FY23 H1 *results*

MY FOOD BAG

18 NOVEMBER 2022

PRESENTING *today*

Mark Winter
Chief Executive Officer

Jeremy Edmonds
Chief Financial Officer (Interim)

CONTENTS

KEY *highlights*

- Expanded Kitchen offering driving up Average Order Value
- Gross Margin % growth through recipe optimisation and pricing strategy
- Bargain Box deliveries up compared to FY22 H1
- Introduction of the Coola Box to improve recyclability and customer experience
- Investment in pick technology to deliver operational efficiency and a platform for growth
- Culture and capability investment improving eNPS, retention and building skills to deliver strategy

KEY *highlights*

REVENUE

$94.4m

Bargain Box deliveries up 2.1% v FY22 H1

EBITDA

$11.5m

With a contribution margin of 25.3%

NPAT

$5.9m

AOV

$129.0

Up 6% v FY22 H1

GROSS MARGIN %

49.3%

Compared to 48.1% in FY22 H1

Negative working capital position, coupled with an asset-light business model underpin operating cash flow

INTERIM DIVIDEND

3.0cps

Fully imputed and to be paid on 15 December 2022

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

Financial performance

Despite softer demand through FY23 H1 we have improved Average Order Value

Key Metrics Overview	FY20 H1	FY21 H1	FY22 H1	FY23 H1	YoY Movement %	CAGR since FY20%
Deliveries ('000)	643.5	848.7	808.2	731.9	-9.4%	4.4%
AOV	$ 120.2	$ 124.0	$ 121.8	$ 129.0	5.9%	2.4%
Revenue $m	77.3	105.3	98.4	94.4	-4.1%	6.9%
Gross Margin $m	33.7	46.9	47.3	46.5	-1.7%	11.4%
Gross Margin %	43.5%	44.5%	48.1%	49.3%	+1.2ppt	+5.8ppt*
Contribution Margin $	16.7	24.7	25.9	23.9	-7.9%	12.6%
Contribution Margin %	21.6%	23.5%	26.3%	25.3%	-1.0ppt	+3.6ppt*
EBITDA $m	6.9	14.3	15.8	11.5	-27.2%	18.6%
NPAT $m	3.2	7.6	9.4	5.9	-37.7%	22.6%

- Lower active customers and retention have impacted deliveries and EBITDA.
- Recipe optimisation and pricing strategy delivered 1.2ppt improvement in gross margin.
- Investment in strategic initiatives to improve productivity and provide a platform for growth, have contributed to higher overhead cost.

*% measures movement in total % since FY20 H1

1 BUSINESS *update*

Our growth strategy

Focused on growth and improvement

Win in Meals

Energise meal kit category through winning brand portfolio

Establish leadership in ready-made meals

Expanding our Horizons

Expand the Kitchen

Extend into new categories

Enhancing our Strong Foundations

Culture & capability revitalisation

System and operational step change

Integrated ESG ambition

Investment in our brands to drive sustainable growth

We have invested to grow our brand strength

- **Leveraging our portfolio** by further delineating My Food Bag and Bargain Box, to target different consumer segments, needs and occasions.
- **Customer Segmentation** has strengthened our understanding of where meal kits fit and the opportunities we have to expand our offer and customer appeal.
- **Using MADE and the Kitchen** to enhance Life Time Value (LTV), through increasing basket size and providing a complete solution to enhance the customer experience.
- **Range expansion** to offer more choice including Plant Powered Choice, Ready to Cook, and **Fresh Start**.

BARGAIN BOX

Bargain Box owns affordability in the New Zealand meal kit category.

- Deliveries up YoY.
- Competitive edge in the inflationary environment.
- Continuing to strengthen this brand pillar remains a key marketing tactic.

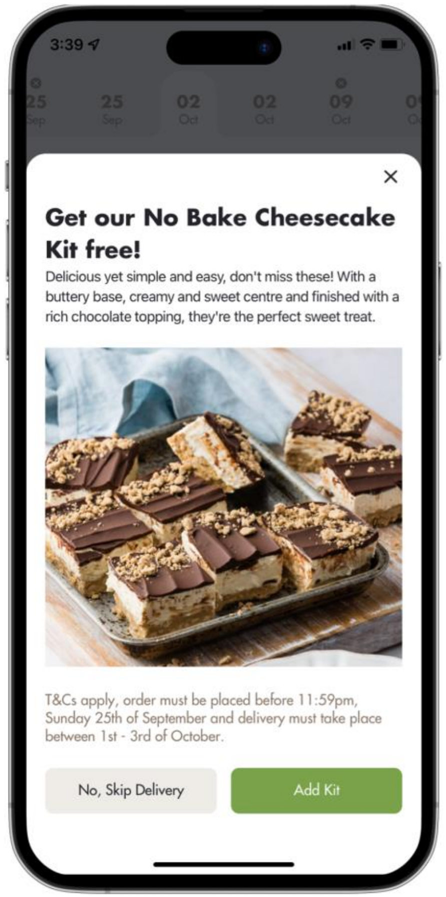
MY FOOD BAG

My Food Bag owns taste and the adventure and excitement meal kits bring to consumers each week.

- *Taste Adventure* campaign went live at the end of Q2 to amplify our key attributes and what we are famous for.
- Sponsorship of *Nadia's Farm show* and inclusion of recipes in menus.

