



18 November 2022

NZX/ASX Code: MFB

MY FOOD BAG GROUP LIMITED – FY23 INTERIM RESULTS

My Food Bag Group Limited releases the following to the market in relation to its interim results for the half year period ending 30 September 2022:

1. Media Release
2. NZX Results Announcement Form
3. Interim Report (including unaudited financial statements)
4. Investor Presentation
5. Distribution Notice

These documents will also be made available at <https://investors.myfoodbag.co.nz/Investor-Centre/>

Investors and analysts are invited to attend a results briefing at 11:00am (New Zealand time) (9:00am AEDT) today (18 November 2022) where management will discuss My Food Bag's interim results for FY23. If you would like to join the briefing, please register at <https://s1.c-conf.com/diamondpass/10026351-fu75y2.html> following which you will be provided with dial-in details. We ask that you please complete your registration and dial into the conference call five minutes before the scheduled start.

Dividend information filed on ASX Appendix 3A.1 will follow.

Authorised by:

Mark Winter
Chief Executive Officer

Ends

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18 November 2022
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:

Board of Directors of My Food Bag Group Limited

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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.



Results Announcement

| Results for announcement to the market | | |
|--|---|-------------------------|
| Name of issuer | My Food Bag Group Limited (MFB) | |
| Reporting Period | 6 months to 30 September 2022 | |
| Previous Reporting Period | 6 months to 30 September 2021 | |
| Currency | NZD | |
| | Amount (000s) | Percentage change |
| Revenue from continuing operations | \$94,410 | -4.09% |
| Total Revenue | \$94,410 | -4.09% |
| Net profit/(loss) from continuing operations | \$5,878 | -37.70% |
| Total net profit/(loss) | \$5,878 | -37.70% |
| Interim Dividend | | |
| Amount per Quoted Equity Security | \$0.03000000 | |
| Imputed amount per Quoted Equity Security | \$0.01166667 | |
| Record Date | 30 November 2022 | |
| Dividend Payment Date | 15 December 2022 | |
| | Current period | Prior comparable period |
| Net tangible assets per Quoted Equity Security | -0.0908 | -0.0873 |
| A brief explanation of any of the figures above necessary to enable the figures to be understood | This results announcement should be read in conjunction with the accompanying unaudited consolidated financial statements for the six months ended 30 September 2022. | |
| Authority for this announcement | | |
| Name of person authorised to make this announcement | Mark Winter, Chief Executive Officer | |
| Contact person for this announcement | Mark Winter, Chief Executive Officer | |
| Contact phone number | +64 9 886 9840 | |
| Contact email address | ir@myfoodbag.co.nz | |
| Date of release through MAP | 18 November 2022 | |

Unaudited financial statements accompany this announcement.



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. EBITDA¹ 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 customers³ 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 margin⁴, 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 margin⁴ 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 customers² 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.

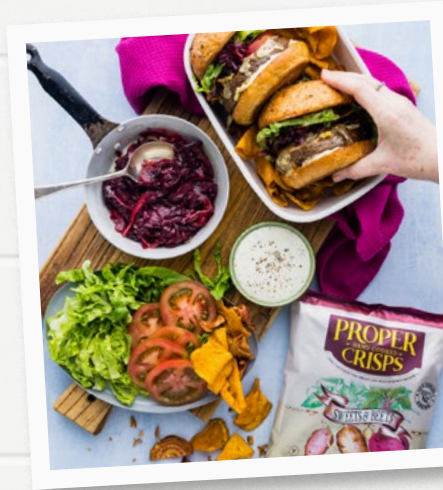
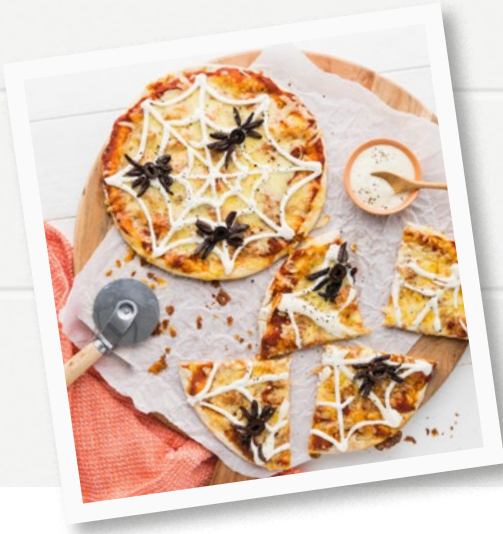
Across the whole meal kit category discounts played a heavy role in attracting new customers during the first half

¹ 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.

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

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

⁴ 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



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

REGISTERED OFFICE

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Email: 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 (for New Zealand shareholders) and 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 |
|--------------------------------------|------|-----------------------------------|-----------------------------|
| ASSETS | | | |
| Current | | | |
| Cash and cash equivalents | | 134 | 5,913 |
| Trade and other receivables | | 475 | 570 |
| Inventories | | 2,773 | 2,608 |
| Prepayments | | 1,933 | 1,799 |
| Total current assets | | 5,315 | 10,890 |
| Non-current | | | |
| 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 |
| Total non-current assets | | 101,178 | 94,778 |
| Total assets | | 106,493 | 105,668 |
| LIABILITIES | | | |
| Current | | | |
| 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 |
| Total current liabilities | | 25,891 | 24,965 |
| Non-current | | | |
| Lease liabilities | | 10,348 | 5,576 |
| Borrowings | 7 | 2,434 | 3,411 |
| Deferred tax liability | | 4,395 | 4,556 |
| Provisions | | 250 | 250 |
| Total non-current liabilities | | 17,427 | 13,793 |
| Total liabilities | | 43,318 | 38,758 |
| Net assets | | 63,175 | 66,910 |
| EQUITY | | | |
| Share capital | | 59,336 | 59,336 |
| Retained earnings | | 3,712 | 7,574 |
| Share-based payment reserve | | 127 | - |
| Total equity | | 63,175 | 66,910 |

