



**INTERIM FINANCIAL REPORT**  
For the six months ended 30 September 2022





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# Letter from our *Chair*



Whilst the current volatile economic environment and inflationary pressures present challenges, the Board and I remain confident about the opportunities ahead for My Food Bag.

We operate in a small but growing part of the \$37 billion New Zealand retail food sector, with considerable scope for expansion.

However, My Food Bag saw a slower start to trading in FY23 than expected, as the business navigated a challenging external environment.

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

We are also investing in supply chain improvements that will capture cost efficiencies and unlock growth in FY24 and beyond.

As signalled at the Annual Shareholder Meeting in August, however, the Board is pleased to declare an interim dividend.

We have declared a fully imputed interim dividend of 3.0 cents per share, payable on 15 December 2022.

With recent trading reflecting a continuation of the trends seen in the first half year, full year earnings will be lower than last year. As a result, we anticipate the final dividend will be lower than last year.

This interim dividend represents confidence in the business, with our asset light operating model allowing growth to be funded internally.



## CEO AND GOVERNANCE UPDATE

Following Kevin Bowler's resignation, the Board and I were delighted to announce Mark Winter's appointment as CEO of My Food Bag in November this year.

Mark has been integral to My Food Bag's success since he joined in 2019 as CFO. He was crucial in helping drive a significant period of growth for the business, navigating the challenges posed by the pandemic and transitioning the business to a listed company.

After careful consideration of the needs of the role and the desired attributes of our next CEO, the directors unanimously agreed that Mark was the ideal candidate.

Mark is passionate about My Food Bag, has in-depth knowledge about the business and continues to show his impressive leadership and commercial skills. Mark is excellent at getting the best out of those around him and has earned the respect of the Board, employees and other stakeholders.

Alongside CEO changes, we have also had governance changes.

In August we farewelled Chris Marshall from the Board of My Food Bag and welcomed Cecilia Robinson back to the Board.

We knew Cecilia's entrepreneurial background and innovative drive would complement the existing skills on the Board well and also welcomed having someone with extensive institutional knowledge about the business.

We also increased the number of Board members with the appointment of Mark Powell in October this year.

Mark has diverse experience working in a number of different industries in New Zealand and overseas as part of his executive and governance career, including retail, property, logistics, food, financial services, agriculture and education.

On behalf of the Board, I would like to thank Chris again for his considerable contribution to My Food Bag and I look forward to working further with Mark and Cecilia.

Looking ahead, the Board and management remain focussed on executing the business's strategy, as well as the performance of the business.

With this in mind, the Board has established a Marketing Committee, which will support the development and execution of plans to drive sustainable growth.

We are mindful of our share price to date and I'd like to acknowledge again those who participated in the IPO. In the long run, we remain confident about the opportunities for My Food Bag and would like to thank our shareholders for their support.



Tony Carter  
**Chair**

# Letter from our CEO



My Food Bag had a slower start to trading in FY23. We have initiatives underway to grow active customers and retention, while optimising business operations to unlock future growth in FY24 and beyond.

But as signalled to the market, the Board and management expect FY23 earnings to be below FY22 earnings.

For the first half of FY23 revenue was \$94.4 million, \$4.0 million down on H1FY22. EBITDA<sup>1</sup> for H1FY23 was \$11.5 million, versus \$15.8 million for the same period in FY22.

This has resulted in net profit after tax (NPAT) dropping to \$5.9 million, versus \$9.4 million in H1FY22.

## FINANCIAL PERFORMANCE

Omicron had a marked effect on our supply-side confidence in Q4 FY22 as we, along with our suppliers, encountered difficulties accessing staff and dealing with the flow-on problems of incomplete and late deliveries.

We responded to these challenges at the time by further simplifying our product offering and reducing marketing activity, which had the effect of a slower start to FY23.

During H1FY23 as we sought to rebuild active customers<sup>3</sup> we did see lower levels of retention from some of our marketing activity, which impacted deliveries. Recognising

this we refocused our approach and we now have initiatives underway to grow demand.

During the first half we made 732,000 deliveries, with an average order value of \$129.0. This compares to 808,000 deliveries in H1FY22, with a lower average order value of \$121.8.

In the context of high inflation we have taken proactive steps to protect our gross margin<sup>4</sup>, while being careful to limit price increases for our customers.

