</b>      | <b>-</b>     | <b>84,889</b> |

### IMPAIRMENT TESTING

The recoverable amount of the Group, which is a single cash-generating unit, was determined on a value-in-use basis using a discounted cash flow methodology.

The model uses a 5-year cash flow forecast based on the budget for the financial year ending 31 March 2023 approved by the Board. Cash flows for FY25 and FY26 are based on forecast performance of the core meal kit business including the on-going impact of strategic initiatives implemented during FY23 and FY24. Cash flows for FY27 and FY28 are based on revenue growth and margin assumptions.

The key assumptions in the cash flow forecast are revenue growth (estimated based on number of deliveries and average order value), and EBITDA margin (estimated based on ingredients price inflation, operational performance and operating expenses). The values attributed to the key assumptions are based on past performance and current market information including, where negotiated, contracted prices for ingredients.

The discount rate used in the model is 11.7% (2022: 8.5%).

The long-term growth rate applied to the forecast cash flows after year 5 is 2.0% (2022: 2.0%). This reflects the expected long-term economic growth rate in New Zealand.

The following table shows the sensitivity analysis for the value-in-use calculation.

| Key assumption                                    | Change in key assumption                                      | Reduction in recoverable amount<br>NZ\$million | Increase in recoverable amount<br>NZ\$million | Would the change result in impairment |
|---|---|--|---|---------------------------------------|
| Revenue growth: 5-year CAGR 3.8%                  | +/- 500 basis points<br>(CAGR range: -1.2% to 8.8%)           | -31.8  | 43.5  | No                                    |
| EBITDA margin %: 5-year increase 210 basis points | +/- 200 basis points<br>(EBITDA margin range: 10.5% to 14.5%) | -28.2  | 36.6  | No                                    |
| Discount rate: 11.7%                              | +/- 200 basis points  | -19.0  | 28.6  | No                                    |
| Terminal growth rate: 2.0%                        | +/- 50 basis points   | -3.9   | 4.4   | No                                    |

While the sensitivity of key assumptions provided in the above table would not on their own result in impairment in each case, it is possible that they could occur in combination.

The impairment test does not result in an impairment of goodwill or indefinite life brands. Reasonably possible changes in key assumptions do not result in impairment of goodwill or indefinite life brands.

## 11. Leases

### Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of the future lease payments over the term of the lease. If the rate implicit in the lease is not readily determinable, the lease payments are discounted using the Group's incremental borrowing rate at the lease commencement date. The lease term is the non-cancellable period plus rental renewal options that are determined to be reasonably certain to be exercised. Once the lease has commenced, the Group only reassesses the lease term on occurrence of a significant event or change in circumstance that is within its control and affects its ability to exercise, or not exercise a renewal option in the contract.

### Right-of-use assets

Right-of-use assets are initially measured at the amount of the lease liability at commencement date plus direct costs incurred in establishing the lease and an estimate of costs required to dismantle and remove the underlying asset or to restore the underlying asset.

Right-of-use assets are depreciated on a straight-line basis over the lease term, unless the useful life of the asset is less than the lease term, or if the Group will own the asset at the end of the lease term. In these circumstances the right-of-use asset is depreciated over the useful life of the asset.

The Group enters into lease arrangements for property, and plant and machinery. Leases of property have lease terms between one and ten years, plant and machinery have terms between three and five years. Changes to the lease payments are renegotiated at periods specified in the contracts and are usually based on the consumer price index or market rental rates. The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short-term leases. These lease costs are recognised as an expense as incurred.

Information about right-of-use assets is shown below.

| NZ\$000                    | 2023           |                     | 2022           |                     |
|----------------------------|----------------|---------------------|----------------|---------------------|
|                            | Net book value | Depreciation charge | Net book value | Depreciation charge |
| Property                   | 10,383         | 2,527               | 6,029          | 2,369               |
| Plant and machinery        | 166            | 246                 | 240            | 189                 |
| <b>Right-of-use assets</b> | <b>10,549</b>  | <b>2,773</b>        | <b>6,269</b>   | <b>2,558</b>        |

Additions to right-of-use assets during the year were NZ\$6,315,000 (2022: NZ\$232,000). Of this amount, NZ\$6,113,000 relates to the lease of the Group's new assembly and distribution site in Christchurch that commenced in April 2022.

## Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

### Amounts recognised in the Statement of Comprehensive Income

| NZ\$000  | 2023 | 2022 |
|--|------|------|
| Interest on lease liabilities                              | 610  | 328  |
| Expense relating to short-term leases and low value assets | 112  | 151  |

### Lease liabilities

| NZ\$000                               | 2023          | 2022         |
|---------------------------------------|---------------|--------------|
| Lease liabilities at 1 April          | 7,598         | 10,006       |
| Principal lease payments              | (2,603)       | (2,557)      |
| New leases                            | 6,315         | 232          |
| Non-cash changes in lease liabilities | 569           | (83)         |
| <b>Lease liabilities at 31 March</b>  | <b>11,879</b> | <b>7,598</b> |

Total cash payments for leases during the year was NZ\$3,213,000 (2022: NZ\$2,885,000).

### Leases not yet commenced

At 31 March 2023 there are no leases that have not yet commenced. At 31 March 2022, the Group had entered into a lease for the new assembly and distribution site in Christchurch and leases for machinery that had not yet commenced. The total cash payments over the non-cancellable period of these leases were \$8,322,000 and \$231,000 respectively.

## Funding and Equity

### 12. Share Capital and Dividend

#### SHARE CAPITAL

|                                | 2023          |                | 2022          |                |
|--------------------------------|---------------|----------------|---------------|----------------|
|                                | NZ\$000       | Number (000s)  | NZ\$000       | Number (000s)  |
| Fully paid ordinary shares     |               |                |               |                |
| <b>At 1 April and 31 March</b> | <b>59,336</b> | <b>242,438</b> | <b>59,336</b> | <b>242,438</b> |

All ordinary shares issued are fully paid and have no par value. The holders of ordinary shares are entitled to receive dividends as declared by the Board and are entitled to one vote per share. All shares rank equally in any surplus on winding up of the Group.

#### DIVIDENDS

A liability to pay a dividend is recognised when the distribution is declared by the Board. A corresponding amount is recognised directly in equity.

| NZ\$000   | 2023          | 2022         |
|---|---------------|--------------|
| Interim dividend for 2022 – 3.0 cents per share | -             | 7,295        |
| Final dividend for 2022 – 4.0 cents per share   | 9,740         | -            |
| Interim dividend for 2023 – 3.0 cents per share | 7,308         | -            |
| <b>Dividends paid</b>                           | <b>17,048</b> | <b>7,295</b> |

The imputation credit account balance as at 31 March 2023 is NZ\$1,014,000 (2022: NZ\$481,000).

#### Dividend declared after the reporting period

No further dividend relating the financial year ended 31 March 2023 has been declared by the Board.

## CAPITAL MANAGEMENT

The Group's capital includes share capital and retained earnings. The objective of the Group's capital management is to maintain a strong capital base to support investor and market confidence and the future growth of the business. To manage the capital structure, the Group may adjust the proportion of earnings paid to shareholders, return capital to shareholders, issue new shares or amend capital spending plans.

The Group is not subject to externally imposed capital requirements.

## 13. Borrowings

Borrowings are initially measured at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised costs using the effective interest method.

The Group's net debt position is shown below.

| NZ\$000                         | 2023          | 2022           |
|---------------------------------|---------------|----------------|
| Bank loan – non-current         | 11,420        | 3,411          |
| <b>Total borrowings</b>         | <b>11,420</b> | <b>3,411</b>   |
| Less: cash and cash equivalents | (150)         | (5,913)        |
| Add: bank overdraft             | 3,995         | -              |
| <b>Net debt / (cash)</b>        | <b>15,265</b> | <b>(2,502)</b> |

A reconciliation of the changes in borrowings to the proceeds and repayments of borrowings presented in the Statement of Cash flows is shown below.

| NZ\$000                                   | 2023          | 2022         |
|---|---------------|--------------|
| Total borrowings at 1 April               | 3,411         | 15,864       |
| Proceeds from borrowings                  | 19,250        | 8,000        |
| Repayments of borrowings                  | (11,250)      | (20,500)     |
| Payment of credit facility extension fee  | (38)          | -            |
| Non-cash change in deferred finance costs | 47            | 47           |
| <b>Total borrowings at 31 March</b>       | <b>11,420</b> | <b>3,411</b> |

## Funding arrangements

The Group's funding arrangements are shown below.

| NZ\$000                            | 2023          | 2022          |
|------------------------------------|---------------|---------------|
| Revolving credit facility          | 25,000        | 35,000        |
| Bank overdraft                     | 5,000         | 5,000         |
| <b>Total facilities</b>            | <b>30,000</b> | <b>40,000</b> |
| Revolving credit facility utilised | (11,500)      | (3,500)       |
| Bank overdraft utilised            | (3,995)       | -             |
| <b>Total undrawn facilities</b>    | <b>14,505</b> | <b>36,500</b> |

In March 2023 the revolving credit facility agreement was amended and restated to reduce the amount of the facility available and extend the tenure of the agreement to 5 April 2026.

The amount drawn down is secured over current and future accounts receivables and all the property, plant and equipment of the Group. The interest rate on the revolving credit facility comprises base rate (BKBM rate) plus a margin of 1.77%.

The Group was in compliance with its banking covenants during the year, and at 31 March 2023. The Group was also in compliance with its banking covenants during the prior year and at 31 March 2022.

## Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

### 14. Financial Risk Management

The objective of the Group's risk management framework is to appropriately identify and manage risks within acceptable levels. Risk management policies and procedures are reviewed regularly to ensure they reflect changes in market conditions and the Group's activities.

The financial risks that impact the Group are liquidity risk and interest rate risk and credit risk.

#### LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulties in meeting its financial commitments as they fall due. The Group manages its liquidity risk by maintaining a level of undrawn credit facilities and a spread of maturity dates.

The table below shows the timing of the gross contractual cash flows of the Group's financial liabilities.

| NZ\$000                      | Carrying amount | Contractual cash flows | 2023             |                |               |                   |
|------------------------------|-----------------|------------------------|------------------|----------------|---------------|-------------------|
|                              |                 |                        | 3 months or less | 3 to 12 months | 1 to 5 years  | More than 5 years |
| Bank loan                    | 11,420          | 11,500                 | -                | -              | 11,500        | -                 |
| Bank overdraft               | 3,995           | 3,995                  | 3,995            | -              | -             | -                 |
| Lease liabilities            | 11,879          | 13,974                 | 806              | 2,213          | 7,347         | 3,608             |
| Trade and other payables     | 12,737          | 12,737                 | 12,737           | -              | -             | -                 |
| <b>Financial liabilities</b> | <b>40,031</b>   | <b>42,206</b>          | <b>17,538</b>    | <b>2,213</b>   | <b>18,847</b> | <b>3,608</b>      |

| NZ\$000                      | Carrying amount | Contractual cash flows | 2022             |                |              |                   |
|------------------------------|-----------------|------------------------|------------------|----------------|--------------|-------------------|
|                              |                 |                        | 3 months or less | 3 to 12 months | 1 to 5 years | More than 5 years |
| Bank loan                    | 3,411           | 3,500                  | -                | -              | 3,500        | -                 |
| Lease liabilities            | 7,598           | 7,880                  | 591              | 1,613          | 5,676        | -                 |
| Trade and other payables     | 13,000          | 13,000                 | 13,000           | -              | -            | -                 |
| <b>Financial liabilities</b> | <b>24,009</b>   | <b>24,380</b>          | <b>13,591</b>    | <b>1,613</b>   | <b>9,176</b> | <b>-</b>          |

#### INTEREST RATE RISK

Interest rate risk is the impact of changes in interest rates on the financial results. The Group manages its interest rate risk through the use of interest rate swaps where appropriate, based on the amount and tenure of the Group's borrowing requirements.