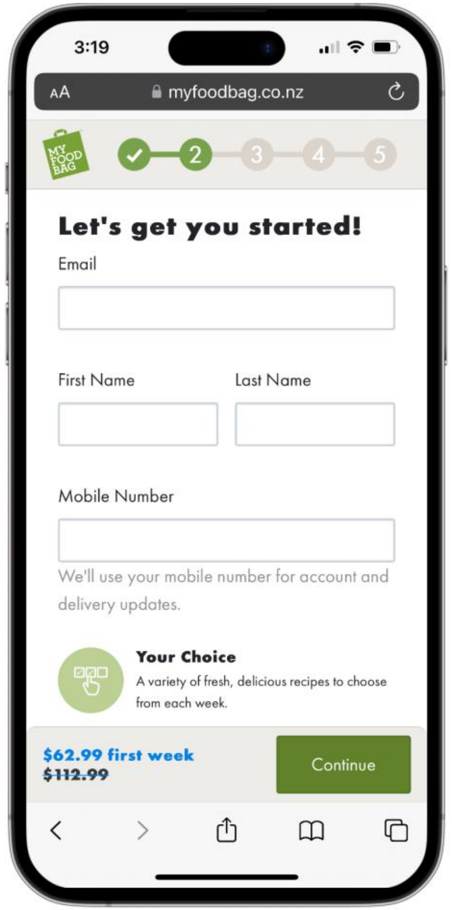
Digital platform developments are improving customer retention

Our platform is increasingly effective in growing LTV and customer conversion



Growing LTV through the targeted MFB customer messaging platform, implemented in September

- *Customer messaging platform* enables My Food Bag to immediately target personalised messages to customers in response to an action or behaviour, including skip, cancel, passing by the Kitchen or meal selection for the week.
- Most successful in driving frequency with further functionality to be rolled out to support AOV.
- We have seen skip prevention provide frequency upweight.



Removing friction points for consumers to enhance conversion

Part of a data-driven experimentation programme to optimise conversion paths for both new and reactivating customers.

- Identifying *new customer conversion* funnel improvements.
- Optimised and simplified *reactivation journeys*.
- *Lead generation* to support marketing optimisation.

Growing beyond weeknight dinners… the Kitchen

In FY23 H1 we have inspired more than 50 thousand breakfasts, 100 thousand lunches and 70 thousand desserts via the My Food Bag Kitchen

Range expansion

>520 SKUs to date and growing

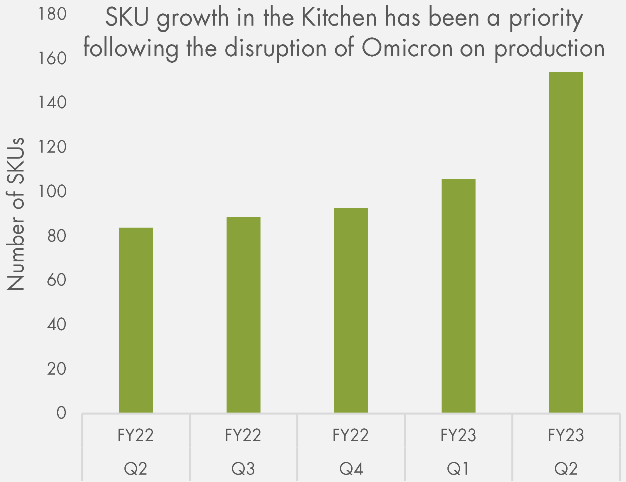
150 items available weekly

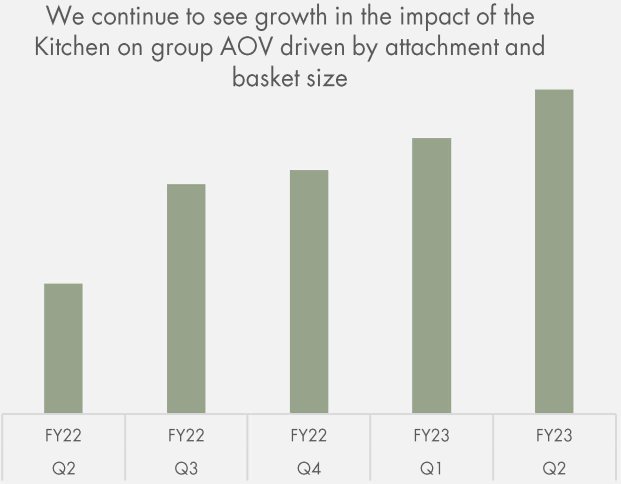
Multiple categories and occasions

Awareness and attachment build

Attachment rate 12% - 16%

AOV ~$20-$25





Our supply chain capability and productivity is improving

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

- Custom-built site in Christchurch is operational and efficiencies being realised.
    - Layout provides seamless flow between pick and break areas meaning less downtime for movement reducing labour costs.
- RFP process has been run for commission of a custom-built site for the North Island.
- Investment in Food Safety Quality and Health and Safety including improved people capability and systems.
- Bolt-on M&A opportunities for vertical integration will be pursued where they provide margin and value accretion.

Transformational investment in proven technology to unlock growth

Implementation of pick technology project underway with lead European provider

Enabling a vast improvement in customer choice, productivity and quality

- Provides ability to extend recipe choice and allows for greater personalisation and customisation of recipes.
- Significant simplification of our operating processes unlocking productivity and cost efficiencies.
- Creates capacity to extend the Kitchen range depth and breadth.
- Will improve customer experience through higher picking accuracy and improved in box experience.
- Total investment of ~$5m to be commissioned end of FY23 in the North Island and FY24 Q1 in the South Island.

Providing a platform for revenue and customer growth

AOV GROWTH

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

Extending benefits demonstrated in Gourmet Upsell and the Kitchen

FREQUENCY

- More choice for customers to increase menu conversion.
- Personalisation to make choosing easier.

Increasing frequency as demonstrated when My Choice was introduced

NEW CUSTOMERS

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

New customer growth aligned with NPD e.g. Plant Based

Building capability and revitalising culture

Strengthening retention and capability of our staff is fundamental to delivering on strategic growth initiatives

Investment in learning and development

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

Culture revitalisation to underpin key strategic objectives

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

- Rituals to be purposeful and deliberate to incorporate the values.
- Collaborative development process involved two-thirds of employees.