Gross margin percentage increased to 49.3%, versus 48.1% in H1FY22. As a result, contribution margin<sup>4</sup> remained relatively stable at 25.3%, compared to 26.3% for H1FY22.

Active customer numbers have bounced 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).

High value customers<sup>2</sup> have dropped by a smaller margin than overall active customer numbers.

## BUSINESS UPDATE

### INVESTING IN SUSTAINABLE CUSTOMER GROWTH

Each of our four consumer brands – My Food Bag, Bargain Box, Fresh Start and Made – hold a clear segment in the category and during the first half of the year we have worked to differentiate these brands further and strengthen each one.

Across the whole meal kit category discounts played a heavy role in attracting new customers during the first half

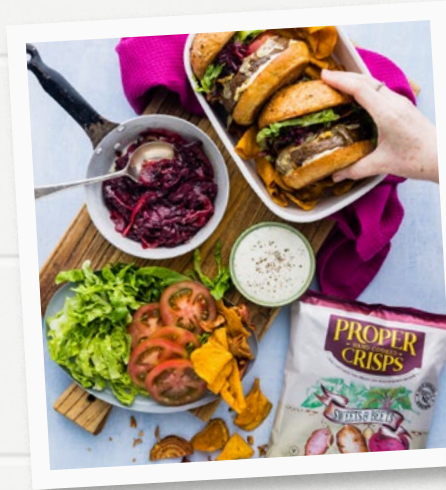
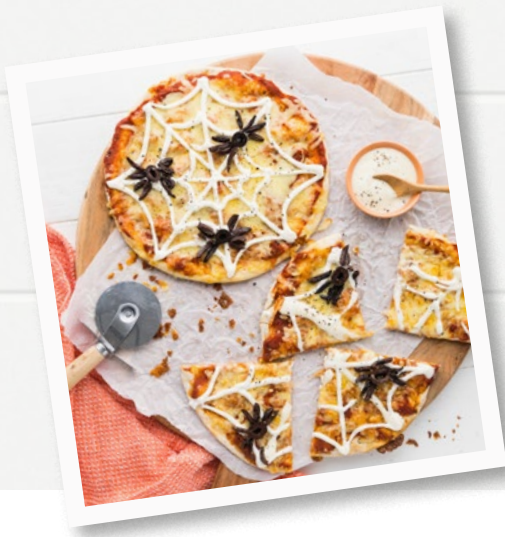
<sup>1</sup> A reconciliation from GAAP net profit before tax to non-GAAP earnings before interest, tax, depreciation and amortisation (EBITDA) is shown in the notes to the Interim Financial Statements.

<sup>2</sup> High value customers are customers that have taken at least 20 deliveries in the past 12 months.

<sup>3</sup> Active customers are customers that have taken at least one delivery in the 13 weeks prior.

<sup>4</sup> Gross margin and contribution margin are non-GAAP performance measures. A reconciliation to NPAT is included in the Appendices to the FY23 H1 results presentation at [www.investors.myfoodbag.co.nz](http://www.investors.myfoodbag.co.nz)





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.

We have also invested in our brands via renewed marketing efforts. We are back marketing My Food Bag on television via a new brand campaign, Taste Adventures, and via our sponsorship of Nadia's Farm.

Outside of My Food Bag, Bargain Box is proving a valuable product for us. Bargain Box deliveries were up 2.1% year-on-year and our high value customers are also up for this brand.

Bargain Box is New Zealand's affordable meal kit and has an average meal rating of 4.04 out of five. We have plans underway to leverage this brand further as we live through this current economic cycle.

### THE KITCHEN

In mid-2021, we launched the My Food Bag Kitchen to tempt customers to purchase more of their weekly shop from My Food Bag. It has been one of the drivers behind the uplift in overall average order value during FY23, compared to FY22.

We now offer 150 SKUs per week and during H1 we sold more than 50 thousand breakfasts, 100 thousand lunches and 70 thousand desserts via the Kitchen range.

### OPERATIONAL TRANSFORMATION

Critical to the expansion of the Kitchen range is our investment in assembly pick technology.

We have engaged a European vendor with extensive experience implementing ingredient level pick technology in the global meal kit industry.

Detailed work is well underway and will further unlock growth across the business.

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.