The following table shows the effect on profit or loss and equity at reporting date of a reasonably possible change in interest rates. A change in interest rates would impact the floating rate interest payments on the Groups borrowings held at reporting date.

| NZ\$000                 | 2023   |        | 2022   |        |
|-------------------------|--------|--------|--------|--------|
|                         | Equity | Profit | Equity | Profit |
| 50 basis point increase | (41)   | (41)   | (19)   | (19)   |
| 10 basis point decrease | 10     | 10     | 4      | 4      |

#### CREDIT RISK

Credit risk is the risk of loss due to customers not paying amounts owed. The Group's exposure to credit risk is managed through the Group's operating model, where payment for the goods is typically received in advance of delivery. Refer to Note 5 Trade and Other Receivables for details of the level of provision for impairment of trade receivables at reporting date.

## Other Notes

### 15. Taxation

Tax expense comprises current and deferred tax. Tax expense is recognised in the Statement of Comprehensive Income. The tax consequence of items recognised directly in equity is also recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of a previous year.

Deferred tax arises due to certain temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and those for tax purposes. Deferred tax is measured at the tax rate that is expected to apply to the temporary differences when they reverse, based on laws that have been enacted or substantially enacted at the reporting date.

Deferred tax is not recognised on the initial recognition of goodwill, or the initial recognition of assets and liabilities in a transaction that affects neither accounting nor taxable profit.

Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the temporary differences can be utilised.

#### Tax expense

| NZ\$000   | 2023         | 2022         |
|---|--------------|--------------|
| Current period                                    | 3,453        | 7,739        |
| Adjustments to prior periods                      | (61)         | (213)        |
| <b>Current tax expense</b>                        | <b>3,392</b> | <b>7,526</b> |
| Origination and reversal of temporary differences | (239)        | 274          |
| <b>Deferred tax expense</b>                       | <b>(239)</b> | <b>274</b>   |
| <b>Income tax expense</b>                         | <b>3,153</b> | <b>7,800</b> |

#### Reconciliation of effective tax rate

| NZ\$000  | 2023         | 2022         |
|--|--------------|--------------|
| Profit before tax  | 11,003       | 27,807       |
| Prima facie income tax expense at 28% on profit before tax | 3,081        | 7,786        |
| Non-deductible expenses                                    | 12           | 14           |
| Adjustments to prior year                                  | 60           | -            |
| <b>Income tax expense</b>                                  | <b>3,153</b> | <b>7,800</b> |

## Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

### Deferred tax

Deferred tax assets and liabilities are attributed to the following:

| NZ\$000                           | At 1 April 2022 | Recognised in the Statement of Comprehensive Income | At 31 March 2023 |
|-----------------------------------|-----------------|---|------------------|
| Property, plant and equipment     | 225             | (20)  | 205              |
| Leases and right-of-use assets    | 357             | 56  | 413              |
| Prepayments                       | (265)           | 66  | (199)            |
| Intangible assets                 | (5,140)         | -   | (5,140)          |
| Accruals and provisions           | 261             | 112   | 373              |
| Share-based payments              | -               | 31  | 31               |
| Tax losses carried forward        | 6               | (6)   | -                |
| <b>Net deferred tax liability</b> | <b>(4,556)</b>  | <b>239</b>  | <b>(4,317)</b>   |

| NZ\$000                           | At 1 April 2021 | Recognised in the Statement of Comprehensive Income | At 31 March 2022 |
|-----------------------------------|-----------------|---|------------------|
| Property, plant and equipment     | (52)            | 277   | 225              |
| Leases and right-of-use assets    | 373             | (16)  | 357              |
| Prepayments                       | -               | (265)   | (265)            |
| Intangible assets                 | (5,140)         | -   | (5,140)          |
| Derivatives                       | 50              | (50)  | -                |
| Accruals and provisions           | 481             | (220)   | 261              |
| Tax losses carried forward        | 6               | -   | 6                |
| <b>Net deferred tax liability</b> | <b>(4,282)</b>  | <b>(274)</b>  | <b>(4,556)</b>   |

## 16. Share-based Payments

### Equity-settled share-based payments

The cost of equity-settled share-based payments is determined based on the grant-date fair value of the award. The fair value is estimated using a valuation model appropriate to the terms and conditions of the award.

The cost is recognised in Staff expenses, together with a corresponding increase in equity (Share-based payment reserve), over the period in which the service condition and, where applicable, the performance measures are fulfilled.

At each reporting date the likelihood of the service condition, and where applicable, the Earnings per Share (EPS) performance measure being met is reassessed. The cumulative expense through profit or loss and equity is adjusted to reflect the best estimate of the number of share rights and performance share rights that will ultimately vest.

Therefore, on a cumulative basis, no expense is recognised for awards that do not ultimately vest because the service condition or EPS hurdle have not been met. As the Total Shareholder Return (TSR) performance measure is reflected in the grant-date fair value, these awards are treated as vested, and the expense is recognised, irrespective of whether the TSR hurdle is achieved (provided the service condition is met).

During the year, the Board approved an Employee Share Ownership Scheme (ESOS) and a Long-Term Incentive scheme (LTI) for the year ending 31 March 2023. The key features of the schemes are as follows:

### ESOS

Permanent employees working at least 30 hours per week were eligible to participate in the ESOS June 2022 grant. Under the scheme, participants were awarded restricted share rights of \$3,000. The share rights vest after two years, subject to participants' continued employment with the Group. After 2 years each share right converts to one ordinary share, at no cost to the employee.

Employees eligible for the ESOS December 2022 were primarily permanent employees working at least 30 hours per week who commenced employment after June 2022. Participants in the December grant were awarded 1,691 restricted share rights. The share rights vest after 18 months, subject to participants' continued employment with the Group. After 18 months each share right converts to one ordinary share, at no cost to the employee.

The ESOS is an equity-settled share-based payment scheme.

### LTI

The Senior Leadership Team and certain Key Operational Leaders are eligible to participate in the LTI. Under the scheme, participants are awarded performance share rights based on a percentage of their base salary. Each performance share right converts to one ordinary share, at no cost to the employee. The awards lapse if the performance hurdles are not met or if the participant ceases to be an employee of the Group. The LTI is an equity-settled share-based payment scheme.

For the FY23 scheme the performance share rights vest after two years (June grant) or after 18 months (December grant), subject to achievement of the following performance measures:

- 50% of the rights vest based on continued employment with the Group (retention tranche),
- 50% of the rights vest based on continued employment with the Group and the relative Total Shareholder Return (TSR) compared to the companies included the NZX 50 (TSR tranche).

### CEO award – June 2022 grant

The CEO was awarded performance share rights under the FY23 LTI (CEO's award). The performance share rights awarded to the CEO vest after two years, subject to achievement of the following performance measures:

- 50% of the rights vest based on continued employment with the Group and the earnings per share target achieved for the year ending 31 March 2024 (EPS tranche),
- 50% of the rights vest based on continued employment with the Group and the relative TSR compared to the companies included in the NZX 50 (TSR tranche).

In September 2022 the CEO resigned from the Group and the performance share rights granted under CEO's award were forfeited.

### CEO award – December 2022 grant

The CEO was awarded performance share rights under the FY23 LTI (CEO's December award). The performance share rights awarded to the CEO vest after 18 months, subject to achievement of the following performance measures:

- 100% of the rights vest based on continued employment with the Group and the relative TSR compared to the companies included in the NZX 50 (TSR tranche).

| Number of rights outstanding | ESOS           | LTI              |
|------------------------------|----------------|------------------|
| At 1 April 2022              | -              | -                |
| Granted – June 2022          | 385,548        | 1,820,518        |
| Granted – December 2022      | 65,949         | 154,675          |
| Forfeited                    | (91,314)       | (811,192)        |
| <b>At 31 March 2023</b>      | <b>360,183</b> | <b>1,164,001</b> |

## Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

### VALUATION APPROACH

#### ESOS

The fair value of the restricted share rights is estimated based on the grant date share price less the present value of expected dividends.

#### LTI

The fair value of performance share rights is estimated for each performance measure separately:

- The fair value of the TSR tranche of the performance share rights is estimated at the grant date using the Monte Carlo simulation approach, taking into account the terms and conditions of the award.
- The fair value of the Retention tranche of the performance share rights, and the EPS tranche of the CEO's award, is estimated based on the grant date share price less the present value of expected dividends.

#### Key inputs in determining the fair values

|   | Value attributed |
|---|------------------|
| Share price at grant date – June 2022 grant     | \$0.83           |
| Share price at grant date – December 2022 grant | \$0.40           |
| Risk-free interest rate                         | 3.36%            |
| Expected cash dividend yield                    | 8.6%             |
| Expected share price volatility                 | 36.7%            |
| Vesting period - June 2022 grant                | 2 years          |
| Vesting period - December 2022 grant            | 1.5 years        |

The expected share price volatility is based on historic data and the expected dividend yield is based on external market expectations at grant date.

The weighted average grant date fair values of are shown below.

|   | ESOS   | LTI    |
|---|--------|--------|
| Grant date fair value – June 2022 grant     | \$0.69 | \$0.50 |
| Grant date fair value – December 2022 grant | \$0.32 | \$0.23 |

## 17. Related Party Transactions

The transactions with related parties that were entered into during the year, and the year-end balances that arose from those transactions are shown below.

### KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel comprise members of the Board and members of the Senior Leadership Team (SLT). The Board comprised five members until 1 November 2022 when a sixth director was appointed (2022: five members). The SLT comprised eight members (2022: eight).

| NZ\$000                                      | 2023         | 2022         |
|--|--------------|--------------|
| Short-term employee benefits                 | 3,185        | 2,269        |
| Share-based payment transactions             | 92           | -            |
| Directors' remuneration                      | 515          | 420          |
| <b>Key management personnel remuneration</b> | <b>3,792</b> | <b>2,689</b> |

### TRANSACTIONS WITH RELATED PARTIES DURING THE YEAR

Transactions with related parties are at a discount to normal terms and conditions.

| NZ\$000                         | 2023 | 2022 |
|---------------------------------|------|------|
| <b>Key management personnel</b> |      |      |
| Sale of goods                   | 76   | 63   |

## 18. Operating Cash Flow Reconciliation

The reconciliation of net profit before tax to net cash flows from operations is shown below.

| NZ\$000  | 2023         | 2022          |
|--|--------------|---------------|
| <b>Net profit before tax</b>                       | 11,003       | 27,807        |
| <i>Adjustments for non-cash items</i>              |              |               |
| Depreciation and amortisation                      | 5,745        | 5,121         |
| Non-cash change in deferred finance costs          | 47           | 47            |
| Loss on disposal of property, plant and equipment  | 45           | 9             |
| Disposal of intangible asset                       | 18           | -             |
| Share-based payment expense                        | 266          | -             |
| Derivative financial instruments                   | -            | (179)         |
| <i>Changes in assets and liabilities</i>           |              |               |
| (Increase) in trade and other receivables          | (144)        | (58)          |
| Decrease / (increase) in inventories               | 448          | (1,392)       |
| Decrease in prepayments                            | 171          | 369           |
| (Decrease) / increase in trade and other payables  | (492)        | 882           |
| (Decrease) / increase in deferred revenue          | (805)        | 1,322         |
| Increase / (decrease) in other current liabilities | 207          | (749)         |
| Income tax paid                                    | (7,028)      | (3,645)       |
| Tax refund   | 277          | -             |
| <b>Net cash flows from operating activities</b>    | <b>9,758</b> | <b>29,534</b> |

## 19. Contingent Liabilities

The Group has no contingent liabilities (2022: Nil)

## 20. Capital Commitments

In August 2022, the Group entered into a contract for the implementation of pick technology. The total contractual commitment was EUR1,439,000. Of this amount EUR1,174,000 (NZ\$2,116,000) was paid during the year and is included in property, plant and equipment. The remaining amount committed of EUR265,000 (NZ\$460,000 based on the foreign exchange rate at 31 March 2023) is payable on the achievement of certain project milestones that are expected to be completed within 12 months.

The Group has no other capital commitments (31 March 2022: \$61,000).

# Independent Auditor's Report

FOR THE YEAR ENDED 31 MARCH 2023



## Independent auditor's report to the shareholders of My Food Bag Group Limited

### OPINION

We have audited the financial statements of My Food Bag Group Limited (the "Company") and its subsidiaries (together the "Group") on pages 32 to 53, which comprise the consolidated statement of financial position of the Group as at 31 March 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended of the Group, and the notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the consolidated financial statements on pages 32 to 53 present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2023 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interest in, the Company or any of its subsidiaries. Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of the audit report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



**REVENUE**

| Why significant   | How our audit addressed the key audit matter  |
|---|---|
| <p>The Group’s principal revenue stream is the sale of meal kits. Revenue is recognised at the time of delivery of the meal kit. Revenue is presented net of any sales discounts.</p> <p>As customers pay for meal kits in advance of delivery, revenue recognition is deferred until delivery of the meal kits. As a result, at balance date, cash received in relation to undelivered meal kits is deferred on the statement of financial position and presented as a liability.</p> <p>The volume of meal kits sold and the receipt of cash in advance of delivery increases the likelihood that revenue is recorded in the incorrect period.</p> <p>Disclosures in relation to the Group’s revenue are included in Note 1 to the consolidated financial statements.</p> | <p>In obtaining sufficient appropriate audit evidence, we:</p> <ul style="list-style-type: none"> <li>• used data analytical techniques to assess the correlation between revenue, deferred revenue and cash.</li> <li>• validated a sample of cash receipts related to revenue transactions.</li> <li>• assessed the appropriateness of the deferred revenue balance at year end by reference to deliveries subsequent to balance date.</li> <li>• analysed credit notes issued subsequent to balance date to assess whether these indicated that revenue was incorrectly recognised in the 2023 financial year.</li> <li>• considered the adequacy of the associated disclosures in the consolidated financial statements.</li> </ul> |

**GOODWILL AND BRAND INTANGIBLE ASSETS’ IMPAIRMENT ASSESSMENT**

| Why significant   | How our audit addressed the key audit matter  |
|---|---|
| <p>At 31 March 2023 the Group recorded indefinite useful life intangible assets, being goodwill and brand intangible assets, with a combined value of \$82 million. These comprise 76% of the Group’s total assets.</p> <p>The value-in-use of the Group’s cash generating unit (“CGU”) is determined by management each reporting period by an impairment model that requires significant judgement and estimation in respect of forecast cash flows, discount rate and terminal growth rate assumptions. Changes in certain assumptions can lead to significant changes in the assessment of the value-in-use.</p> <p>Disclosures regarding the Group’s key assumptions adopted and sensitivity to reasonably possible changes in those key assumptions are included in note 10 of the consolidated financial statements.</p> | <p>In obtaining sufficient appropriate audit evidence, we:</p> <ul style="list-style-type: none"> <li>• understood the Group’s goodwill impairment assessment process.</li> <li>• assessed the Group’s determination of CGUs based on our understanding of the nature of the Group’s business and considered whether management’s assessment of a single CGU was appropriate.</li> <li>• determined the appropriateness of using a discounted cash flow methodology to assess value in use.</li> <li>• tested the discounted cash flow model for mathematical accuracy.</li> <li>• challenged the reasonableness of management’s forecast cash flows, including by comparing them to historic results and the Board’s approved budget.</li> <li>• considered the accuracy of previous Group cash flow forecasting to inform our evaluation of forecasts included in the impairment model.</li> <li>• involved our business valuation specialists to assess the terminal growth and discount rates applied.</li> <li>• challenged the assumptions and judgements used by management by performing sensitivity analysis in relation to the discount rate, terminal growth rate and forecast cash flows to consider the potential impact of changes in these assumptions.</li> <li>• evaluated the adequacy of the related financial statement disclosures.</li> </ul> |

# Independent Auditor's Report (continued)

FOR THE YEAR ENDED 31 MARCH 2023



## INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT

The directors of the Company are responsible for the annual report, which includes information other than the consolidated financial statements and auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The directors are responsible, on behalf of the entity, for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing on behalf of the entity the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the External Reporting Board's website: <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/>. This description forms part of our auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Brent Penrose.

Chartered Accountants

Auckland

18 May 2023

## Other Information

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## Non-GAAP Financial Information

The reconciliation of net profit after tax to earnings before interest, tax and depreciation and amortization (EBITDA) is shown below.

| NZ\$000                            | 2023          | 2022          |
|------------------------------------|---------------|---------------|
| Net profit after tax               | 7,850         | 20,007        |
| Add: Tax                           | 3,153         | 7,800         |
| Net profit before tax              | 11,003        | 27,807        |
| Add: Depreciation and amortisation | 5,745         | 5,121         |
| Add: Net financing costs           | 1,418         | 1,039         |
| <b>EBITDA</b>                      | <b>18,166</b> | <b>33,967</b> |

The reconciliation of revenue to gross margin and contribution margin is shown below.

| NZ\$000                               | 2023          | 2022          |
|---------------------------------------|---------------|---------------|
| Revenue                               | 175,694       | 193,954       |
| Less: Cost of goods sold              | (90,725)      | (98,480)      |
| <b>Gross margin</b>                   | <b>84,969</b> | <b>95,474</b> |
| Less: Assembly and distribution costs | (43,594)      | (42,802)      |
| <b>Contribution margin</b>            | <b>41,375</b> | <b>52,672</b> |

## Corporate Governance Statement

The Board of My Food Bag Group Limited (**Company**) and its subsidiary (collectively, **My Food Bag**) are responsible for the overall management of My Food Bag and aim to promote and achieve high standards of corporate governance, consistent with the size and nature of My Food Bag's operations.

The objective of strong corporate governance at My Food Bag is to lay the foundation for a culture that is open, transparent and inclusive, and which develops capability, seeks out new opportunities and drives good decision making, in turn creating long-term, sustainable value for shareholders.

This Corporate Governance Statement provides an overview of My Food Bag's current corporate governance framework, which is structured in alignment with the NZX Corporate Governance Code (**NZX Code**) and discloses the extent to which My Food Bag has followed the recommendations in the NZX Code. The Board's view is that (unless specifically stated) My Food Bag complies in all material respects with the principles and recommendations set out in the NZX Code.

For the purposes of this Corporate Governance Statement, My Food Bag has continued to report against the NZX Code published as at 17 June 2022. As required by the NZX Listing Rules, My Food Bag will transition to the new NZX Code on and from 1 April 2023 and report against that NZX Code in its next Annual Report.

This statement was approved by the Board on 18 May 2023 and is current as at that date.

### Principle 1 – Code of Ethical Behaviour

*“Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.”*

#### CODE OF ETHICS

My Food Bag expects its people to behave ethically and act with integrity. It has adopted a written Code of Ethics with which all of its Directors and employees are required to comply. This Code does not include an exhaustive list of what is or is not acceptable behaviour at My Food Bag – rather, it is intended to facilitate decisions and promote ethical standards that are consistent with My Food Bag's business standards, reputation, objectives and legal obligations.

The Code of Ethics (taken together with My Food Bag's other internal policies and charters) includes the content specified in Recommendation 1.1 of the NZX Code and will be reviewed by the Board at least every two years. It is currently structured to include certain fundamental requirements for ethical behaviour generally, alongside a number of more targeted areas, including the management of conflicts of interest, protection of My Food Bag's assets and information, reporting of unlawful or unethical behaviour, confidentiality and pursuit of corporate opportunities. The Code of Ethics was last updated on 27 March 2023.

The Code of Ethics is readily available to all employees at My Food Bag. In addition, every new Director and employee of My Food Bag is provided with a copy of the Code of Ethics as part of their induction to the business. Any breaches of the Code of Ethics are required to be addressed promptly, dealt with consistently and handled by senior management and/or the Board, as appropriate. The reporting of breaches of the Code of Ethics is encouraged and the steps for doing so are set out in the Code and My Food Bag's separate Whistleblowing Policy. In FY23, My Food Bag enhanced its whistleblowing processes to enable employees to anonymously report suspected wrongdoing through a third party service provider.

The Code of Ethics is available to view on the My Food Bag investor website.

#### SECURITIES TRADING POLICY

My Food Bag has a Securities Trading Policy that details the Company's trading policy and guidelines, including the restrictions on trading in the Company's securities. It applies to all Directors, employees and contractors of My Food Bag. The requirements imposed by the policy are separate from, and in addition to, the legal prohibitions on insider trading.

The Securities Trading Policy places additional restrictions on certain “restricted persons” which includes the Directors, the Chief Executive Officer (**CEO**), the members of the Senior Leadership Team and their direct reports. These restricted persons are generally prohibited from trading in the Company's securities during prescribed “blackout” periods. Outside of these blackout periods, the restricted persons are generally permitted to trade with the prior written consent of the Chief Financial Officer (**CFO**) (and subject always to compliance with underlying insider trading laws).

The Securities Trading Policy is available to view on the My Food Bag investor website.