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) |
| Gross profit | | 23,853 | 25,843 |
| Marketing expenses | | (3,432) | (2,883) |
| Financing expenses | | (648) | (847) |
| Indirect expenses | | (11,653) | (9,370) |
| Other income | 1 | 60 | 86 |
| Net profit before tax | | 8,180 | 12,829 |
| Income tax expense | | (2,302) | (3,394) |
| Net profit after tax | | 5,878 | 9,435 |
| Total comprehensive income | | 5,878 | 9,435 |
| Earnings per share | | NZ\$ | NZ\$ |
| Basic and diluted earnings per share | 3 | 0.02 | 0.04 |

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 |
| Total comprehensive income for the period | | - | 5,878 | - | 5,878 |
| Dividend | 4 | - | (9,740) | - | (9,740) |
| Share-based payments | | - | - | 127 | 127 |
| At 30 September 2022 (Unaudited) | | 59,336 | 3,712 | 127 | 63,175 |
| At 1 April 2021 | | 59,336 | (5,138) | - | 54,198 |
| Net profit for the period | | - | 9,435 | - | 9,435 |
| Total comprehensive income for the period | | - | 9,435 | - | 9,435 |
| At 30 September 2021 (Unaudited) | | 59,336 | 4,297 | - | 63,633 |

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 |
|--|------|---|---|
| OPERATING ACTIVITIES | | | |
| <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) |
| Net cash flows from operating activities | | 5,481 | 12,488 |
| INVESTING ACTIVITIES | | | |
| <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) |
| Net cash flows from investing activities | | (2,808) | (1,255) |
| FINANCING ACTIVITIES | | | |
| <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) |
| Net cash flows from financing activities | | (12,019) | (10,988) |
| Net increase / (decrease) in cash | | (9,346) | 245 |
| Cash and cash equivalents at the beginning of the period | | 5,913 | 1,599 |
| Net (bank overdraft) / cash and cash equivalents at the end of the period | | (3,433) | 1,844 |
| Represented by: | | | |
| Cash and cash equivalents | | 134 | 1,844 |
| Bank overdraft | | (3,567) | - |
| Net (bank overdraft) / cash and cash equivalents at the end of the period | | (3,433) | 1,844 |

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 |
| Total income | 94,410 | 98,441 |
| Interest income | 44 | 7 |
| Other income | 13 | 80 |
| Gain / (Loss) on disposal of property, plant and equipment | 3 | (1) |
| Total other income | 60 | 86 |

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 |
|--|---------------|---------------|--------------|------------------------------|---------------|
| Net book value at 30 September 2022 (Unaudited) | 63,631 | 18,357 | 2,766 | 443 | 85,197 |
| 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 |
| Total borrowings | 2,434 | 3,411 |
| Less: cash and cash equivalents | (134) | (5,913) |
| Add: bank overdraft | 3,567 | - |
| Net debt /(cash) | 5,867 | (2,502) |

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 |
| Revolving credit facility – undrawn | 32,500 | 31,500 |
| Bank overdraft facility | 5,000 | 5,000 |
| Drawdown | 3,567 | - |
| Bank overdraft facility - undrawn | 1,433 | 5,000 |
| Total undrawn facilities | 33,933 | 36,500 |

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) |
| At 30 September 2022 | 368,638 | 1,196,505 |

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 |
| Key management personnel remuneration | 1,929 | 1,640 |

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 |
| EBITDA | 11,519 | 15,848 |

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)

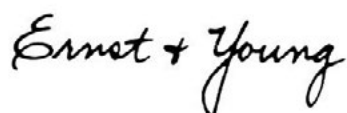


AUDITOR'S RESPONSIBILITIES FOR THE REVIEW OF THE INTERIM FINANCIAL STATEMENTS

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.



Chartered Accountants

Auckland

17 November 2022



myfoodbag.co.nz



FY23 H1
results



18 NOVEMBER 2022

PRESENTING

today



Mark Winter
Chief Executive Officer



Jeremy Edmonds
Chief Financial Officer (Interim)

CONTENTS

- 1 Business update
- 2 Financial overview
- 3 FY23 outlook
- 4 Q&A



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

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 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.