Reward and recognition

- In order to reward, retain, and incentivise key talent, and align their interests with our shareholders we have **introduced equity-based compensation.**

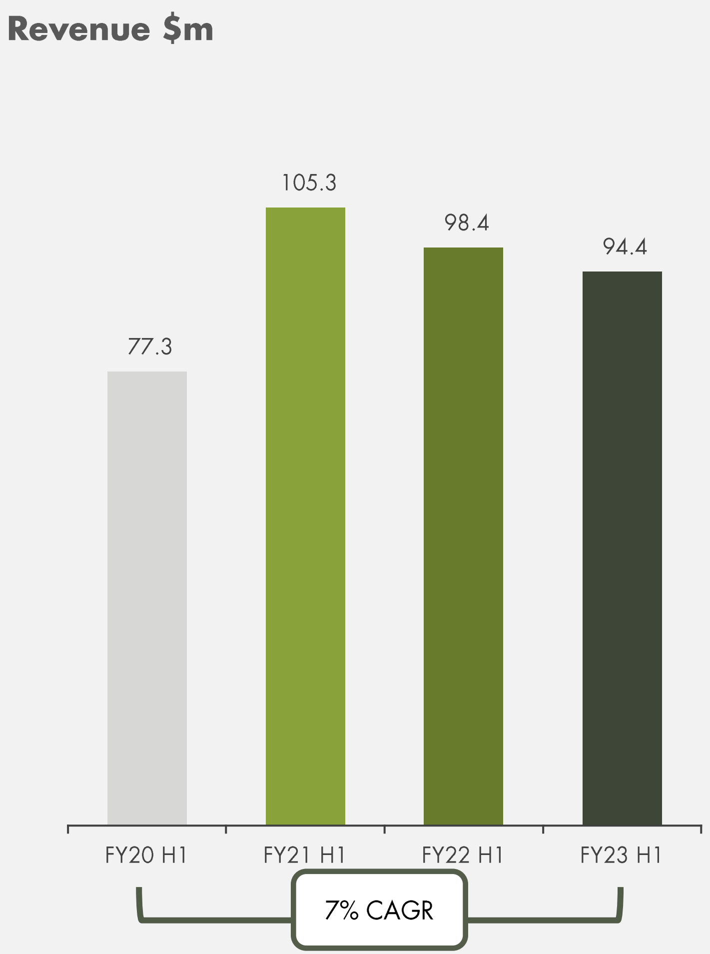
Creating a better way to shop and eat by prioritising ESG

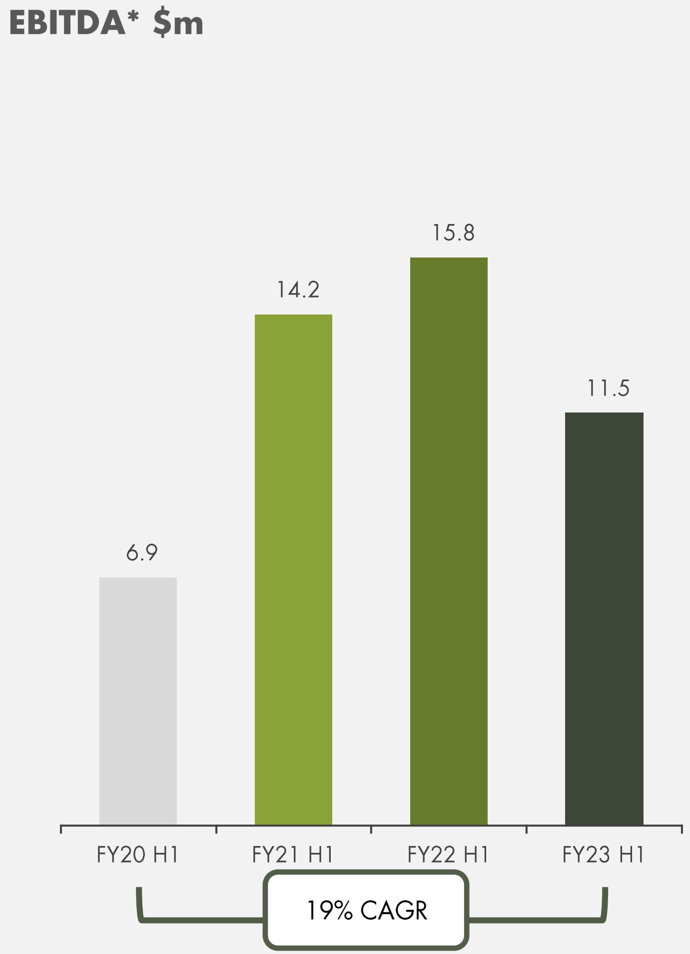
	BETTER PACKAGING	BETTER FOR THE ENVIRONMENT	BETTER FOR OUR PEOPLE & THE COMMUNITY	BETTER, SAFER FOOD
What we've achieved	Launched the **Coola Box** insulation – on track to remove 15t of soft plastic by the end FY23	Continuing our carbon reduction journey with the purchase of our first **electric delivery van**	Grown our support of **Garden to Table** with donations up 25% YoY	Continued to **buy local** with 98% fresh produce & protein sourced locally and a strong focus on local suppliers in the Kitchen
What's coming up…	**Dynamic Cartonisation Project** to ensure the optimum amount of packaging per delivery is used	Complete measurement of our carbon footprint and the development of our **Carbon Action Plan**	Launch of our annual **My Christmas Gift** drive to collect donations for the City Mission and Red Cross	Refreshed our **Approved Supplier Programme** to improve quality expectations and broader ethical standards