As well as delivering improved operational productivity and quality outcomes, this technology will 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.

We are also still actively investigating bolt-on M&A opportunities for vertical integration, but we will only progress those that provide margin and value accretion.

### PEOPLE AND CULTURE

Alongside our investment in operations, investing in our company culture and leadership capabilities was also a focus.

So far this year we have launched our staff share scheme, started our first leadership development programme, and have revitalised our company values after a business-wide initiative.

### COMMUNITY AND ENVIRONMENTAL IMPACT

Following extensive testing, we launched the Coola Box to replace the wool insulation systems wrapped in soft plastic.

The Coola Box keeps our ingredients cool and fresh, without the need for soft plastic. It is made with FSC Certified cardboard that's 70% recycled.

It's all part of our plastic reduction journey, and across FY23 we expect this change to save 15 tonnes of soft plastic.

We have also moved our seasonal customer magazine from print to online and have saved 1.3 million pages in printing so far.

Beyond packaging reduction, we're also proud to work with Garden to Table and donations so far this year are up 25% on the same time last year.



## OUTLOOK AND SUMMARY

When I took on the permanent role of CEO of My Food Bag this month, I said that despite there being a number of challenges ahead in the current economic and inflationary environment, My Food Bag remains an exceptional business with a clear purpose to inspire Kiwis to be happier and healthier, one meal at a time.

I'm looking forward to leading My Food Bag through its next phase and delivering the initiatives already underway that will optimise our business operations to unlock growth in FY24 and beyond.

I would also like to take this opportunity to thank all the My Food Bag team and our community of suppliers for their work during the first half of this year and beyond.

My focus with the whole My Food Bag team is growing active customer numbers and retention, and maintaining gross margin levels through close management of ingredient costs.

**We are focused on active customers and retention, while investing in people, core capabilities and supply chain improvements to unlock growth in FY24 and beyond.**

Looking ahead, recent trading reflects a continuation of the trends seen in the first half of the year. Our focus is on active customer numbers and retention, while closely managing and mitigating cost pressures.

We continue to invest in initiatives that set the foundation for future growth. This includes our investment in supply chain improvements and core capabilities to capture cost efficiencies and unlock growth in FY24.

As signalled at the ASM in August, the Board has declared a fully imputed interim dividend of 3.0 cents per share, payable on 15 December 2022. With earnings expected to be down on last year, we anticipate the final dividend will be lower than last year.

Mark Winter  
CEO



# Directory

## BOARD OF DIRECTORS

**Tony Carter** (Chair)

**Jen Bunbury**

**Sarah Hindle**

**Jon Macdonald**

**Cecilia Robinson** (Appointed 19 August 2022)

**Mark Powell** (Appointed 1 November 2022)

## SENIOR LEADERSHIP TEAM

**Mark Winter**

*Chief Executive Officer*

**Jeremy Edmonds**

*Interim Chief Financial Officer*

**Paul Kelly**

*Chief Supply Chain Officer*

**Jo Mitchell**

*Chief Customer Officer*

**Polly Brodie**

*Head of Development Kitchen*

**Craig Jordan**

*Chief Digital Officer*

**Trish Whitwell**

*Head of Innovation*

**Cassie Ormand**

*Head of People & Culture*

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**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

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My Food Bag Group Limited

NZCN 6113607

ARBN 646 807 301





# Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

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## Statement of Financial Position

AS AT 30 SEPTEMBER 2022

NZ\$000	Note	Unaudited 30 September 2022	Audited 31 March 2022
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		134	5,913
Trade and other receivables		475	570
Inventories		2,773	2,608
Prepayments		1,933	1,799
<b>Total current assets</b>		<b>5,315</b>	<b>10,890</b>
<b>Non-current</b>			
Property, plant and equipment		4,479	3,372
Intangible assets	5	85,197	84,889
Right-of-use assets		11,288	6,269
Other receivables		214	248
<b>Total non-current assets</b>		<b>101,178</b>	<b>94,778</b>
<b>Total assets</b>		<b>106,493</b>	<b>105,668</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Bank overdraft	7	3,567	-
Trade and other payables		13,445	13,000
Deferred revenue		3,441	4,004
Lease liabilities		2,295	2,022
Other current liabilities		1,722	1,089
Tax liability		1,421	4,850
<b>Total current liabilities</b>		<b>25,891</b>	<b>24,965</b>
<b>Non-current</b>			
Lease liabilities		10,348	5,576
Borrowings	7	2,434	3,411
Deferred tax liability		4,395	4,556
Provisions		250	250
<b>Total non-current liabilities</b>		<b>17,427</b>	<b>13,793</b>
<b>Total liabilities</b>		<b>43,318</b>	<b>38,758</b>
<b>Net assets</b>		<b>63,175</b>	<b>66,910</b>
<b>EQUITY</b>			
Share capital		59,336	59,336
Retained earnings		3,712	7,574
Share-based payment reserve		127	-
<b>Total equity</b>		<b>63,175</b>	<b>66,910</b>