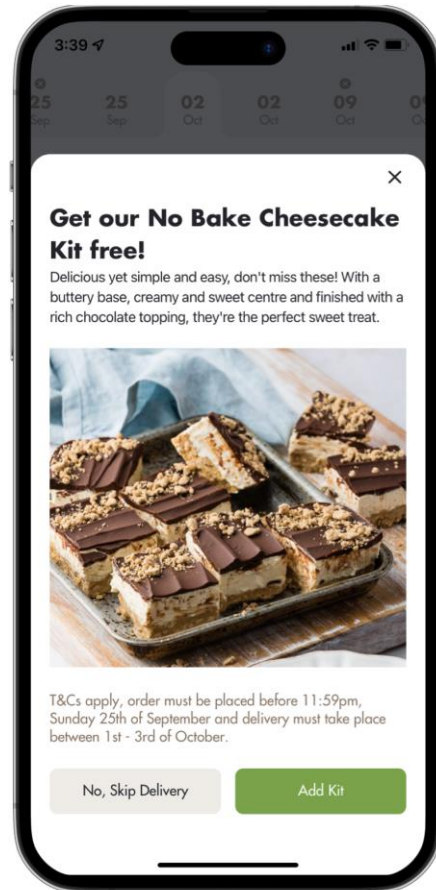
My Food Bag owns taste and the adventure and excitement meal kits bring to consumers each week.

- *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.



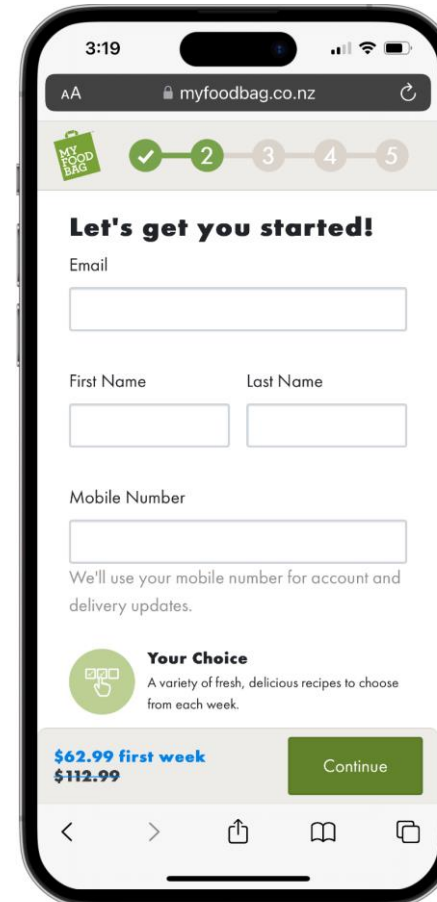
Digital platform developments are improving customer retention

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

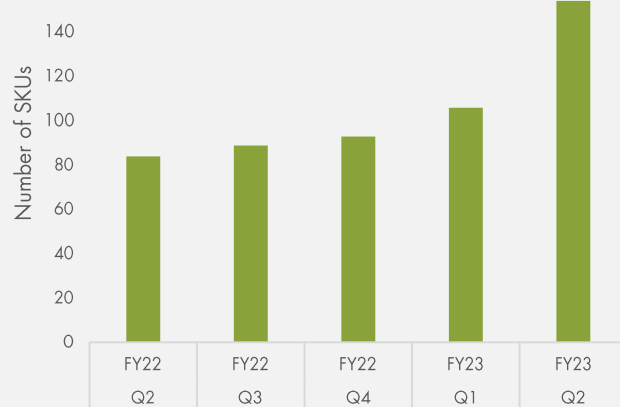


Awareness and attachment build

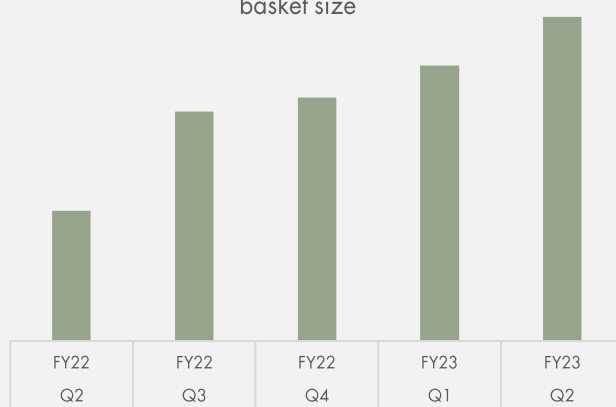
Attachment rate 12% - 16%
 AOV ~\$20-\$25



SKU growth in the Kitchen has been a priority following the disruption of Omicron on production



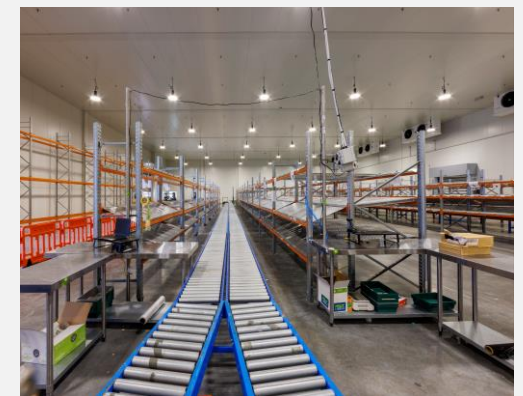
We continue to see growth in the impact of the Kitchen on group AOV driven by attachment and basket size



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.
- Bolton 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.**



MY FOOD BAG

Our purpose:
Delivering inspiration from our place to yours.
Our recipe to success is what we call our Secret Sauce. Three steps that when combined help us achieve greatness.

Secret Sauce — Step 1:
A full measure of ambition
Our ambition is to keep coming up with ground-breaking answers to more of life's questions. We are driven to innovate and explore. If there's a better, more rewarding, or more efficient way to do things, we'll find it.

Secret Sauce — Step 2:
Set customer love on "high"
To win, we need to deliver brilliantly for customers in every moment. We believe delighted customers are our biggest champions, so we strive to build customer love in everything we do.

