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NZX/ASX Code: MFB

My Food Bag confirms interim dividend and releases H1FY23 results

My Food Bag Group Limited (NZX / ASX: MFB) reports its financial performance for the six months to 30 September 2022 (H1FY23).

Key points include:

- Net profit after tax (NPAT) of \$5.9 million, versus \$9.4 million in H1FY22
- EBITDA¹ of \$11.5 million, versus \$15.8 million in H1FY22
- Revenue of \$94.4 million, \$4.0 million less than H1FY22
- Gross margin of 49.3%, up on 48.1% during H1FY22
- Contribution margin of 25.3%, compared to 26.3% in H1FY22
- 69,091 active customers² at end of H1FY23, up from 61,731 at the end of FY22
- Investment in assembly pick technology underway to unlock future growth
- Fully imputed interim dividend of 3.0 cents per share declared, payable on 15 December 2022.

Tony Carter, Chairman of My Food Bag, says: “My Food Bag saw a slower start to trading in FY23 than expected, as the business navigated a challenging external environment. The volatility of the current economic environment and inflationary pressures present challenges, however the Board and I remain confident about the opportunities ahead for My Food Bag.

“During the first half of the financial year, My Food Bag made 732,000 deliveries across its portfolio of brands, with an average order value of \$129.00. This compares to 808,000 deliveries in H1FY22, with a lower average order value of \$121.80.

“As signalled at the Annual Shareholder Meeting in August, the Board is pleased to declare an interim dividend of 3.0 per share. This interim dividend represents confidence in the business, with the asset light operating model allowing growth to be funded internally,” says Carter.

My Food Bag CEO, Mark Winter, says, “Across the whole meal kit category, discounts have played a heavy role in attracting new customers during the first half of the year. However, we’ve experienced higher than average churn from customers starting with us via discount deals. We have taken the learnings from this to optimise how we roll out discounts in this current economic environment.

“This change in customer behaviour is one of the drivers behind active customer numbers bouncing around during the half year. On the last weekend of September, active customer numbers were at 69,091. Whilst this is up on the last quarter of FY22 (61,731), it’s down on Q2FY22 and down on active customer numbers at the end of July 2022 (73,145),” says Winter.

Outlook

Recent trading reflects a continuation of trends seen in the first half year of the financial year. Full year earnings will be lower than last year, and as a consequence the Board anticipates the final dividend will also be lower than the prior year.

“Action is being taken to improve trading performance with a priority on growing active customer numbers and retention, and cost pressures continue to be managed and mitigated, where possible.

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

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



“Alongside these priorities, we also continue to invest in initiatives that set the foundation for future growth. We are excited about our investment in supply chain improvements that will capture cost efficiencies and unlock growth in FY24,” says Winter.

My Food Bag is installing assembly pick technology as part of its investment in supply chain improvements to capture cost efficiencies and unlock growth. The business has engaged a European vendor with extensive experience implementing ingredient level pick technology in the global meal kit industry.

“The investment will allow us to significantly simplify our operating processes, reducing our dependence on temporary labour and making the job of picking easier, thereby reducing errors.

“This assembly pick technology will also give us the ability to vastly extend recipe choice, as well as offer greater personalisation and customisation benefits to customers. We expect the gains of this technology investment to start being realised from FY24,” says Winter.

End

Authorised by:

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This release should be read in conjunction with the unaudited interim financial statements accompanying this release and the NZX results announcement form and NZX distribution notice.