For and on behalf of the Board of Directors who authorised the issue of the financial statements on 17 November 2022.

Tony Carter  
**Chair**

17 November 2022

Jen Bunbury  
**Director**

17 November 2022

## Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

NZ\$000	Note	Unaudited 6 months ended 30 September 2022	Unaudited 6 months ended 30 September 2021
Income	1	94,410	98,441
Cost of sales		(70,557)	(72,598)
<b>Gross profit</b>		<b>23,853</b>	<b>25,843</b>
Marketing expenses		(3,432)	(2,883)
Financing expenses		(648)	(847)
Indirect expenses		(11,653)	(9,370)
Other income	1	60	86
<b>Net profit before tax</b>		<b>8,180</b>	<b>12,829</b>
Income tax expense		(2,302)	(3,394)
<b>Net profit after tax</b>		<b>5,878</b>	<b>9,435</b>
<b>Total comprehensive income</b>		<b>5,878</b>	<b>9,435</b>
<b>Earnings per share</b>		<b>NZ\$</b>	<b>NZ\$</b>
Basic and diluted earnings per share	3	<b>0.02</b>	<b>0.04</b>



## Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

NZ\$000	Note	Share capital	Retained earnings	Share-based payment reserve	Total equity
At 1 April 2022		59,336	7,574	-	66,910
Net profit for the period		-	5,878	-	5,878
<b>Total comprehensive income for the period</b>		-	<b>5,878</b>	-	<b>5,878</b>
Dividend	4	-	(9,740)	-	(9,740)
Share-based payments		-	-	127	127
<b>At 30 September 2022 (Unaudited)</b>		<b>59,336</b>	<b>3,712</b>	<b>127</b>	<b>63,175</b>
At 1 April 2021		59,336	(5,138)	-	54,198
Net profit for the period		-	9,435	-	9,435
<b>Total comprehensive income for the period</b>		-	<b>9,435</b>	-	<b>9,435</b>
<b>At 30 September 2021 (Unaudited)</b>		<b>59,336</b>	<b>4,297</b>	-	<b>63,633</b>

## Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

NZ\$000	Note	Unaudited 6 months ended 30 September 2022	Unaudited 6 months ended 30 September 2021
<b>OPERATING ACTIVITIES</b>			
<i>Cash was provided from:</i>			
Receipts from customers		93,848	100,017
Tax refund		213	-
Interest received		44	7
<i>Cash was applied to:</i>			
Payments to suppliers		(81,899)	(84,249)
Interest paid		(624)	(1,003)
Tax paid		(6,101)	(2,284)
<b>Net cash flows from operating activities</b>		<b>5,481</b>	<b>12,488</b>
<b>INVESTING ACTIVITIES</b>			
<i>Cash was provided from:</i>			
Proceeds from the sale of property, plant and equipment		3	10
<i>Cash was applied to:</i>			
Purchase of property, plant and equipment		(1,484)	(369)
Payments for development of software		(1,327)	(896)
<b>Net cash flows from investing activities</b>		<b>(2,808)</b>	<b>(1,255)</b>
<b>FINANCING ACTIVITIES</b>			
<i>Cash was provided from:</i>			
Proceeds from borrowings		6,000	3,000
<i>Cash was applied to:</i>			
Principal payments on leases		(1,279)	(988)
Dividends paid	4	(9,740)	-
Repayment of borrowings		(7,000)	(13,000)
<b>Net cash flows from financing activities</b>		<b>(12,019)</b>	<b>(10,988)</b>
Net increase / (decrease) in cash		(9,346)	245
Cash and cash equivalents at the beginning of the period		5,913	1,599
<b>Net (bank overdraft) / cash and cash equivalents at the end of the period</b>		<b>(3,433)</b>	<b>1,844</b>
Represented by:			
Cash and cash equivalents		134	1,844
Bank overdraft		(3,567)	-
<b>Net (bank overdraft) / cash and cash equivalents at the end of the period</b>		<b>(3,433)</b>	<b>1,844</b>