Secret Sauce — Step 3:
Top off with a huge dollop of teamwork
At My Food Bag we're a tight 'can-do crew' built on trust. So we do our bit to help each other out and keep each other safe. Teamwork's the magic we bring to deliver awesome results, always!

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

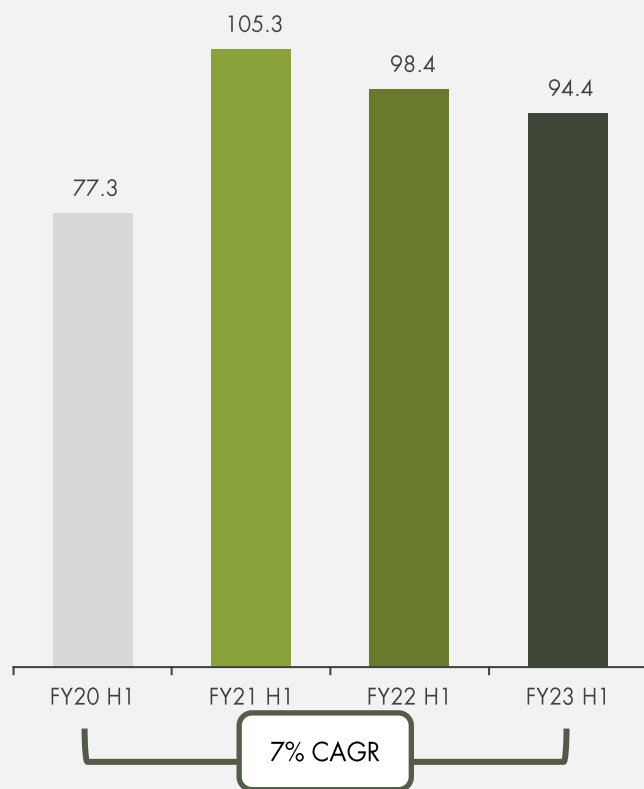
overview



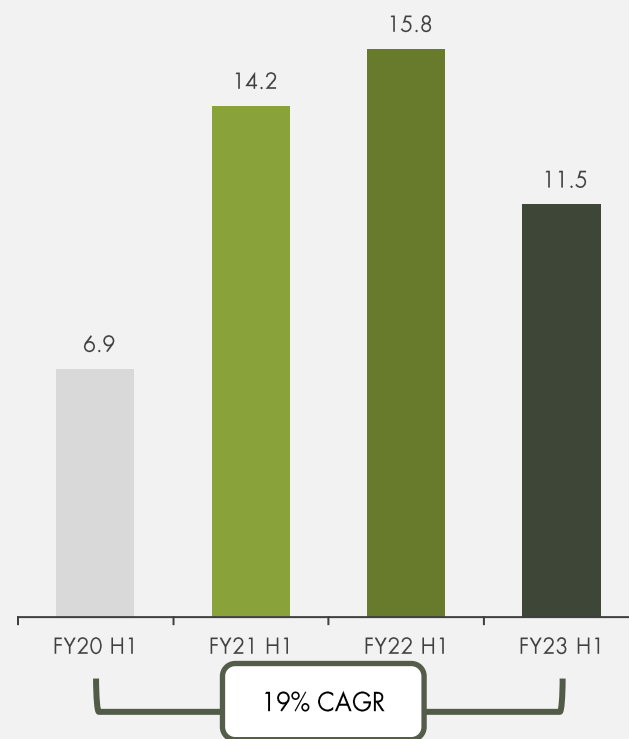
Financial performance

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

Revenue \$m



EBITDA* \$m

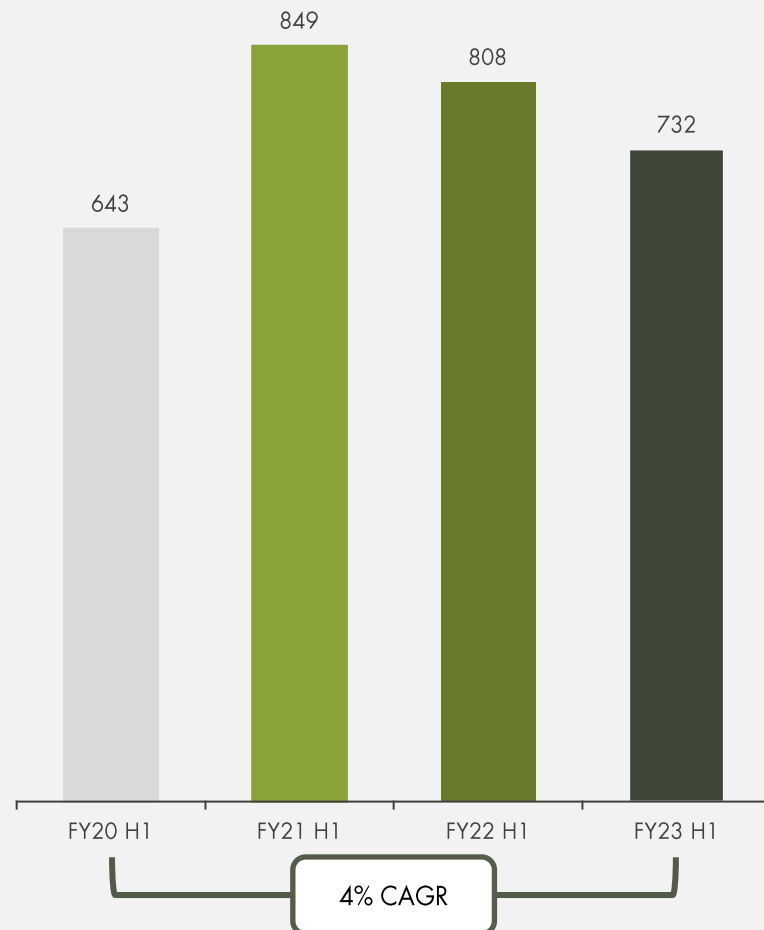


- FY23 H1 revenue down on FY22 H1 driven by lower deliveries.
- Gross margin of 49.3% up 1.2pp on FY22 H1 through recipe optimisation and price recovery.
- Contribution margin of 25.3% down 1.0pp on HY22 H1 impacted by diseconomies of scale.