## Corporate Governance Statement (continued)

### Principle 2 – Board Composition and Performance

*“To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives.”*

#### BOARD CHARTER

The role of the Board is to provide overall strategic direction to My Food Bag and effective management for the purpose of protecting and enhancing the value of My Food Bag and its assets. The Board has legal responsibility for managing the business and affairs of the Company, which, in practice, is substantially achieved through delegation to the CEO, who is charged with the day-to-day operational leadership and management of the business (and who subdelegates certain functions to other members of the Senior Leadership Team, subject to certain limitations and qualifications).

The Board operates under a written Board charter, which sets out the role, responsibilities, composition, structure and approach of the Board. The charter provides guidance for the effective oversight and monitoring of the operational management of My Food Bag on behalf of shareholders, employees and other stakeholders. The charter distinguishes and discloses the respective roles and responsibilities of the Board and management – in this regard, Directors are generally free to discuss business matters with the Senior Leadership Team, but they are expected to respect the distinction between Board and management responsibilities.

A copy of the Board charter is available to view on the My Food Bag investor website.

#### NOMINATION AND APPOINTMENT OF DIRECTORS

The appointment of directors to the Board is principally governed by the Companies Act 1993, the Company’s constitution and the NZX Listing Rules. The Board has delegated to the Nomination and Remuneration Committee the responsibility to make recommendations to the Board for nomination as members of the Board and its committees and the terms, if any, of such membership.

This Committee is governed by its own written charter. It is responsible for identifying individuals believed to be qualified to become Board members, and to recommend to the Board the nominees to stand for election as directors at the annual shareholders’ meeting. If a casual vacancy arises, the Committee recommends to the Board an individual to fill such vacancy. In nominating candidates, the Committee may consider a range of factors and attributes, including any terms of reference for the Directors from time to time. The Committee is also responsible for reviewing nominations from shareholders and providing recommendations to the Board in respect of such nominations.

The Company enters into written agreements with each of its Directors establishing the terms and conditions of their appointment, including in relation to their duties, term of appointment (subject to shareholder approval) and expectations of the role and remuneration. In addition, the Company indemnifies and arranges insurance for its Directors in accordance with applicable laws for certain claims which may be brought against them as directors.

Under the NZX Listing Rules, a director must not hold office (without re-election) past the third annual shareholders’ meeting following that director’s appointment or three years, whichever is longer. From time to time certain Directors may also retire early and seek reappointment at an annual shareholders’ meeting so as to effectively stagger the appointment of directors and preserve continuity by avoiding a scenario where all or a majority of the Directors are required to retire at the same meeting. This occurred during FY23, with the Chair, Tony Carter, voluntarily retiring early and standing for re-election at the annual shareholders’ meeting.

## DIRECTORS

The Board currently comprises six Directors: an independent Chair, Tony Carter; four independent non-executive Directors, Sarah Hindle, Jen Bunbury, Jon Macdonald and Mark Powell; and one non-executive Director, Cecilia Robinson. A profile highlighting the experience of each Director, including his or her length of service with My Food Bag, is available on My Food Bag's website and included in the Board of Directors section of the Annual Report.

Directors are chosen for their corporate leadership skills, professional backgrounds, experience and expertise. The right blend of skills and experience, combined with a diversity of perspectives, is crucial for the Board to be able to create value for My Food Bag's shareholders over the long term. The current balance of skills, experience, tenure and diversity on the Board is summarised below:

|            | <b>Board skills, experience, tenure and diversity</b>   |     |
|------------|---|-----|
| Experience | Banking and finance<br>Legal and regulatory<br>Technology<br>Consumer business<br>Grocery and meal kits<br>Investment and M&A<br>Health   |     |
| Skills     | Financial acumen<br>Governance and compliance<br>Strategy and risk<br>Grocery supply chain and logistics<br>Customer experience and agri-tech<br>E-commerce<br>Investor relations<br>Entrepreneurship |     |
| Tenure     | More than 4 years *   | 1   |
|            | 2 to 4 years  | 4   |
|            | Less than 2 years   | 1   |
| Diversity  | Female  | 50% |
|            | Male  | 50% |

Directors are encouraged (but not required) to hold shares in the Company in order to more strongly align their interests with the interests of shareholders. All Directors currently own shares (either directly or through a related entity or trust), and those relevant interests are included in the Other Disclosures section of the Annual Report.

\* Includes the period during which Cecilia Robinson was a director of My Food Bag prior to the Initial Public Offering in 2021.

## Corporate Governance Statement (continued)

### ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

For the year ended 31 March 2023

|                  | Board meetings<br>available to<br>attend | Number<br>attended | ARC <sup>1</sup> meetings<br>available to<br>attend | Number<br>attended | NRC <sup>2</sup> meetings<br>available to<br>attend | Number<br>attended | MC <sup>3</sup> meetings<br>available to<br>attend | Number<br>attended |
|------------------|--|--------------------|---|--------------------|---|--------------------|--|--------------------|
| Chris Marshall   | 6  | 6                  | 2   | 2                  | 1   | 1                  | -  | -                  |
| Tony Carter      | 13                                       | 13                 | 4   | 3                  | 3   | 3                  | -  | -                  |
| Jon Macdonald    | 13                                       | 13                 | 4   | 4                  | 3   | 3                  | -  | -                  |
| Sarah Hindle     | 13                                       | 13                 | 4   | 4                  | 3   | 3                  | 3  | 3                  |
| Jen Bunbury      | 13                                       | 13                 | 4   | 4                  | 3   | 3                  | -  | -                  |
| Cecilia Robinson | 7  | 7                  | 2   | 2                  | 2   | 2                  | 3  | 3                  |
| Mark Powell      | 5  | 5                  | 2   | 2                  | 2   | 2                  | 3  | 3                  |

During FY23, members of the Board also provided more informal oversight and strategic support to management at different times, for example, in response to recent extreme weather events.

### DIVERSITY

My Food Bag aims to cultivate an environment where all of its people enjoy coming to work and contributing to the collective success of the business. It is committed to creating an open workplace where every team member is welcomed, supported and inspired, and where diversity is celebrated at all levels of the business. To do this, My Food Bag actively seeks to remove perceived or tangible barriers to becoming part of the My Food Bag team and provides equal opportunities based on performance and potential.

My Food Bag has a written Inclusion and Diversity Policy that is available on the My Food Bag investor website. The guiding principles of this policy include to: encourage diversity throughout the workforce; create a flexible and inclusive work environment; leverage diversity of thought and individuality; ensure the behaviour of My Food Bag's leaders reflects its values; attract and retain talented people; and maintain a zero tolerance for bullying and harassment. This policy will be reviewed by the Board as required and at least every two years.

Diversity and inclusion has been a hallmark of My Food Bag's values since its inception, reflecting the values and expectations of the founders of the business. These values are formalised in the written policy. The Board is generally comfortable with My Food Bag's core statistics with regards to diversity and inclusion, albeit it recognises there are always opportunities to further improve My Food Bag's workplace, including through new programmes and initiatives designed to target particular aspects of diversity and inclusion.

In FY23, as part of a broader focus on people and culture, My Food Bag advanced its position on diversity and inclusion through an initial focus on gender. My Food Bag reviewed the gender pay gap for all of its permanent employees and, at March 2023, the median gender pay gap was 12.77%. My Food Bag intends to continue to focus on improving the pay equity position through annual remuneration reviews and its recruitment processes. In collaboration with the Board, My Food Bag has identified a number of initiatives to support gender diversity and inclusion, including: maintaining a 40/40/20 gender balance at both the Board and Senior Leadership Team level (meaning 40% women, 40% men and 20% open), reducing the gender pay gap, and establishing a Diversity and Inclusion team to enable targeted programs of activity to increase belonging and equity. A further update on these diversity and inclusion initiatives, including any formal measurable objectives adopted, will be provided in next year's Annual Report (or other corporate governance reporting).

1. Audit and Risk Committee.

2. Nomination and Remuneration Committee.

3. Marketing Committee. This committee was established part-way through FY23.

The Board recognises that gender is one important and commonly reported measure of diversity. The gender composition at My Food Bag as at the last two balance dates is set out in the table below.

|                       | 2022 <sup>1,3</sup> |           | 2023 <sup>1,3</sup> |           |
|-----------------------|---------------------|-----------|---------------------|-----------|
|                       | Female              | Male      | Female              | Male      |
| Directors             | 2                   | 3         | 3                   | 3         |
| Officers <sup>2</sup> | 4                   | 4         | 4                   | 3         |
| Other employees       | 130                 | 88        | 121                 | 90        |
| <b>Total</b>          | <b>136</b>          | <b>95</b> | <b>128</b>          | <b>96</b> |

### DIRECTOR TRAINING

On appointment, all Directors receive a comprehensive induction from the business to familiarise themselves with My Food Bag’s management and operations. Under its charter, the Board has also committed to ensure that new Directors are appropriately introduced to My Food Bag’s management and business, are acquainted with relevant industry knowledge and receive all appropriate papers, policies and documents to enable them to discharge their duties effectively. Visits to specific operations of the business are arranged, when appropriate, and reports and presentations from management are incorporated into the Board meeting schedule on a regular basis.

More generally, Directors are expected to maintain appropriate levels of financial, legal and industry understanding, and are encouraged to take responsibility for their own professional development, including by attending relevant courses or conferences and through membership of industry bodies such as the NZ Institute of Directors. Each Director is also entitled to access Company information and to seek independent advice in respect of their role as a Director should the need arise.

### BOARD PERFORMANCE

The Board has committed to critically evaluate its own performance and the performance of individual Directors every two years (as well as to review My Food Bag’s key policies and charters). In addition, the Chair of the Audit and Risk Committee reviews that Committee’s performance at least every two years and is required to report her findings to the Board.

The Nomination and Remuneration Committee is tasked with making recommendations to the Board to ensure that adequate procedures are in place to review the performance of the Board as a whole, its Committees and the contributions of Directors.

Open and constructive discussion is encouraged at all Board and Committee meetings to ensure decisions are taken that benefit from the diverse range of skills, experiences and perspectives of Directors – in this regard, each Director is expected to fully participate in meeting discussions, having read all Board and briefing papers provided.

### INDEPENDENCE

The Board currently comprises six Directors. All Directors are non-executive Directors. The Board has considered which of the Directors are independent Directors for the purposes of the NZX Listing Rules and has determined that, as at 18 May 2023 (the date of this corporate governance statement), five Directors are independent Directors, including the Chair and the Chair of the Audit and Risk Committee. The independent Directors are Tony Carter, Jen Bunbury, Jon Macdonald, Mark Powell and Sarah Hindle. Cecilia Robinson is not considered to be independent at this time due to her long association with My Food Bag, including as co-founder.

The positions of Chair of the Board and CEO of My Food Bag are held by different people.

The Board’s standards for determining independence of Directors includes the non-exhaustive factors set out in Recommendation 2.4 of the NZX Code, and requires the Board to ultimately assess whether a Director’s interest, position, association or relationship might interfere, or might reasonably be seen to interfere, with that Director’s capacity to bring an independent judgment to bear on issues before the Board, to act in the best interests of the Company and to represent its shareholders generally. The Board assesses the independence of Directors on their appointment and at least annually thereafter. If there is a change in the Board’s determination, it will be announced to the market.