2 FINANCIAL *overview*

Financial performance

EBITDA down on FY22 H1 driven by lower deliveries and overhead investment



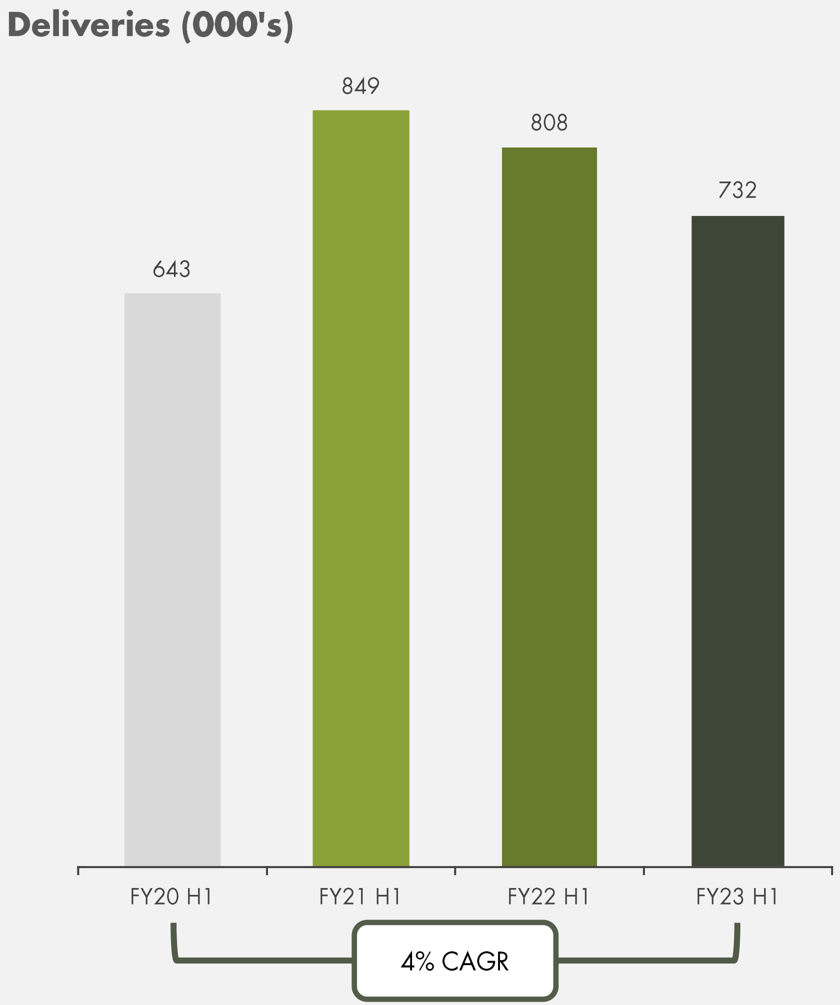


- FY23 H1 revenue down on FY22 H1 driven by lower deliveries.
- Gross margin of 49.3% up 1.2pp on FY22 H1 through recipe optimisation and price recovery.
- Contribution margin of 25.3% down 1.0pp on HY22 H1 impacted by diseconomies of scale.
- Investment in marketing spend to build assets and delineate brands to more effectively target consumers.
- Increased overhead investment to support key strategic initiatives and introduction of equity-based compensation.
- Operating cash flow enabling 3.0 cents per share interim dividend to be paid.