- Investment in marketing spend to build assets and delineate 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.

Deliveries performance

Bargain Box up 2.1% versus FY22 H1

Deliveries (000's)

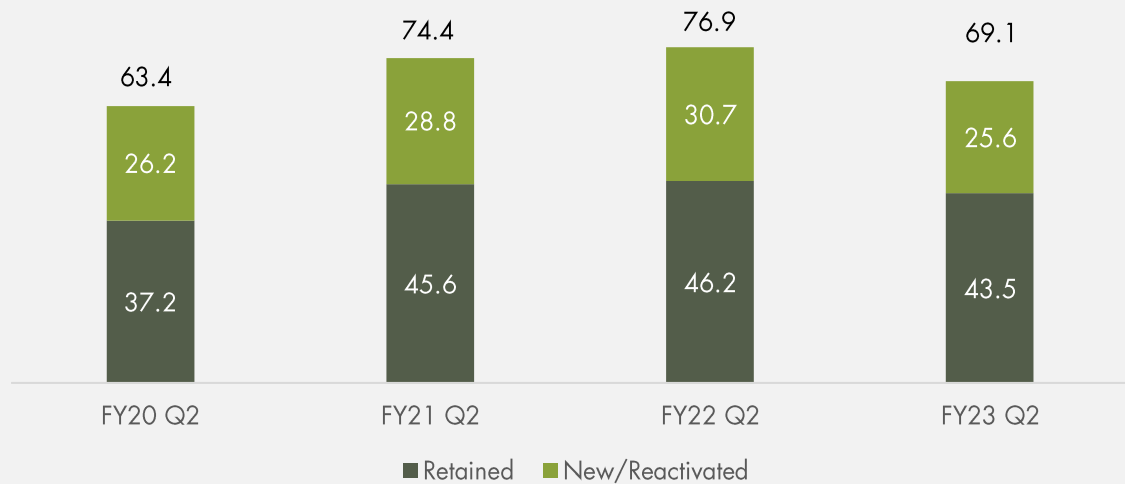


- Deliveries of 732k down -9.4% on FY22 H1
 - Slower start due to omicron disruption in Feb – April 2022.
 - Lower retention resulting in lower active customers in FY23 Q2.
 - Prior year comparative saw some higher volumes from red traffic light setting in August and September 2021.
- Bargain Box deliveries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

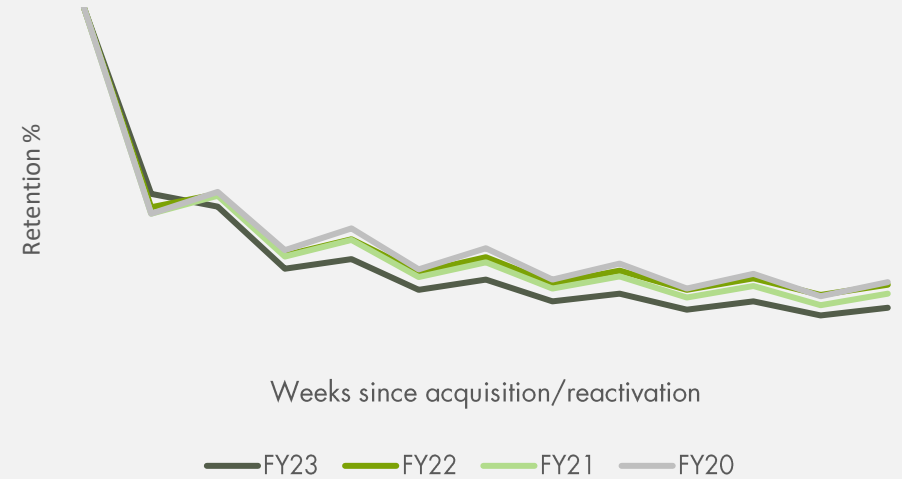
Focus on active customers in FY23 H2

Leveraging segmentation work and investment in brand assets

Total active customers split (000's)