1. As at 31 March in each year.

2. In accordance with NZX Listing Rule 3.8.1(c), an “Officer” for this purpose means a person who is concerned or takes part in the management of an issuer and reports directly to the Board or a person who reports to the Board. In My Food Bag’s circumstances, this category of person comprises members of the Senior Leadership Team.

3. Directors, officers and other employees are also given the option to elect to not specify their gender or to identify as gender diverse.

## Corporate Governance Statement (continued)

The Company maintains an Interests Register. Any Director who is interested in a transaction with the Company must immediately disclose to the Board the nature, monetary value and extent of that interest. A Director who is interested in a transaction may attend and participate at a Board meeting at which the transaction is discussed, but may not be counted in the quorum for that meeting or vote in respect of the transaction, unless it is one in respect of which Directors are expressly required by the Companies Act 1993 to sign a certificate. The particulars of entries made in My Food Bag's Interests Register during FY23 are included in the Other Disclosures section of the Annual Report.

### Principle 3 – Board Committees

*“The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility.”*

#### AUDIT AND RISK COMMITTEE

The Company has an Audit and Risk Committee which operates under its own written charter. The members of the Audit and Risk Committee are currently the same as the Board, except that the Chair of the Audit and Risk Committee is Jen Bunbury who has a background in financial services and was previously the Chief Financial Officer of a large NZX-listed company. Like the Board, the Audit and Risk Committee is majority independent and comprises solely non-executive Directors of the Company.

The Committee may, in its discretion, invite the Company's external auditors (currently Ernst & Young), CEO, CFO, Financial Controller and others, as appropriate, to attend committee meetings. The Committee meets formally at least three times a year, including in the lead up to the release of half-year and annual financial results.

#### NOMINATION AND REMUNERATION COMMITTEE

The Company has a combined Nomination and Remuneration Committee which operates under its own written charter. The members of the Nomination and Remuneration Committee are currently the same as the Board, and the Chair of this Committee is Jon Macdonald. Like the Board, the Nomination and Remuneration Committee is majority independent and comprises solely non-executive Directors of the Company.

The primary responsibilities of the Nomination and Remuneration Committee include to identify and make recommendations to the Board in respect of Director nominations (including casual vacancies and composition of Committees), to review and recommend to the Board appropriate remuneration of non-executive Directors, and to review and approve annually the remuneration strategy for My Food Bag, including specific responsibilities in relation to the CEO and his direct reports.

Management is only invited to attend meetings of the Nomination and Remuneration Committee at the invitation of the Committee. The Committee meets formally at least three times a year.

#### OTHER COMMITTEES

During FY23, the Board established a Marketing Committee as a standing committee designed to have greater oversight over, and input into, My Food Bag's marketing strategy and execution. The Chair of the Marketing Committee is Cecilia Robinson and the other two members are Mark Powell and Sarah Hindle.

The Board does not consider that it is necessary at this time to establish any other standing committees. However, from time to time the Board may seek to establish ad hoc or special purpose committees to examine, or have the delegated authority to deal with, specific issues.

#### TAKEOVER PROTOCOLS

The Board has established detailed takeover protocols to assist My Food Bag to prepare for, and to respond to, any unsolicited approaches or proposals it may receive in relation to a takeover. These protocols would help to inform the Board of their roles and responsibilities with respect to any approach or proposal, assist the Board and its advisers in developing and executing a response strategy, and act as a basic guide on the process for any takeover offer. These protocols include the option of forming a committee to investigate and consider the approach or proposal, with that committee to be comprised of Directors who are independent and not interested in the relevant approach.

## Principle 4 – Reporting and Disclosure

*“The board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.”*

### CONTINUOUS DISCLOSURE

My Food Bag is committed to ensuring that all investors have equal, full and timely access to material information about the Company that is accurate, balanced, meaningful and consistent.

The Company has established a written Continuous Disclosure Policy which sets out the internal principles and processes designed to ensure that the Company complies with the continuous disclosure obligations under the Financial Markets Conduct Act 2013 and the NZX Listing Rules. The Board has adopted this policy and it applies to all members of the Board as well as senior managers, officers, employees and contractors of, and secondees to, My Food Bag. Directors formally consider at each Board meeting whether there is material information which should be disclosed to the market to comply with the Company’s continuous disclosure obligations.

The Continuous Disclosure Policy is available to view on the My Food Bag investor website.

### CHARTERS AND POLICIES

Information about My Food Bag’s corporate governance framework (including its Code of Ethics, Board and Committee Charters, Securities Trading Policy and other key governance policies) is available to view on the My Food Bag investor website at <https://investors.myfoodbag.co.nz/investor-centre/>.

### REPORTING

#### Financial reporting

My Food Bag publishes its half-year and audited full-year financial statements that are prepared in accordance with the relevant financial reporting standards. The audited full-year financial statements for FY23 are included in this Annual Report.

The Audit and Risk Committee oversees the quality and integrity of external financial reporting including the accuracy, completeness and timeliness of financial statements. The Committee is committed to providing balanced, clear and objective financial reporting. It reviews half-year and annual financial statements and makes recommendations to the Board concerning accounting policies, areas of judgment, compliance with accounting standards, stock exchange and legal requirements, and the results of the external audit.

#### Non-financial reporting

Non-financial information is included throughout this Annual Report, including in relation to My Food Bag’s general environmental and social sustainability factors and practices. For more information, refer to the Environmental, Social and Governance section of this Annual Report.

My Food Bag recognises the opportunity to further formalise its sustainability framework and to put in place a clear set of operational or non-financial targets which are aligned with My Food Bag’s strategy, values and reputation. As part of this, My Food Bag has begun preparing for the new mandatory climate-related disclosure regime that will be introduced from FY24 and is in the process of obtaining verification of its FY22 carbon footprint, which will be the base year for its carbon action plan.

## Principle 5 – Remuneration

*“The remuneration of directors and executives should be transparent, fair and reasonable.”*

### DIRECTORS’ REMUNERATION

Shareholders fix the total remuneration available for Directors. The current director fee pool limit is \$600,000 per annum, which was approved by the shareholders on 14 January 2021 and is to be divided among the non-executive Directors as they see fit. Directors are entitled to be reimbursed for all reasonable travel, accommodation and other expenses incurred by them in connection with their attendance at Board or shareholder meetings, or otherwise in connection with the Company’s business. No additional fees are paid to any Director for their role on any Board Committee.

The Directors do not receive any performance- or equity-based remuneration. This reflects the differences in the role of the Directors, which is to provide oversight and strategic direction, and the role of management, which is to operate the business and execute My Food Bag’s strategy.

## Corporate Governance Statement (continued)

The actual remuneration of Directors of the Company in respect of FY23 is included in the Other Disclosures section of the Annual Report.

### REMUNERATION POLICY

The Nomination and Remuneration Committee is responsible for reviewing and recommending to the Board appropriate remuneration for the non-executive Directors. Where appropriate, the Board will consider advice of independent remuneration consultants when setting remuneration levels and other relevant factors when recommending Directors' fees to shareholders. The Board will not be seeking any increase in the current fee pool limit of \$600,000 at the upcoming annual shareholders' meeting.

My Food Bag has a Remuneration Policy that provides a framework for setting and reviewing remuneration arrangements for the officers of My Food Bag. This policy is administered by the Nomination and Remuneration Committee. The Committee may seek external advice on remuneration matters as it deems appropriate and will make recommendations to the Board in regard to the CEO's contractual arrangements, including remuneration. The Committee may also endorse the CEO's recommendations on the total remuneration packages for his direct reports and the company generally.

When setting remuneration, My Food Bag has regard to market remuneration, taking into account the complexity of the business itself, and also carefully considers the scale and complexity of the role and its performance requirements and expectations.

In respect of FY23, the remuneration of the CEO and other members of the Senior Leadership Team included a mix of fixed and variable components, summarised as follows:

- **Fixed remuneration** – this included the relevant employee's base salary and any direct cash or non-cash benefits (e.g. KiwiSaver contributions and other fringe benefits such as discounted My Food Bag meal kits and car parks).
- **Short term variable remuneration** – members of the Senior Leadership Team (and certain other senior employees) were eligible to participate in a short-term incentive plan (**STI**), a recurring plan which rewards achievement against prescribed performance measures. Eligibility was determined by the Board and the CEO. Each participating employee's STI was valued at 20% of their base salary (or 15% for invitees that are not part of the Senior Leadership Team), with a pay-out range of up to 150% in circumstances of outperformance against the agreed targets.

In FY23, the performance measures were based on company performance. These targets were not met and no STI was paid to employees in respect of FY23. The STI that will operate in respect of FY24 is based 60% on company performance and 40% on individual performance.

CEO eligibility to participate in the STI varies. The CEO will be eligible to participate in the STI that will operate in respect of FY24. The CEO STI is valued at 40% of base salary. Pay-out is based 80% on company performance and 20% on individual performance, with a pay-out range of up to 150% in circumstances of outperformance against performance measures.

- **Long term variable remuneration** – members of the Senior Leadership Team (and certain other senior employees) were invited to participate in My Food Bag's long term incentive plan (**LTI**) which operated for the first time in FY23. This LTI is a performance share rights plan and aims to: (1) assist in the reward and retention of eligible employees; (2) drive longer-term business performance; and (3) align the interests of eligible employees with the interests of shareholders. The vesting criteria for grants made in FY23 (excluding the CEO) is 50% based solely on retention over the two-year vesting period and 50% based on retention and the achievement of a relative total shareholder return performance hurdle over the vesting period. The value of the initial grants was between 20% and 30% of base salary for each participant, depending on the job grading of the eligible employee. The grant made to the CEO is 100% performance based.

A breakdown of employees of My Food Bag, not being Directors of the Company, who received remuneration and other benefits in their capacity as employees that exceeded \$100,000 during FY23 is included in the Other Disclosures section of this Annual Report. The remuneration arrangements in relation to the CEO (Mark Winter) and the former CEO (Kevin Bowler) are also included in that section of the Annual Report for the purposes of Recommendation 5.3 of the NZX Code.

### MY FOOD BAG'S EMPLOYEE SHARE OWNERSHIP SCHEME

In the course of the review of My Food Bag's remuneration framework, the Board identified an opportunity to establish an inclusive employee share ownership scheme (**ESOS**) targeted at all permanent employees (other than those participating in the LTI) working at least 30 hours per week. The purpose of the ESOS is to assist My Food Bag to reward and retain employees. The ESOS operates in a similar manner to the LTI, except that the vesting criteria for the share rights granted under the ESOS is solely retention over the two-year vesting period.

An initial grant of share rights under the ESOS was made to eligible employees in June 2022. The value of the grant for each employee was \$3,000 (or \$1,500 for those who participated in the catch-up grant in December 2022).

In the current economic environment, the Board has made the decision to suspend the ESOS in FY24 and prioritise other aspects of remuneration and benefits.