# Notes to the Financial Statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

## General Information

### Reporting Entity

My Food Bag Group Limited is a profit-orientated company incorporated and domiciled in New Zealand. My Food Bag Group Limited is registered under the Companies Act 1993 and is an 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 interim 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 interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and NZ IAS 34 Interim Financial Reporting. They have also been prepared in accordance with Generally Accepted Accounting Practice (GAAP) applicable to for-profit entities.

These interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2022.

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

#### ACCOUNTING POLICIES

The accounting policies applied in the preparation of these interim financial statements were consistent with those applied in the Group's annual financial statements for the year ended 31 March 2022.

#### KEY SOURCES OF ESTIMATION UNCERTAINTY AND KEY JUDGMENTS

In preparing these interim financial statements, the significant judgements made in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those applied to the Group's annual financial statements for the year ended 31 March 2022.

#### SEGMENT REPORTING

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 consumers.

## Notes to the Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

### Financial Information

#### 1. Income

NZ\$000	Unaudited 6 months ended 30 September 2022	Unaudited 6 months ended 30 September 2021
Contracts with customers	94,410	98,441
<b>Total income</b>	<b>94,410</b>	<b>98,441</b>
Interest income	44	7
Other income	13	80
Gain / (Loss) on disposal of property, plant and equipment	3	(1)
<b>Total other income</b>	<b>60</b>	<b>86</b>

#### 2. Expenses

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

NZ\$000	Unaudited 6 months ended 30 September 2022	Unaudited 6 months ended 30 September 2021
Staff expenses		
Salaries and wages	8,250	6,421
Defined contribution	221	215
Share-based payment expense	127	-
Interest expense	343	568
Interest on leases	305	442
Fair value of derivatives	-	(179)
IT expenses	1,428	1,139
Amortisation of intangible assets	1,019	960
Depreciation of property, plant and equipment	378	256
Depreciation of right-of-use assets	1,338	979

#### 3. Earnings per Share

Basic and diluted earnings per share	Unaudited 6 months ended 30 September 2022	Unaudited 6 months ended 30 September 2021
Net profit attributable to equity holders (NZ\$000)	5,878	9,435
Weighted average number of shares on issue (000)	242,438	242,438
Basic and diluted earnings per share (NZ\$)	0.02	0.04



## Notes to the Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

### 4. Dividends

NZ\$000	Unaudited 6 months ended 30 September 2022	Unaudited 6 months ended 30 September 2021
Final dividend for 2022 – 4.0 cents per share	9,740	-

#### DIVIDEND DECLARED AFTER THE REPORTING PERIOD

On 17 November 2022, the Board declared a fully imputed final dividend of 3.0 cents per share, to be paid on 15 December 2022 to shareholders on the company's register on 30 November 2022.

### 5. Intangible Assets

NZ\$000	Goodwill	Brands	Software	Software work in progress	Total
<b>Net book value at 30 September 2022 (Unaudited)</b>	<b>63,631</b>	<b>18,357</b>	<b>2,766</b>	<b>443</b>	<b>85,197</b>
Net book value at 31 March 2022 (Audited)	63,631	18,357	2,629	272	84,889

#### IMPAIRMENT INDICATORS

The Group performs a detailed impairment assessment annually and considers indicators of impairment at each reporting date. At 30 September 2022 no impairment indicators were identified.

### 6. Leases

The lease of the Group's new assembly and distribution site in Christchurch commenced in April 2022. At the lease commencement date the Group recognised a right-of-use asset and a corresponding lease liability of NZ\$6,113,000.

## Notes to the Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

### 7. Borrowings

The Group's net debt position is shown below.

NZ\$000	Unaudited 30 September 2022	Audited 31 March 2022
Bank loan – non-current	2,434	3,411
<b>Total borrowings</b>	<b>2,434</b>	<b>3,411</b>
Less: cash and cash equivalents	(134)	(5,913)
Add: bank overdraft	3,567	-
<b>Net debt /(cash)</b>	<b>5,867</b>	<b>(2,502)</b>

### FUNDING ARRANGEMENTS

The Group's funding arrangements are shown below.