Retention profile of acquired and reactivated customers



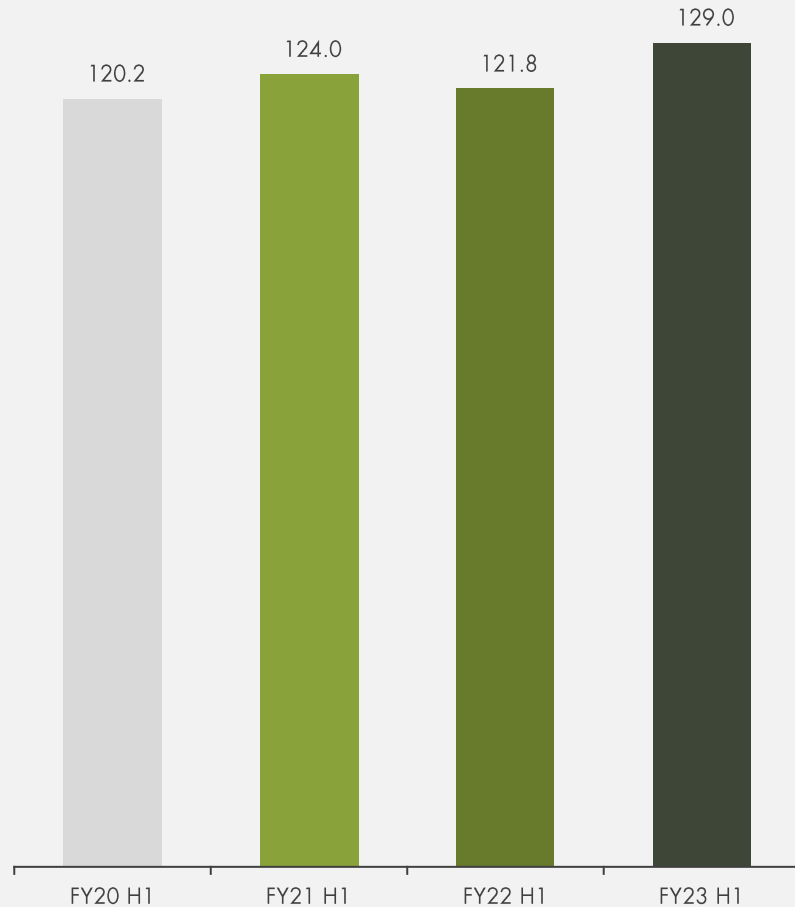
- Strong response to investment in active customer growth however retention was lower than historic trends. Marketing refocused to strengthen unit economics recognising lower ROI on these cohorts.
- High value customers* remain the primary driver of revenue with 60% of deliveries.
 - Bargain Box high 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 (\$)



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

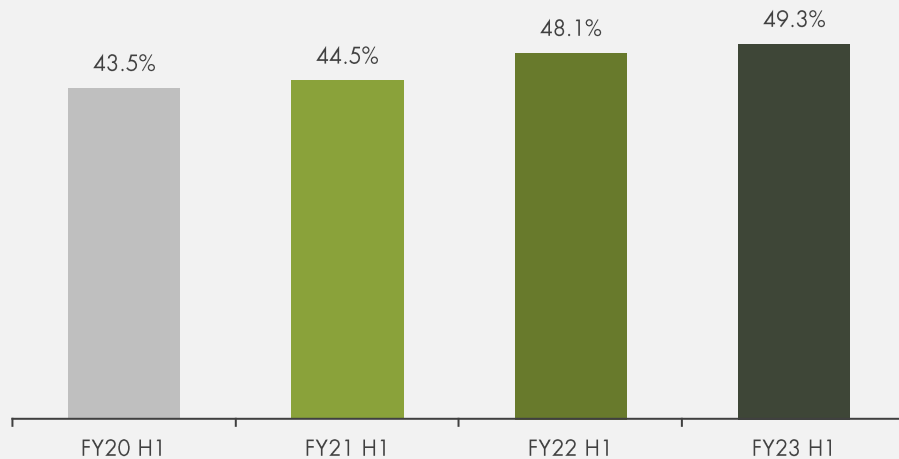
- Introduction, and continued growth of the My Food Bag Kitchen offering.
- Introduction of surcharge meals including gourmet meals in all brands and MADE in Bargain Box.
- Price increases to offset input cost pressure.
- Consistent operating service levels requiring lower compensation to customers.

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

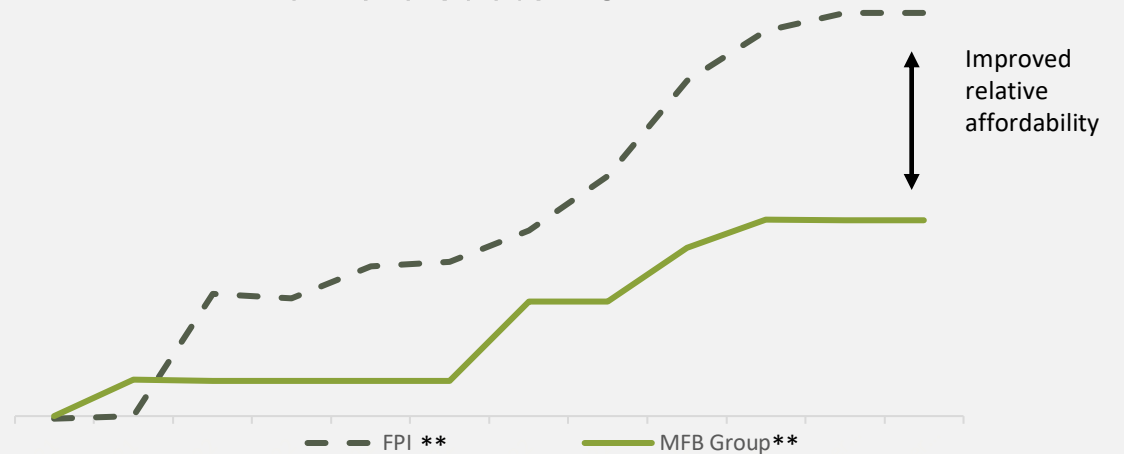
Improved relative affordability in the inflationary environment

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

Gross margin %



Price movement (cumulative % change) last 12 months to October 2022



- 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.