### Principle 6 – Risk Management

*"Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks."*

#### RISK MANAGEMENT FRAMEWORK

My Food Bag is committed to the process of identifying and mitigating material risks and has systems, policies and procedures in place to manage risks and to protect My Food Bag and its employees, customers, shareholders and other stakeholders. While no risk management system is infallible, the overriding objective at My Food Bag is to make sure that at all times material risks are appropriately identified and managed within acceptable levels.

The Board is ultimately responsible for endorsing My Food Bag's risk management framework and policies, monitoring compliance, reviewing risk registers, considering advice and recommendations made by the Audit and Risk Committee and, where appropriate, responding to serious risk incidents.

The CEO and other members of the Senior Leadership Team are required to review, approve and take ownership of the day-to-day management and operation of My Food Bag's risk management framework and associated policies and procedures. This includes identifying new risks within each senior employee's area of responsibility, allocating "risk owners" to each risk, maintaining a risk register, undertaking periodic risk assessments and preparing appropriate risk mitigation plans or controls. This risk management framework is embedded into My Food Bag's processes, including the annual planning and budgeting processes, project management, procurement and reporting.

As a general rule, different risks will have different risk treatments depending on the severity and nature of the risk – these risk treatments include avoidance, mitigation, acceptance and transfer (e.g. through insurance or contract).

The Board is provided with updates from the Senior Leadership Team at least every quarter, including an update on any new risks identified, the status of any risk incidents that have occurred (or are heightened or emerging) and the adequacy of any action plans and controls. More generally, risk owners report any risk incidents that have occurred (or are heightened) (including new risks that have emerged) to the Senior Leadership Team as soon as practicable so that they can consider how best to manage or control that risk. If the matter escalated is material, it will be promptly reported to the Board. At the same time, the CFO and the Board will consider whether any disclosure is required to the market under the Company's continuous disclosure obligations. From time to time the business will simulate an event that causes disruption to its operations and use that as an opportunity to test and refine its controls.

## Corporate Governance Statement (continued)

### PRINCIPAL BUSINESS RISKS AND KEY STRATEGIES TO MITIGATE

My Food Bag is focused on the principal risks across its business as outlined in the table below. These risks are dynamic and in the future the importance or extent of each risk may change, or new risks and uncertainties may materialise, owing to changes in economic or environmental conditions, the regulatory environment and other factors (e.g. more frequent extreme weather events). For the purposes of this Annual Report and Recommendation 6.1 of the NZX Code, a high-level description of these principal business risks is provided below.<sup>1</sup>

| Area                 | Description of risk   | Key strategies to mitigate  |
|----------------------|---|---|
| Food safety          | Customers could become unwell as a result of eating our products (e.g. where products contain foreign objects or harmful bacteria). We may have to withdraw products. Our reputation could be impacted and we may face other regulatory consequences.         | <p>We have strict and thorough procedures in place for food handling and safety. These include inward checks of ingredients, monitoring cold chain settings, removal of damaged products, maintenance of incident registers and quality control standards, and checks of products prepared by third parties.</p> <p>We also continually monitor customer feedback and have strict supplier standards, including an "Approved Supplier Programme". Regular food safety audits are undertaken to ensure our procedures meet recommended standards.</p>  |
| IT and data security | Access to our IT systems could be impacted (e.g. by a cyber-attack) and we may be unable to communicate with our customers or suppliers effectively. This could impact our ability to accept orders or fulfil our commitments.                                | <p>We have systems and processes in place to lessen the likelihood that our business would be subject to or affected by a cyber-attack. This includes compliance with high standards of data protection, frequent identification and reporting on any weaknesses or issues in our existing system and response readiness testing to a cyber-attack.</p> <p>We have a detailed cyber security road map in place that is focussed on improving controls and mitigations in a number of areas of cyber security, including the key risks: DDoS; ransomware and data breach.</p> <p>We have implemented alternative communication channels for our customers, have good relationships with our suppliers, have backup systems in place to ensure data and business continuity is maintained and do not hold any customer credit card details.</p> |
| Product assembly     | Product assembly could be disrupted by an event (e.g. fire, power outage or lack of availability of temporary labour). This could result in us being late or unable to deliver to customers, which could lead to refunds, credits or cancelled subscriptions. | <p>We operate decentralised assembly centres with robust systems and procedures in place to prevent serious disruption. This includes a secondary assembly site in Auckland, providing an ability to move and restart a proportion of our operations.</p> <p>Assembly centres have heat and smoke detection systems to identify fires before they spread. Windsock and ammonia alarms are included at assembly centres that utilise ammonia as a refrigerant.</p> <p>We also maintain relationships with a range of temporary labour suppliers to mitigate risks of temporary labour shortages or cost pressure.</p>  |

1. Certain financial risks are separately disclosed in the audited FY23 financial statements included in this Annual Report.

| Area                               | Description of risk  | Key strategies to mitigate  |
|------------------------------------|--|---|
| Distribution                       | Our distribution network could be interrupted (e.g. by weather or road closures). This could result in us being late or unable to deliver to customers, which could lead to refunds, credits or cancelled subscriptions. Products could also be stolen or damaged.                                   | <p>We use a reliable third-party distributor, New Zealand Post, with an extensive NZ distribution network. We also have alternative transport providers available to us at short notice for all main centres. Appropriate driver training and insurance is arranged.</p> <p>Our 'Customer Love' team has a response plan in place to communicate with customers impacted by disruption to the distribution network, and, following the North Island weather events early in 2023, a business continuity plan for flood events has been developed.</p> <p>We prepare 'buffer bags' each week to cover damaged or lost orders, and we have alternative sales channels in place that we can utilise.</p> |
| Customer acquisition and retention | <p>Our growth depends on customer acquisition and retention.</p> <p>Acquiring new customers is challenging in a competitive market and depends on successful marketing campaigns.</p> <p>The cost to switch to a competitor is low, retention is generally driven by the customer experience.</p>    | <p>In FY23, the Board established a Marketing Committee, designed to have greater oversight over, and input into, our marketing strategy and execution. We use marketing campaigns, including promotions and loyalty programmes, to drive order frequency and favourable brand mix.</p> <p>We continue to innovate to appeal to our customers and recognise and adapt to changes in customer preferences and behaviour. We continue to improve the customer experience through digital enhancements and a focus on operational performance and choice.</p>  |
| Competition                        | Customers may switch to existing competitors, including in response to discounting or other promotions, or a new competitor may enter the market and seek to gain market share.  | My Food Bag already operates in this competitive industry as a long-standing meal-kit provider. We have high levels of brand advocacy, a diverse product range, and experience in adapting our strategy in response to the actions of competitors and changes in consumer spending.   |
| Ingredients                        | An ingredient could become unavailable (e.g. due to inclement weather) or more expensive, impacting our ability to satisfy customer needs.   | We retain an ability to substitute ingredients, change upcoming menus or seek to pass on sustained price increases to customers. We communicate any changes clearly and appropriately with our customers.   |
| Inflation                          | Inflation could impact the cost of ingredients and put pressure on My Food Bag's margins. Higher costs of living could put financial pressure on customers, and they may be less able to absorb price increases or may trade down to cheaper substitutes (within My Food Bag's brands or otherwise). | <p>As noted above, we retain some ability to preserve margins by substituting ingredients, changing upcoming menus or seeking to pass on sustained price increases to customers.</p> <p>In response to an inflationary environment, we carefully position our brands and messaging, with a focus (within our portfolio of brands) on Bargain Box and its key messages around value and affordability.</p>   |
| Brand and marketing                | A brand ambassador or promoter could be brought under public scrutiny and bring into question the integrity of our brand and cause a loss of goodwill and customer trust.  | <p>We have a long association with our brand ambassadors and go through a careful process when selecting new brand ambassadors.</p> <p>We also monitor content and follow up rapidly if any inappropriate or offensive content is identified.</p>   |

**HEALTH AND SAFETY**

My Food Bag is very conscious of the importance of health and safety. The business adopts a systematic approach to the management of health and safety risks and has comprehensive health and safety documentation in place. Detailed health and safety policies, standards and procedures are implemented alongside hazard and risk management processes, including an incident notification and management system. The business encourages active involvement by Directors, management, employees and contractors to participate in improving health and safety within the organisation.

## Corporate Governance Statement (continued)

In FY23, My Food Bag implemented a number of initiatives to improve awareness of its health and safety policies and increase the reporting of potential hazards. The installation of new pick technology has resulted in site reconfiguration that has improved the separation of pedestrians from materials handling equipment.

### Principle 7 – Auditors

*“The board should ensure the quality and independence of the external audit process.”*

#### AUDIT

My Food Bag is committed to maintaining auditor independence, consistent with best-practice governance and regulatory requirements. The Company has adopted an Auditor Independence Policy that is administered by the Audit and Risk Committee. The objective of this policy is to ensure that My Food Bag’s auditors carry out their functions independently and without impairment, safeguarding the reliability and credibility of My Food Bag’s external financial reporting. The policy addresses Recommendation 7.1 of the NZX Code and includes the criteria for approval of an external audit firm, the monitoring of audit independence, audit rotation requirements, the circumstances where it may be appropriate for an auditor to provide non-audit services and the responsibilities of My Food Bag (including in relation to the monitoring of audit performance, value and fees).

Ernst & Young, as auditor of the FY23 financial statements, will be invited to attend this year’s annual shareholders’ meeting and will be available to answer questions about the conduct of the audit, preparation and content of the auditor’s report, accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

While the Company does not have a dedicated internal audit function, it has, in addition to the Company’s external audit process, an internal framework through which it seeks to review, evaluate and continually improve risk management and internal control processes. Where appropriate, more specific audits are carried out by My Food Bag using external providers or regulators.

### Principle 8 – Shareholder rights and relations

*“The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.”*

#### SHAREHOLDER INFORMATION

My Food Bag maintains an investor website that contains a comprehensive set of investor-related materials and data, including market disclosures and media releases, annual reports, share-price and dividend information, shareholder meeting materials and all My Food Bag’s important governance charters and policies.

#### SHAREHOLDER COMMUNICATION

Shareholders have the option of receiving their communications electronically, including by email, and are actively encouraged to take up this option. My Food Bag is committed to open dialogue with shareholders and welcomes investor enquiries. Following each results announcement, My Food Bag holds an investor call to present the results and invite investors to ask questions.

#### RIGHT TO VOTE ON MAJOR DECISIONS

In accordance with the Companies Act 1993, the Company’s constitution and NZX Listing Rules, the Company refers any significant matters to shareholders for approval at the annual shareholders’ meeting, and shareholders are given the opportunity to vote by proxy ahead of the meeting or by polling if attending the meeting in person or virtually. If a significant transaction or decision requiring shareholder approval were to arise outside the period of the annual shareholders’ meeting, a special meeting of the shareholders would be called by the Board to allow shareholders to consider and vote on that matter.

#### NOTICE OF ANNUAL SHAREHOLDER MEETINGS

The annual meeting of shareholders is held at a convenient time and location and this year is anticipated to be run as a hybrid meeting (being a combination of the physical meeting as well as a virtual online meeting). The annual shareholders’ meeting is expected to be held on 17 August 2023. The Notice of Meeting will be circulated at least 20 working days before the meeting and will also be posted on the My Food Bag investor website.