NZ\$000	Unaudited 30 September 2022	Audited 31 March 2022
Revolving credit facility	35,000	35,000
Drawdown	2,500	3,500
<b>Revolving credit facility – undrawn</b>	<b>32,500</b>	<b>31,500</b>
Bank overdraft facility	5,000	5,000
Drawdown	3,567	-
<b>Bank overdraft facility - undrawn</b>	<b>1,433</b>	<b>5,000</b>
<b>Total undrawn facilities</b>	<b>33,933</b>	<b>36,500</b>

## Notes to the Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

### 8. 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 period, 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 are eligible to participate in the ESOS. Under the scheme, participants are 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. 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, 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).

The CEO is 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).



## Notes to the Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

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

Number of rights outstanding	ESOS	LTI
At 1 April 2022	-	-
Granted	385,548	1,820,518
Forfeited	(16,910)	(624,013)
<b>At 30 September 2022</b>	<b>368,638</b>	<b>1,196,505</b>

### 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

Number of rights outstanding	Grant at June 2022
Share price at grant date	\$0.83
Risk-free interest rate	3.36%
Expected cash dividend yield	8.6%
Expected share price volatility	36.7%
Vesting period	2 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 grant date fair values of are shown below.

	ESOS	LTI
Grant date fair value	\$0.69	\$0.50

## Notes to the Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

### 9. Related Party Transactions

#### Key management personnel remuneration

Key management personnel comprise members of the Board and members of the Senior Leadership Team (SLT). In the period the Board comprised five members (2021: five members) and the SLT comprised eight members (2021: eight members).

NZ\$000	Unaudited 6 months ended 30 September 2022	Unaudited 6 months ended 30 September 2021
Short-term employee benefits	1,645	1,429
Share-based payment transactions	44	-
Directors' remuneration	240	211
<b>Key management personnel remuneration</b>	<b>1,929</b>	<b>1,640</b>

### 10. Contingent Liabilities

The Group has no contingent liabilities (31 March 2022: Nil).

### 11. 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 (NZ\$2,467,000). Of this amount EUR432,000 (NZ\$693,000) was paid in the six months ended 30 September 2022 and is included in property, plant and equipment. The remaining amount committed of EUR1,007,000 (NZ\$1,726,000 based on the foreign exchange rate at 30 September 2022) 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: Nil).

### 12. Non-GAAP financial information

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

NZ\$000	Unaudited 6 months ended 30 September 2022	Unaudited 6 months ended 30 September 2021
Net profit before tax	8,180	12,829
Add: Depreciation and amortisation	2,735	2,195
Add: Net financing costs	604	824
<b>EBITDA</b>	<b>11,519</b>	<b>15,848</b>

# Independent Auditor's Review Report



## To the Shareholders of My Food Bag Group Limited

### CONCLUSION

We have reviewed the interim financial statements of My Food Bag Group Limited ("the Company") and its subsidiaries (together "the Group") which comprise the statement of financial position as at 30 September 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, and a summary of significant accounting policies and other explanatory information. Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements of the Group do not present fairly, in all material respects the financial position of the Group as at 30 September 2022, and its financial performance and its cash flows for the period ended on that date, in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting*.

This report is made solely to the Company's shareholders, as a body. Our review has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in a review 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 review procedures, for this report, or for the conclusion we have formed.

### BASIS FOR OPINION

We conducted our review in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Statements* section of our report. We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements.

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

### DIRECTORS' RESPONSIBILITY FOR THE INTERIM FINANCIAL STATEMENTS

The Directors are responsible, on behalf of the entity, for the preparation and fair presentation of the interim financial statements in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting* and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.



## Independent Auditor's Review Report (continued)



### AUDITOR'S RESPONSIBILITIES FOR THE REVIEW OF THE INTERIM FINANCIAL STATEMENTS

Our responsibility is to express a conclusion on the interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting*.

A review of interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on those interim financial statements.

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

The logo for Ernst &amp; Young, featuring the company name in a stylized, cursive script.

Chartered Accountants

Auckland

17 November 2022



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