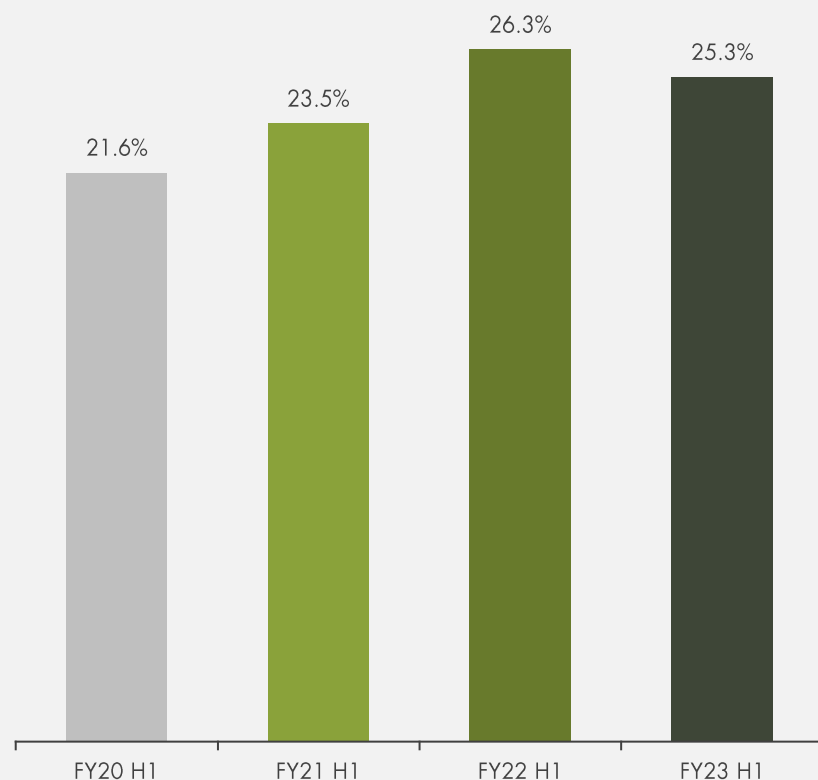
*Gross margin is a non-GAAP measure defined as revenue less cost of goods sold (including free marketing goods)

**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 %

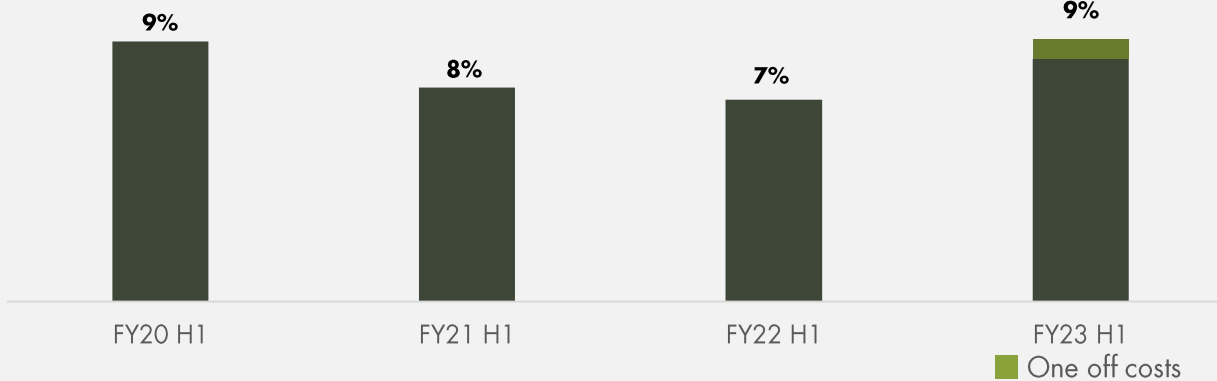


- Contribution margin is down 1.0pp, driven by:
 - Effect of diseconomies of scale driven by lower demand YoY.
 - Investment in capability, particularly in Health and Safety, and Food Safety Quality.
 - Input cost pressure in labour and distribution costs (fuel).
- This has been offset by the movement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

Overheads

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

Overhead costs % revenue



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

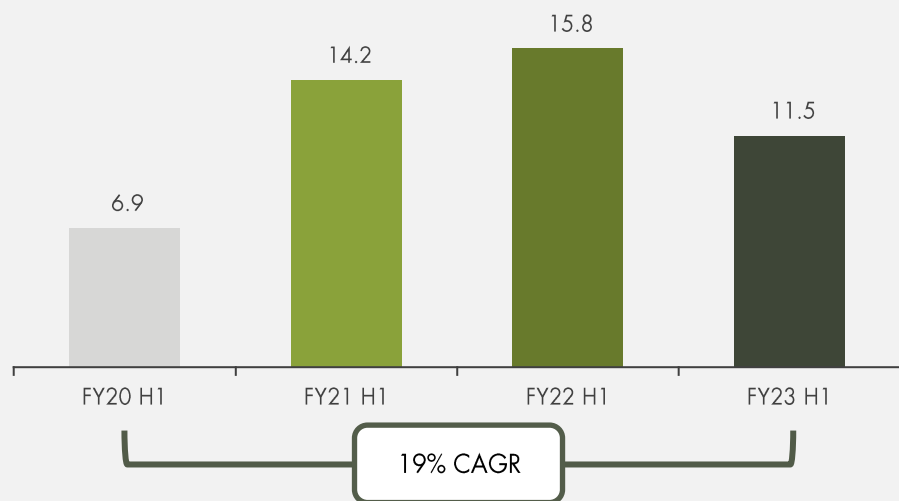
↑ eNPS
17.46
Up from 1.87

- 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.