## Other Disclosures

### STOCK EXCHANGE LISTINGS

The Company's ordinary shares are listed and quoted on the NZX Main Board and the ASX under the company code 'MFB'. The Company's listing on the ASX is as a Foreign Exempt Listing. This category of listing on the ASX is based on a principle of substituted compliance recognising that, for secondary listings, the primary regulatory role and oversight rests with the home exchange and the supervisory regulator in that jurisdiction. Therefore, the Company must comply with the NZX Listing Rules, but is exempt from almost all of the ASX Listing Rules. For the purpose of ASX Listing Rule 1.15.3, the Company confirms that it continues to comply with the NZX Listing Rules.

My Food Bag has submitted a formal application to be delisted from the ASX, driven by the poor liquidity and low daily trading volumes in the Company's stock on the ASX and a review of My Food Bag's cost base. Subject to ASX approving the delisting, the Company's shares will no longer be quoted on the ASX and they will no longer be able to be traded on the ASX. Shares will continue to be listed on the NZX and company will remain subject to the NZX Listing Rules. The delisting from the ASX is expected to occur by late June 2023.

### PRINCIPAL ACTIVITIES

My Food Bag's principal activity remains the commercial operation of a meal kit business. There has been no material change in the nature of My Food Bag's business, or the classes of business in which the Company has an interest, during FY23.

### MY FOOD BAG DIRECTORS

The Directors of the Company holding office as at 31 March 2023 are noted below.

| Name                | Date of appointment | Independence    |
|---------------------|---------------------|-----------------|
| Tony Carter (Chair) | 14 January 2021     | Independent     |
| Jon Macdonald       | 14 January 2021     | Independent     |
| Sarah Hindle        | 14 January 2021     | Independent     |
| Jen Bunbury         | 14 January 2021     | Independent     |
| Cecilia Robinson    | 19 August 2022      | Non-Independent |
| Mark Powell         | 1 November 2022     | Independent     |

Chris Marshall retired as a Director of the Company on 19 August 2022 at the Company's annual meeting.

The current Directors of the Company's only subsidiary, My Food Bag Limited, are Mark Winter (CEO) and Leanne Dekker (CFO). Mr Winter was appointed on 14 January 2021 and Ms Dekker was appointed on 20 March 2023. Kevin Bowler, the previous CEO of My Food Bag, ceased to be a director of My Food Bag Limited on 14 October 2022.

## Other Disclosures (continued)

### DISCLOSURE OF DIRECTORS' INTERESTS

The Company maintains an Interests Register in which particulars of relevant transactions and matters involving the Directors are entered. Details of the interests entered during FY23 are recorded below.

#### General disclosures

The following are particulars of general disclosures of interest made by Directors of the Company (or its subsidiary) holding office as at 31 March 2023, pursuant to section 140(2) of the Companies Act 1993. Each Director will be regarded as interested in all transactions between My Food Bag and their disclosed companies, trusts or persons (or their subsidiaries, which are not specifically listed in the table below). Where appointment was made during FY23, this is indicated in the table below.

| Director         | General disclosure   |
|------------------|--|
| Tony Carter      | Vector Limited (director)<br>T R Group Limited (director)<br>Datacom Group Limited (director)<br>Capital Solutions Limited (adviser)<br>Capital Training Limited (adviser)<br>Fonterra Independent Selection Panel (member)<br>Loughborough Investments Limited (director)<br>Maurice Carter Charitable Trust (trustee)<br>Skin Institute Holding Company Limited (director)<br>The Interiors Group Holdco Limited (director)<br>Royal Auckland and Grange Golf Club (captain) |
| Jon Macdonald    | Contact Energy Limited (director)<br>Titan Parent New Zealand Limited (director)<br>Sharesies Group Limited (director)<br>Sharesies Limited (director)<br>Mitre 10 (New Zealand) Limited (director)<br>Summer of Technology Limited (director)<br>The Champ Trust (trustee)  |
| Jen Bunbury      | Fenway Capital Limited (director)<br>Oyster Property Group Limited (director) (Appointed 10 May 2022)<br>Oyster Industrial Limited (director) (Appointed 14 June 2022)   |
| Cecilia Robinson | Tend Health Holdings Limited (director)<br>TLC Property Holdings Limited (director)<br>The Robinson Duo Limited (director)<br>Robinson Nominees Limited (director)<br>Pie Funds Management Limited (director)  |
| Mark Powell      | 7-Eleven Pty Ltd (director)<br>Kiwi Property Group Limited (director)<br>Bapcor Limited (director)<br>JB Hi-Fi Group Limited (director)<br>Tahi Electrical Limited (director)  |

There were no specific disclosures made by Directors of the Company or its subsidiary during FY23 of any interests in transactions entered into by the Company or its subsidiary.

#### Use of Company information

There were no notices from Directors of the Company or its subsidiary requesting to disclose, use or act on My Food Bag's information received in their capacity as Directors.

#### Indemnity and insurance

The Company has granted indemnities in favour of each of its Directors (and the Directors of its subsidiary) as permitted by the Companies Act 1993 and the Financial Markets Conduct Act 2013. The Company also maintains Directors' and Officers' liability insurance for all Directors and officers of the Company and its related companies. This insurance is renewed annually and was most recently renewed on 15 April 2023.

#### Directors holding of securities

Directors are encouraged (but not required) to hold shares in the Company in order to more strongly align their interests with the interests of shareholders. Details of the ordinary shares of the Company in which each Director has a relevant interest (as defined in the Financial Markets Conduct Act 2013) as at 31 March 2023 are set out below:

| Director         | Nature of relevant interest   | Shares    |
|------------------|---|-----------|
| Tony Carter      | 20% or more interest in Loughborough Investments Limited, resulting in Tony being deemed to have the same relevant interest in the shares as Loughborough Investments Limited. 100,000 of these ordinary shares are held by FNZ Custodians Limited as custodian for Loughborough Investments Limited. | 154,054   |
| Jon Macdonald    | Registered holder and beneficial owner  | 120,000   |
| Sarah Hindle     | Registered holder and beneficial owner  | 10,811    |
| Jen Bunbury      | Registered holder as trustee of the Jennifer L Bunbury Trust  | 26,216    |
| Cecilia Robinson | Registered holder as trustee of the APL Holdings Trust  | 7,430,258 |
| Mark Powell      | Registered holder and beneficial owner  | 105,000   |

## Other Disclosures (continued)

### Securities dealings of Directors

For the purposes of section 148(2) of the Companies Act 1993, Directors disclosed the following acquisitions or disposals of relevant interests (of the nature described in the previous table) in the Company's ordinary shares during FY23. No shares were acquired or disposed of by a Director during any "blackout" period of trading prescribed by the Company's Securities Trading Policy.

| Director      | Date        | Nature of transaction | Consideration (NZ\$) | Shares  |
|---------------|-------------|-----------------------|----------------------|---------|
| Jon Macdonald | 21 Nov 2022 | Acquisition           | \$9,800              | 20,000  |
| Mark Powell   | 21 Nov 2022 | Acquisition           | \$51,566             | 105,000 |

### REMUNERATION

#### Employee remuneration

All employees of My Food Bag are employed by My Food Bag Limited. The number of employees and former employees of My Food Bag Limited, not being directors of the Company, who, in their capacity as employees, received remuneration and other benefits the value of which was or exceeded \$100,000 during FY23 is set out in the table of remuneration bands below.

| Remuneration (NZ\$)    | Number of employees |
|------------------------|---------------------|
| \$100,000 to \$109,999 | 8                   |
| \$110,000 to \$119,999 | 7                   |
| \$120,000 to \$129,999 | 4                   |
| \$130,000 to \$139,999 | 2                   |
| \$140,000 to \$149,999 | 1                   |
| \$150,000 to \$159,999 | 3                   |
| \$160,000 to \$169,999 | 3                   |
| \$170,000 to \$179,999 | 2                   |
| \$180,000 to \$189,999 | 3                   |
| \$190,000 to \$199,999 | 1                   |
| \$210,000 to \$219,999 | 1                   |
| \$320,000 to \$329,999 | 2                   |
| \$440,000 to \$449,999 | 1                   |
| \$480,000 to \$489,999 | 1                   |
| \$780,000 to \$789,999 | 1                   |

The remuneration figures include all monetary amounts actually paid to employees and former employees during FY23, including: base salaries; short-term incentives (if any) paid in FY23 (relating to FY22); vested share rights; and if the employee is a KiwiSaver member, contributions of 3% of gross earnings towards that employee's KiwiSaver scheme. The figures do not include amounts paid after 31 March 2023 relating to FY23; share rights that have been granted but not yet vested (including those rights granted under My Food Bag's incentive schemes); and fringe benefits provided to employees such as product concessions or car parking.

### Directors' remuneration and other benefits

The total remuneration and value of other benefits received by each Director in respect of FY23 is set out below. All of this remuneration reflects the fees paid to each individual in the ordinary course for services provided in their capacity as a director of the Company.

| Director            | Total remuneration and value of other benefits received in respect of FY23 <sup>1</sup> |
|---------------------|---|
| Chris Marshall      | \$32,719  |
| Tony Carter (Chair) | \$140,000   |
| Jon Macdonald       | \$85,000  |
| Sarah Hindle        | \$85,000  |
| Jen Bunbury         | \$85,000  |
| Cecilia Robinson    | \$52,280  |
| Mark Powell         | \$35,340  |

Shareholders fix the total remuneration available for Directors. The current Director fee pool limit is \$600,000 per annum, which was approved by the shareholders on 14 January 2021. The current Directors do not receive any performance or equity-based remuneration. No additional fees are paid to any Director for their role on any Board Committee.

Directors are entitled to be reimbursed for all reasonable travel, accommodation and other expenses incurred by them in connection with their attendance at meetings, or otherwise in connection with the Company's business.

The Company has granted indemnities, as permitted by law, in favour of each of its Directors. The Company also maintains insurance for its Directors and officers.

No employee of My Food Bag that is appointed as an executive director of the Company's subsidiary, My Food Bag Limited, receives or retains any remuneration or other similar benefits for acting in their capacity as a Director, except for the benefit of indemnification and insurance referenced above.

### CEO REMUNERATION

Kevin Bowler was the Chief Executive Officer (CEO) of My Food Bag until 14 October 2022. The remuneration and other benefits paid to Mr Bowler during FY23 (being a part period) is set out in the table below.

| Remuneration – Kevin Bowler | FY23 (NZ\$) | FY22 (NZ\$) |
|-----------------------------|-------------|-------------|
| Base salary <sup>2</sup>    | \$344,717   | \$540,000   |
| Other benefits <sup>3</sup> | \$437,975   | \$16,200    |

During FY23, Mr Bowler also participated in the Company's Long Term Incentive Scheme and was granted 624,013 performance rights. These rights lapsed at the time of Mr Bowler's departure and will not vest.

1. Directors' fees are gross amounts in NZD and exclude GST (where applicable) and are rounded to the nearest dollar. The remuneration for Chris Marshall, Cecilia Robinson and Mark Powell reflects that they were not Directors of the Company for the full FY23 year.