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

Deliveries performance

Bargain Box up 2.1% versus FY22 H1

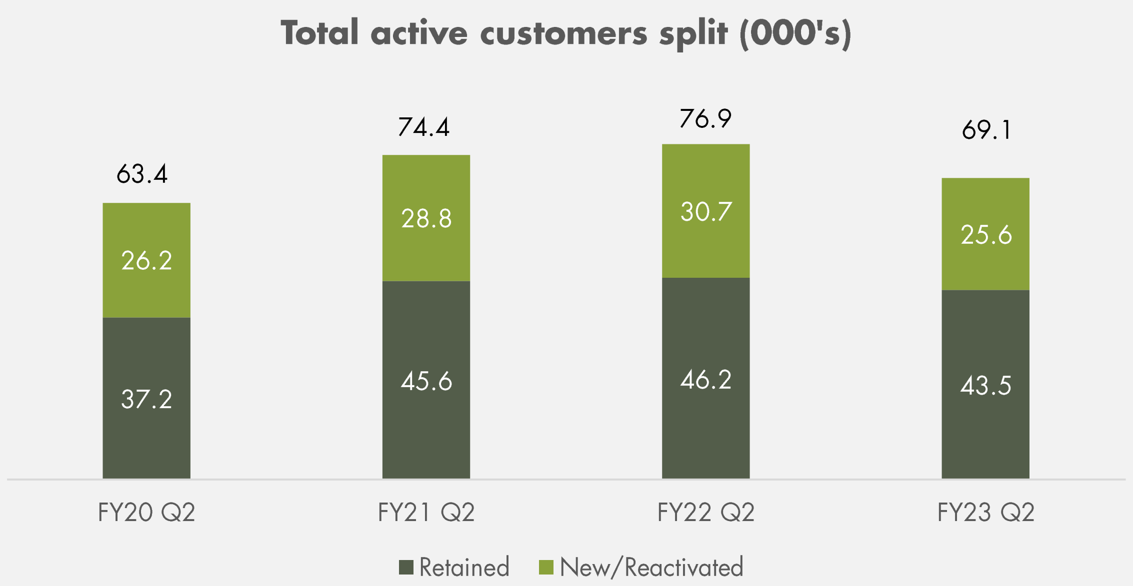


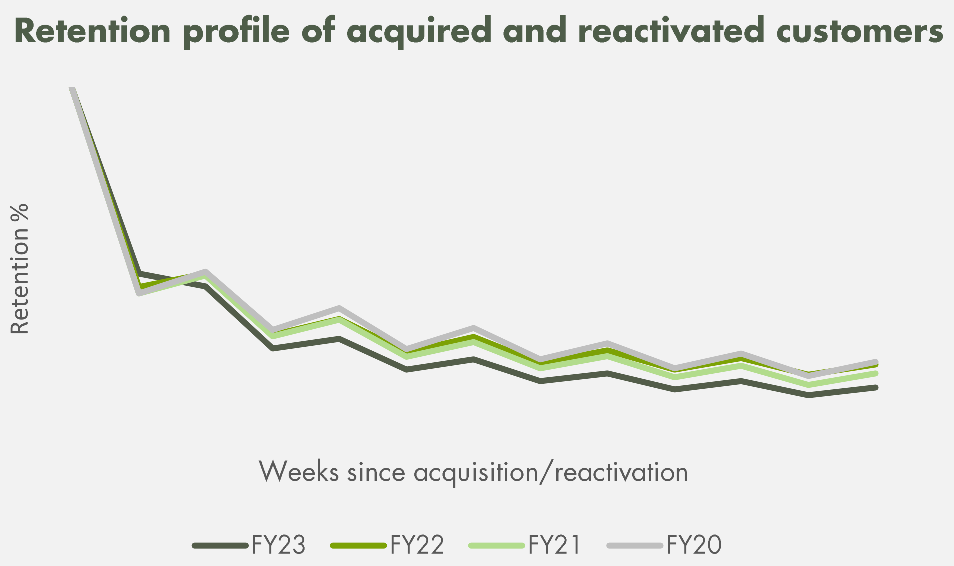
- Deliveries of 732k down -9.4% on FY22 H1
  - Slower start due to omicron disruption in Feb – April 2022.
  - Lower retention resulting in lower active customers in FY23 Q2.
  - Prior year comparative saw some higher volumes from red traffic light setting in August and September 2021.

- Bargain Box deliveries up 2.1% YoY driven by combination of strong conversion of in-market offers and some migration from MFB brand.
  - Demonstrates strength of having differentiated brands in the current economic environment, with a focus on retaining customers within our portfolio.

Focus on active customers in FY23 H2

Leveraging segmentation work and investment in brand assets



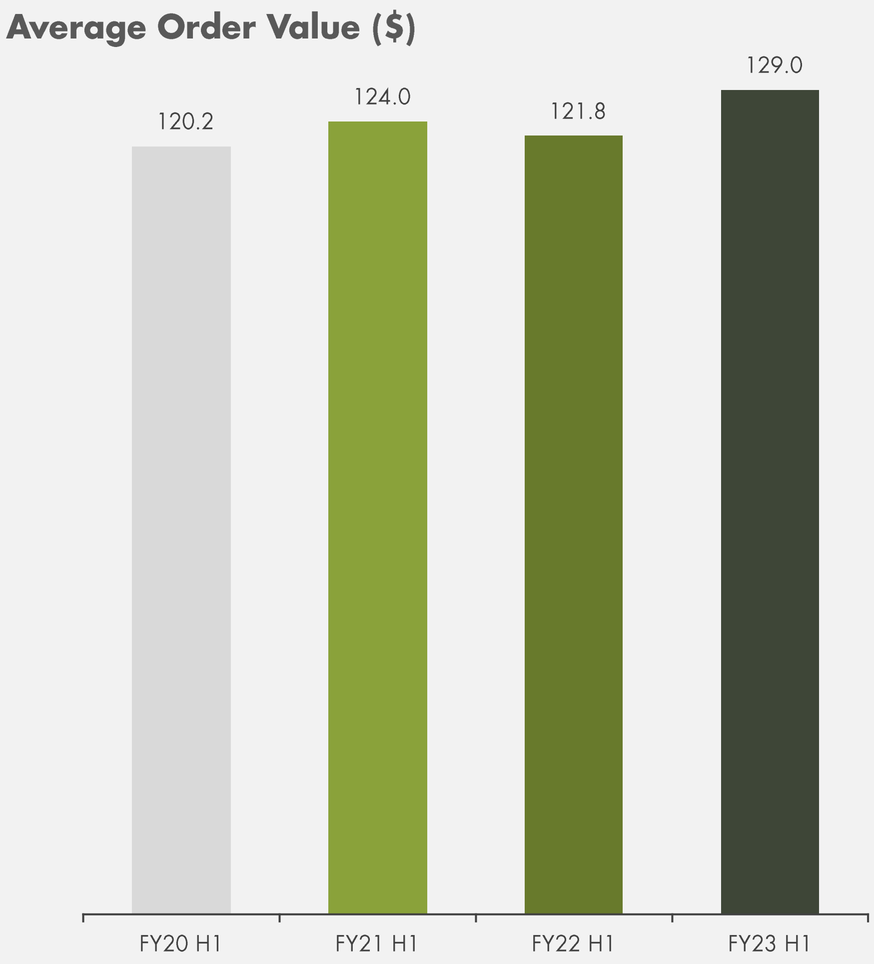


- Strong response to investment in active customer growth however retention was lower than historic trends. Marketing refocused to strengthen unit economics recognising lower ROI on these cohorts.
- High value customers* remain the primary driver of revenue with 60% of deliveries.
  - Bargain Box high value customers have increased while total high value customer segment down -4.1%.
- Increased A&P investment to build brand awareness for long-term growth with differentiated brands.
- Investment on retention to be on multi-week offers and utilisation of segmentation analysis for better cohort targeting.