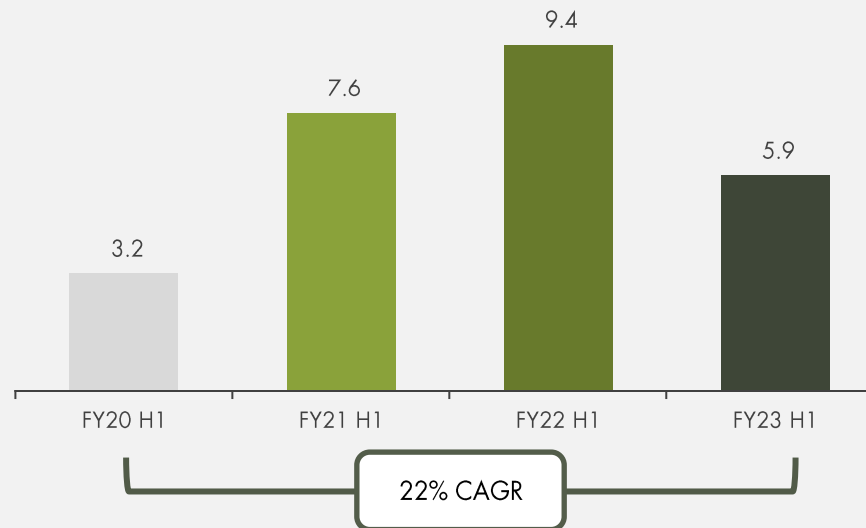
NPAT of \$5.9m in FY23 H1

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.

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.

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

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

| | FY23 H1 | FY22 H1 |
|--|-------------|-------------|
| Statement of Comprehensive Income (\$m) | Actual | 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

| | FY23 H1 | FY22 H1 |
|--|-------------|-------------|
| | Actual | Actual |
| Reconciliation of GAAP to non-GAAP financials (\$m) | | |
| 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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All currency amounts are in New Zealand dollars unless otherwise stated.

This presentation has been authorised for release by the Company's Board.



Distribution Notice

| Section 1: Issuer information | | | |
|---|--|----|-----------|
| Name of issuer | My Food Bag Group Limited | | |
| Financial product name/description | Ordinary shares | | |
| NZX ticker code | MFB | | |
| ISIN (If unknown, check on NZX website) | NZMFBE0004S1 | | |
| Type of distribution (Please mark with an X in the relevant box/es) | Full Year | | Quarterly |
| | Half Year | X | Special |
| | DRP applies | No | |
| Record date | 30 November 2022 | | |
| Ex-Date (one business day before the Record Date) | 29 November 2022 | | |
| Payment date (and allotment date for DRP) | 15 December 2022 | | |
| Total monies associated with the distribution | \$7,273,125.72 (242,437,524 shares at \$0.03 per share) | | |
| Source of distribution (for example, retained earnings) | Retained earnings | | |
| Currency | NZD | | |
| Section 2: Distribution amounts per financial product | | | |
| Gross distribution ¹ | \$0.04166667 | | |
| Gross taxable amount ² | \$0.04166667 | | |
| Total cash distribution ³ | \$0.03000000 | | |
| Excluded amount (applicable to listed PIEs) | N/A (not a listed PIE) | | |
| Supplementary distribution amount | \$0.00529412 | | |
| Section 3: Imputation credits and Resident Withholding Tax ⁴ | | | |
| Is the distribution imputed | Fully imputed | | |
| If fully or partially imputed, please state imputation rate as % applied ⁵ | 28% | | |
| Imputation tax credits per financial product | \$0.01166667 | | |
| Resident Withholding Tax per financial product | \$0.00208333 | | |

¹ "Gross distribution" is the total cash distribution plus the amount of imputation credits, per financial product, before the deduction of Resident Withholding Tax (RWT).

² "Gross taxable amount" is the gross distribution minus any excluded income.

³ "Total cash distribution" is the cash distribution excluding imputation credits, per financial product, before the deduction of RWT. This should include any excluded amounts, where applicable to listed PIEs.

⁴ The imputation credits plus the RWT amount is 33% of the gross taxable amount for the purposes of this form. If the distribution is fully imputed the imputation credits will be 28% of the gross taxable amount with remaining 5% being RWT. This does not constitute advice as to whether or not RWT needs to be withheld.

⁵ Calculated as (imputation credits/gross taxable amount) x 100. Fully imputed dividends will be 28% as a % rate applied.

Section 5: Authority for this announcement

| | |
|---|--------------------------------------|
| Name of person authorised to make this announcement | Mark Winter, Chief Executive Officer |
| Contact person for this announcement | Mark Winter, Chief Executive Officer |
| Contact phone number | +64 9 886 9840 |
| Contact email address | ir@myfoodbag.co.nz |
| Date of release through MAP | 18 November 2022 |