2. Base salary is not at risk. Mr Bowler's annualised base salary as CEO for FY23 was \$553,500.

3. Includes a contribution of 3% of gross earnings towards Mr Bowler's KiwiSaver scheme. This remuneration includes a final one-off contractual payment to Mr Bowler in connection with ceasing employment with My Food Bag.

## Other Disclosures (continued)

Following the departure of Mr Bowler, Mark Winter was appointed as the Chief Executive Officer (CEO) of My Food Bag on 17 October 2023, first in an interim capacity and then as the permanent CEO on and from 11 November 2023. The remuneration and other benefits paid to Mr Winter in his capacity as CEO during FY23 is set out in the table below. This information reflects a part period during FY23 and does not include the remuneration or other benefits paid to Mr Winter in his previous role as CFO of My Food Bag. As Mr Winter's appointment to CEO was made during FY23, no comparison is provided to the prior year in this report.

| Remuneration – Mark Winter  | FY23 (NZ\$) |
|-----------------------------|-------------|
| Base salary <sup>1</sup>    | \$248,538   |
| Other benefits <sup>2</sup> | \$7,456     |

### CEO PAY FOR PERFORMANCE (FY23)

Mr Winter was eligible to participate in the Company's Short Term Incentive plan (STI) in FY23. This is a recurring STI plan, which rewards achievement against prescribed performance measures. Details of the STI that operated in respect of FY23 is described in the table below.

|     | Description   | Performance Measures   | % Achieved    |
|-----|---|--|---------------|
| STI | Set at 20% of base salary, with a pay-out range of up to 150% for overachievement against agreed performance targets. | 40% based on revenue targets and 60% based on an earnings (EBITDA) target. | Not achieved. |

Mr Winter participated in the Company's Long Term Incentive scheme (LTI). This was the first year in which the LTI was operated by the Company and no rights granted to Mr Winter vested (or were eligible to vest in FY23). The grant made to Mr Winter (in his role as CEO) is described in the table below.

|     | Performance Rights  | Performance Measures   | Vesting Date |
|-----|---|--|--------------|
| LTI | 56,369 performance rights, with each right entitling the holder to receive one share in My Food Bag on vesting. | 100% based on the Company's relative TSR performance against the NZX50. 50% of the rights vest with performance at the 50th percentile and 100% of the rights vest with performance at the 75th percentile; the level of vesting is pro rata between these levels. | June 2024    |

Mr Winter (in his previous role as CFO) was granted a further 108,229 performance rights. This grant was made on 30 June 2022. These rights are subject to vesting at the same time as the rights granted to Mr Winter in his role as CEO during FY23, but have different vesting criteria with only 50% of these rights being subject to the same relative TSR performance measure described in the table above (the other 50% of these rights are solely based on retention during the vesting period).

1. Base salary is not at risk. Mr Winter's annualised base salary as CEO for FY23 was \$520,000.

2. Includes a contribution of 3% of gross earnings towards Mr Winter's KiwiSaver scheme.

**SHAREHOLDER INFORMATION**

The shareholder information in this section of the disclosures has been taken from the Company's registers.

**Twenty largest shareholders (as at 12 April 2023)**

| Shareholder <sup>1</sup>  | Number of ordinary shares | % of ordinary shares |
|---|---------------------------|----------------------|
| Long Term Food Group LP   | 38,165,965                | 15.74                |
| National Nominees New Zealand Limited   | 19,274,687                | 7.95                 |
| Tea Custodians Limited  | 12,945,048                | 5.34                 |
| FNZ Custodians Limited  | 12,381,693                | 5.11                 |
| Accident Compensation Corporation   | 12,053,853                | 4.97                 |
| Custodial Services Limited  | 9,643,905                 | 3.98                 |
| New Zealand Permanent Trustees Limited  | 8,048,994                 | 3.32                 |
| Cecilia Charlotte L Robinson, James Charles Robinson and Heimsath Alexander Trustee Ltd | 7,430,258                 | 3.06                 |
| New Zealand Depository Nominee  | 7,335,637                 | 3.03                 |
| Hobson Wealth Custodian Limited   | 7,179,243                 | 2.96                 |
| Theresa Elizabeth Gattung and Philippa Mary Greenwood                                   | 6,825,158                 | 2.82                 |
| Masfen Securities Limited   | 5,000,000                 | 2.06                 |
| Cogent Nominees (NZ) Limited  | 4,395,609                 | 1.81                 |
| Citibank Nominees (NZ) Ltd  | 4,204,090                 | 1.73                 |
| JPMORGAN Chase Bank   | 4,007,069                 | 1.65                 |
| Carlos Edward James Bagrie, Covisory Trust Limited and JKA Holdings Limited             | 3,775,639                 | 1.56                 |
| HSBC Nominees (New Zealand) Limited   | 3,520,530                 | 1.45                 |
| BNP Paribas Nominees NZ Limited Bpss40  | 3,003,322                 | 1.24                 |
| JBWERE (NZ) Nominees Limited  | 2,305,866                 | 0.95                 |
| FNZ Custodians Limited  | 2,298,090                 | 0.95                 |
| <b>Total</b>  | <b>173,794,656</b>        | <b>71.68</b>         |

**Distribution of shareholders and shareholdings**

As at 12 April 2023, the total number of voting securities of the Company was 242,437,524 fully paid ordinary shares, each conferring on the registered holder the right to one vote on a poll at a meeting of shareholders. The distribution of these shareholders and their shareholding at that date is shown below.

| Size of holding  | Number of holders | % of holders  | Number of ordinary shares | % of ordinary shares |
|------------------|-------------------|---------------|---------------------------|----------------------|
| 1 – 1,000        | 2,795             | 44.05         | 1,471,153                 | 0.61                 |
| 1,001 – 5,000    | 2,081             | 32.80         | 5,410,613                 | 2.23                 |
| 5,001 – 10,000   | 609               | 9.60          | 4,696,310                 | 1.94                 |
| 10,001 – 100,000 | 735               | 11.58         | 23,463,545                | 9.68                 |
| 100,001 and over | 125               | 1.97          | 207,395,903               | 85.54                |
| <b>Total</b>     | <b>6,345</b>      | <b>100.00</b> | <b>242,437,524</b>        | <b>100.00</b>        |

1. New Zealand Central Securities Depository Limited (NZCSD) provides a custodial depository service which allows electronic trading of securities to its members. For the purpose of this table, shares in the Company held by NZCSD have been allocated to the applicable members. For reference, as at 12 April 2023, the total holding through NZCSD was 74,864,654 ordinary shares or 30.88 % of shares on issue.

## Other Disclosures (continued)

### Substantial product holders

According to notices given to the Company under the Financial Markets Conduct Act 2013, the following persons were substantial product holders of the Company as at 31 March 2023. There were 242,437,524 ordinary shares in the Company at that date.

| Substantial product holder                                     | Number of ordinary shares in which relevant interest is held | % of shares held at date of notice | Date of notice |
|--|--|------------------------------------|----------------|
| Long Term Food Group LP and Waterman Capital (Fund 3) LP       | 38,165,965   | 15.743%                            | 31 March 2023  |
| Milford Asset Management Limited                               | 21,303,327   | 8.796%                             | 12 Nov 2021    |
| Harbour Asset Management Limited and Jarden Securities Limited | 35,727,564   | 14.737%                            | 21 Feb 2023    |

### EXERCISE OF NZX DISCIPLINARY POWERS

Neither NZX nor ASX took any disciplinary action against the Company during FY23. In particular, there was no exercise of powers by NZX under NZX Listing Rule 9.9.3 (relating to powers to cancel, suspend or censure an issuer) with respect to the Company.

### NZX WAIVERS

No waivers were granted by NZX or relied on by the Company during FY23.

### AUDITOR'S FEES

My Food Bag's external auditor is Ernst & Young (EY). Total fees payable by My Food Bag to EY in its capacity as auditor in respect of FY23 is \$155,000. No other professional services were provided by EY during FY23.

### CREDIT RATING

My Food Bag does not have a credit rating.

### DONATIONS

Following the North Island weather events of January 2023 and February 2023 My Food Bag donated \$2,786 to the Red Cross New Zealand Disaster Fund and donated food to a number of New Zealand charities. My Food Bag partners closely with the Garden to Table charity, and donated \$2,769 to this charity in FY23 and collected (and passed through) donations of \$41,577 from customers. In addition, My Food Bag donated \$476 to New Zealand Chinese Language Week Charitable Trust and as discussed in further detail elsewhere in this Annual Report, My Food Bag regularly donates food to a number of worthwhile New Zealand charities.

## Directory

### BOARD OF DIRECTORS

**Tony Carter** (Chair)

**Jen Bunbury**

**Jon Macdonald**

**Sarah Hindle**

**Mark Powell**

**Cecilia Robinson**

### SENIOR LEADERSHIP TEAM

**Mark Winter**

*Chief Executive Officer*

**Leanne Dekker**

*Chief Financial Officer*

**Paul Kelly**

*Chief Supply Chain Officer*

**Craig Jordan**

*Chief Digital Officer*

**Cassie Ormand**

*Head of People & Culture*

**Polly Brodie**

*Head of Development Kitchen*

**Trish Whitwell**

*Head of Innovation*

### REGISTERED OFFICE

Level 3, 56 Parnell Road

Parnell

Auckland 1052

New Zealand

Ph: 0800 469 366

Website: [www.myfoodbag.co.nz](http://www.myfoodbag.co.nz)

For enquiries about My Food Bag's operating and financial performance, contact investor relations:

**Ph: +64 9 8869840**

**Email: [ir@myfoodbag.co.nz](mailto:ir@myfoodbag.co.nz)**

### AUDITOR

Ernst & Young, Auckland

### SOLICITORS

Russell McVeagh

### BANKERS

ASB Bank

### SHARE REGISTRY

My Food Bag's share register is maintained by Link Market Services Limited. Link is your first point of contact for any queries regarding your investment in My Food Bag. You can view your investment, indicate your preference for electronic communications, access and update your details and view information relating to dividends and transaction history at any time by visiting the Link Investor Centre at [investorcentre.linkmarketservices.co.nz](http://investorcentre.linkmarketservices.co.nz) (for New Zealand shareholders) and [investorcentre.linkmarketservices.com.au](http://investorcentre.linkmarketservices.com.au) (for Australian shareholders).

### NEW ZEALAND REGISTRY

#### Link Market Services Limited

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Auckland 1010

New Zealand

Ph: +64 9 375 5998

Email: [myfoodbag@linkmarketservices.co.nz](mailto:myfoodbag@linkmarketservices.co.nz)

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### AUSTRALIAN REGISTRY

#### Link Market Services Limited

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Sydney NSW 2000

Australia

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My Food Bag Group Limited

NZCN 6113607

ARBN 646 807 301

## Key Dates

Annual shareholders' meeting – 17 August 2023

Half year end – 30 September 2023

Half year results – November 2023

FY24 year end – 31 March 2024

## **Notes**





[myfoodbag.co.nz](http://myfoodbag.co.nz)