* High value active customers are defined as customers who have taken at least 20 deliveries in the previous 12 months

Strong uplift in Average Order Value in FY23 H1

The My Food Bag Kitchen is driving up Average Order Value



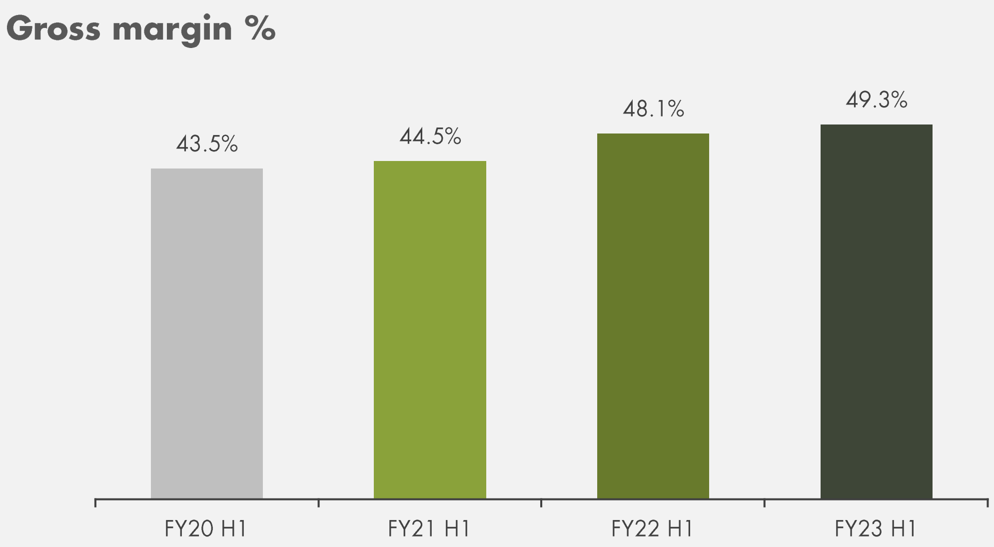
Average Order Value was $129.0, up on FY22 H1 driven by:

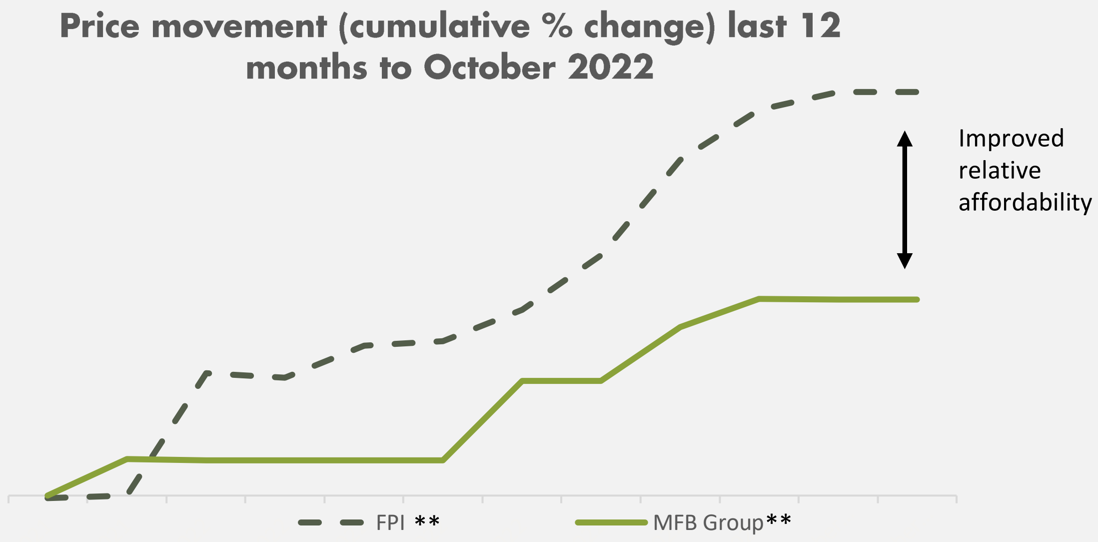
- Introduction, and continued growth of the My Food Bag Kitchen offering.
- Introduction of surcharge meals including gourmet meals in all brands and MADE in Bargain Box.
- Price increases to offset input cost pressure.
- Consistent operating service levels requiring lower compensation to customers.

This uplift has been slightly offset by higher indexing to Bargain Box.

Improved relative affordability in the inflationary environment

Recipe optimisation and pricing strategy delivered 1.2ppt improvement in gross margin





- Gross margin was 49.3% versus FY22 H1 of 48.1%. Input cost inflation for raw materials has been offset by:
  - Price increases by MFB early in the financial year to offset cost pressure that has continued throughout the year.
  - Use of recipe development to support management of rising input costs.
- Improved relative affordability against food alternatives over the last 12 months, reflected by price movement v FPI.
- Maintaining the value of our product at competitive price points is top-of-mind in the inflationary and competitive environment.

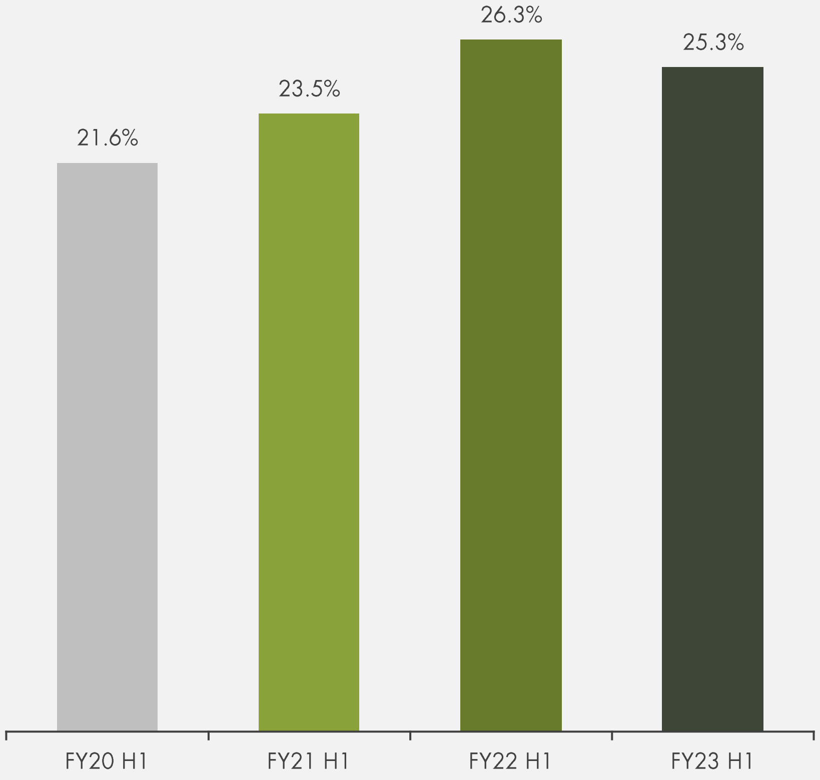
*Gross margin is a non-GAAP measure defined as revenue less cost of goods sold (including free marketing goods)

