

1 March 2023

Me Today results for the six months ended 31 December 2022

Me Today Limited (NZX: MEE) has released its unaudited Group results for the six months ended 31 December 2022.

The result for the Group records net revenue of \$3.60m compared to \$3.66 for the six months ended 31 December 2021. The Group incurred a loss after tax of \$5.81m in the period compared to \$3.91m in the six months ended 31 December 2021. The operating EBITDA loss for the period is \$3.08m before adjusting for the estimated loss on the current season's harvest. Further explanation of the result is included below with a reconciliation of the items between operating EBITDA and the net loss after tax.

Gross revenue for the Group before the costs of marketing services provided by a customer was \$4.15m. This was split between the Honey segment of \$2.51m, Me Today branded sales of \$1.35m and agency services revenue at \$0.28m.

As advised previously the company received orders of \$1.6m in respect to its BEE+ brand that will ship in the first quarter of the 2023 calendar year. As a result, the sales for the second half of the financial year will be higher than the first half and the operating loss will be lower.

The Group has now fully implemented the restructuring of the Beekeeping Division and has consolidated its manufacturing site in Taupō. As described further below the Group continues to create sales opportunities across its three core brands. The sales activity comes from new customers and repeat business building with existing customers. With borders now opening post Covid the Group is seeing increased activity internationally. In particular there is increased interest in China for Mānuka honey, which we are seeing both domestically in NZ and in market in China. The Group believes this will continue to build as the Duty-Free channel in New Zealand opens fully to Chinese Tourists.

Taking into account the current sales pipeline, the Group believes it has sufficient funding to meet operational requirements while it focusses on continuing to grow the business.

As discussed in December in terms of brands, we now have 3 focus brands, Me Today, SuperLife and BEE+.

BEE +

The largest immediate opportunity the Group continues to have is with Bee+ through Access Corporate Group (ACG) and its brand management division Access Brand Management (ABM). ABM and the Me Today Group jointly own the *Bee+* Mānuka honey brand.

Management have built a close working relationship with ABM and meet on a regular basis to discuss the requirements of the BEE+ Brand.

The opening of borders internationally and within China continue to benefit trading in the BEE+ brand and discussions are ongoing with ABM in respect to purchase orders for the 2023 calendar year.

Me Today Brand

With Me Today we continue to invest in establishing the brand locally in New Zealand and Internationally.

In New Zealand the brand continues to have a strong presence in pharmacy and grocery stores nationally. The trading model in the latest six months has changed as compared to the December 2021 period with further investment into the retail partnership meaning a decrease in New Zealand net revenue as a result of the accounting treatment of marketing spend which is deducted from gross revenue.

In Ireland Me Today continues to be listed in approximately 200 retail stores across independent pharmacies, Chemist Warehouse and Tesco. The focus within the Irish market is in building the relationship with Tesco and Chemist Warehouse. In the six months to 31 December 2022, sales in Ireland were \$158k versus \$433k in the comparative six month period. The sales in the December 2021 period included pipefill in stocking the Irish distributor.

The Group is reviewing its strategy of investment for Me Today in international markets to limit spreading its resources too widely. Outside of NZ and the Irish market investment in brand will be limited to the US, Japan, UAE and Australia. Each market is reviewed continuously to ensure brand growth is achieved.

SuperLife

SuperLife provides the Group with a Mānuka honey brand that competes in different parts of the market to both Me Today and BEE+.

As we have advised previously SuperLife has customer and distributor relationships across a number of international markets. The opportunities within these markets continue to change as the sell through rate of products is established.

The largest opportunity for SuperLife currently is the relationship with a US grocery chain. Initial sell through has been positive and a full calendar year forecast has been received. Sales to the customer are expected to be greater than NZD \$1m for the 2023 calendar year. Discussions on how to expand out the range are taking place with this retailer.

Outside of NZ and the USA, the focus markets for SuperLife are Germany, Romania and the UAE with sales and reorders into these markets over the past six months.

Investment into the SuperLife brand and International markets will focus around markets where ongoing sell through of product is being established.

Beekeeping Operations

The Group's restructured beekeeping operation now has 4,000 hives in the North Island with two branches operating out of Turangi and Masterton. The industry over the past few years has had a surplus of Mānuka honey resulting from seasons of strong production and lower demand driven by Covid. The 2023 season has been significantly impacted by the weather and industry wide indications are that the season production will be well below average. The 2023 season honey is currently being harvested, volumes and quality are currently unknown. The Group however expects

that the wholesale value of honey for the 2023 season at harvest date will be less than cost requiring a write down in the year ending 30 June 2023. The exact amount of the write down will not be known until all testing and processing has been completed. A decision however has been taken to write down the expected value of the harvest by \$0.86m in this period.

The key aspects of the Group’s consolidated financial statements for the six months to 31 December 2022 are explained further below:

- The operating EBITDA loss for the Group was \$3.08m, split between the business divisions as follows.
 - The Me Today sale of goods and agency services segment operating EBITDA loss was \$1.33m compared to an EBITDA loss of \$1.06m for the 6 months ended 31 December 2021.
 - The King Honey segment operating EBITDA loss (before adjusting for the estimated loss on the current season’s harvest) was \$1.06m which was consistent with the six months to 31 December 2021.
 - The listed company and shared services operating costs were \$0.69m compared to \$0.63m for the 6 months ended 31 December 2021.

Deducted from operating EBITDA were expenses amounting to \$2.73m resulting in a net loss after tax of \$5.81m.

The \$2.73m of expenses consisted of the following.

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| • Write down of the 2023 season harvest | \$0.86m |
| • Finance Costs (net) | \$0.29m |
| • Fair Value loss on Biological Assets | \$0.54m |
| • Depreciation and Amortisation | \$0.25m |
| • Amortisation of customer relationship asset | \$0.54m |
| • Restructuring costs | \$0.15m |
| • Write Down of Assets held for sale | \$0.10m |

Total Expenses deducted from EBITDA **\$2.73m**

Further explanation of these are provided below.

○ **Write down of the current season Harvest**

As explained above the Group has taken the decision to write down the value of the current season harvest by \$0.86m due to the impact of the weather on the harvest. Full details of the harvest will not be known until all processing and testing is complete later in this financial year.

○ **Amortisation of the Customer Relationship Asset**

The Group completed a valuation of intangibles acquired at acquisition. The ABM contract was separately identified and has been valued at \$9.3m at acquisition date. The Group has determined 8 years as the appropriate useful life for this asset

resulting in an annual amortisation charge of \$1.08m. Half of this amount of \$542k has been included in these consolidated financial statements.

○ **Closure of beekeeping branches and Consolidation of the Taupō Production Facility**

The following costs have been incurred as a result of the decision to close the three beekeeping branches and the consolidation of the Taupō Production Facility.

- The ongoing reduction in hive numbers has resulted in a biological asset fair value loss of \$0.54m.
- Property, plant and equipment and biological assets with a combined carrying value of \$0.52m have been identified as assets held for sale. These have been assessed at fair value resulting in a write down of \$0.10m. \$0.128m remain unsold as at 31 December 2022.
- Restructuring costs of \$0.15m have been incurred in relation to closing beekeeping branches and consolidating the Taupō Production Facility.

For further information, please contact:

Grant Baker
Chairman, Me Today Limited
021 729 800

Michael Kerr
Chief Executive Officer, Me Today Limited
021 836 451
michael@metoday.com