**MFB group increase reflects weighted average price movement. FPI (Food Price index) taken from stats NZ Food price index: October 2022 | Stats NZ

Contribution margin

Contribution margin of 25.3% down on prior year due primarily to lower deliveries

Contribution Margin %

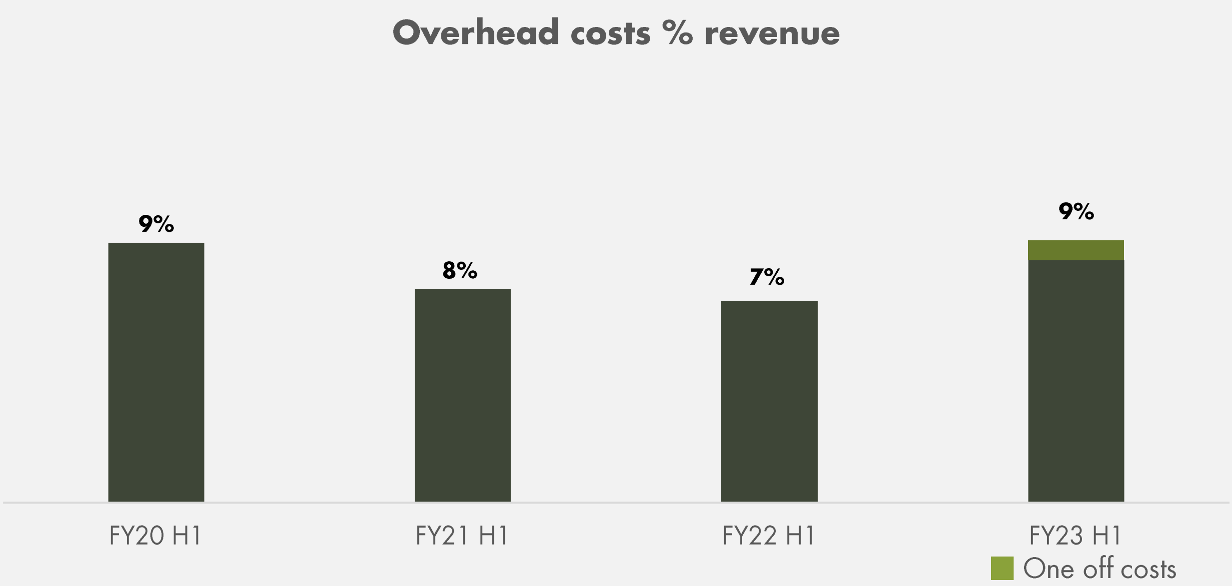


- Contribution margin is down 1.0pp, driven by:
  - Effect of diseconomies of scale driven by lower demand YoY.
  - Investment in capability, particularly in Health and Safety, and Food Safety Quality.
  - Input cost pressure in labour and distribution costs (fuel).
- This has been offset by the movement in price to recover inflationary input costs.
- The investment in pick technology is expected to deliver an improvement in the FY24 contribution margin.

*Contribution margin is a non-GAAP measure defined as revenue less cost of goods sold (including free marketing goods) less direct costs (assembly and distribution expenses).

Overheads

Increased investment to support key strategic initiatives and introduction of equity-based compensation



We have seen significant improvement in employee satisfaction metrics in Q2 FY23

eNPS

17.46

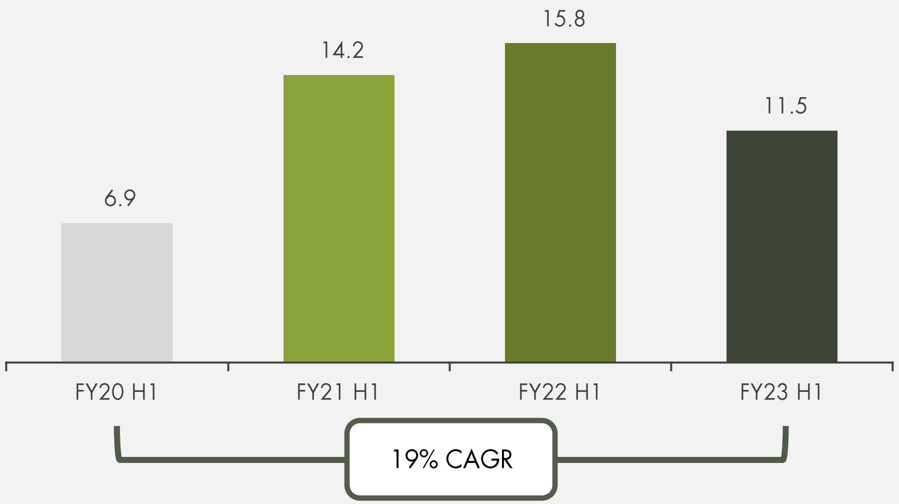
Up from 1.87

- Overhead costs have increased compared to FY22 H1 reflecting:
  - Introduction of an employee share scheme.
  - Investment in our foundations to build capability for growth - pick technology project, culture revitalisation, ESG measurement.
  - Underlying wage and cost inflation pressure in current trading environment.
- One off expenditure of $0.7m not expected to be repeated in FY24.

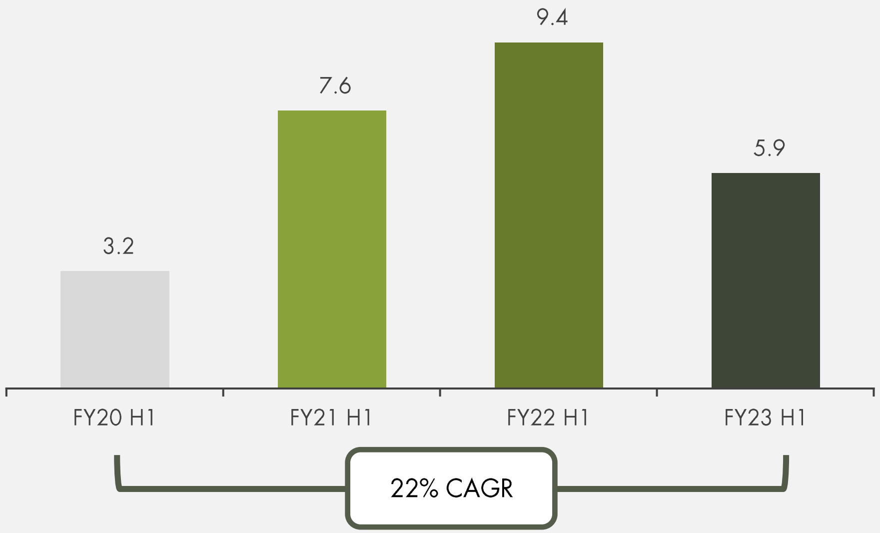
NPAT of $5.9m in FY23 H1

Earnings down on FY22 H1 driven by lower deliveries and overhead investment

EBITDA* $m



NPAT $m



- EBITDA* of $11.5m which represents 12.2% of revenue (13.0% FY22 H1).
- Lease expenses have increased due to new Christchurch facility April 2022.
- NPAT of $5.9m with operating cash-flow generation allowing a 3.0cps interim dividend to be paid.

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

Balance sheet is well positioned for growth opportunities

Asset-light business model and conservative gearing position the business well for further reinvestment in growth initiatives

Summary balance sheet ($m)	FY23 H1	FY22 H1
Assets		
Cash and cash equivalents	0.1	1.8
Working capital assets	5.2	5.3
Property, plant, and equipment	4.5	3.2
Right-of-use assets	11.3	7.4
Intangible and other assets	85.4	85.1
Liabilities		
Bank overdraft	(3.6)	-
Working capital liabilities	(16.9)	(16.7)
Lease liabilities	(12.6)	(8.7)
Bank debt	(2.4)	(5.9)
Other liabilities	(7.8)	(7.9)
Equity	**63.2**	**63.6**

- Net debt position reflects operating cashflow in the period.
- The balance sheet is well-positioned to execute on future growth opportunities.
- Bolt-on M&A opportunities for vertical integration will be pursued where they provide margin and value accretion.

Operating cash flow supports ongoing dividend payments

Negative working capital position, coupled with an asset-light business model underpin strong cash flow generation

Summary cash flow ($m)	FY23 H1	FY22 H1
Net cash from operating activities	**5.5***	**12.5**
Lease principal payments	(1.3)	(1.0)
Capex	(2.8)	(1.3)
Free cash flow	**1.4**	**10.2**
EBITDA*	**11.5**	**15.8**
Lease payments	(1.6)	(1.4)
Pre-IFRS 16 EBITDA	9.9	14.4

*FY23 H1 operating cash flow includes FY22 final tax payment ($5.1m).

- Profitability driving cash flow from operating activities.
- Capex is above long term trend, due to one off investment in pick technology.
- Interim dividend of 3.0 cents per share declared and to be paid 15 December 2022.

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3 FY23 *outlook*

FY23 Trading conditions and outlook

Active customers are a priority, while we continue to invest in initiatives that set the foundation for future growth

- Recent trading reflects a continuation of the trends seen in the first half of the year. Earnings will be lower than last year as a consequence of the lower deliveries.
- Action is being taken to improve trading performance with priority on growing active customer numbers and retention.
- Cost pressures continue to be managed and mitigated where possible.
- Investment in supply chain improvements will capture cost efficiencies and unlock growth in FY24.
- As signalled at the ASM in August, the Board has declared an interim dividend of 3.0 cents per share in line with last year. With earnings expected to be down on last year, we anticipate the final dividend will be lower than last year.

4 Q&A

THANK you

5 APPENDICES

Statement of Comprehensive Income

Statement of Comprehensive Income ($m)	FY23 H1 Actual	FY22 H1 Actual
Income	94.4	98.4
Cost of Goods Sold	(47.9)	(51.1)
Gross Margin	**46.5**	**47.3**
Assembly and Distribution	(22.7)	(21.5)
Contribution Margin	**23.8**	**25.8**
Indirect Expenses	(12.3)	(10.0)
EBITDA	**11.5**	**15.8**
Depreciation and Amortisation	(2.7)	(2.2)
EBIT	**8.8**	**13.6**
Interest and Funding	(0.6)	(0.8)
Net Profit Before Tax	**8.2**	**12.8**
Income Tax Expense	(2.3)	(3.4)
Net Profit After Tax and Comprehensive Income	**5.9**	**9.4**

Reconciliation of GAAP to non-GAAP financials

Reconciliation of GAAP to non-GAAP financials ($m)	FY23 H1 Actual	FY22 H1 Actual
Net Profit Before Tax	**8.2**	**12.8**
Add Back:		
Depreciation and amortisation	2.7	2.2
Net financing costs	0.6	0.8
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	**11.5**	**15.8**

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