



17 February 2023

NZX/ASX Code: MFB

MY FOOD BAG GROUP LIMITED – FY23 CURRENT TRADING UPDATE

My Food Bag Group Limited (MFB) provides this update in the interests of keeping the market informed of trading during FY23.

Trading update

My Food Bag has continued to see slower trading than expected in FY23.

As at the end of January 2023, deliveries were down 11.8% compared to the same time last year.

My Food Bag CEO, Mark Winter, says: "Trading in FY23 has remained challenging, with inflationary pressure on households and low consumer confidence resulting in more subdued demand. These challenges have continued through the traditional "win back" period following the summer holidays, with lower than forecast trading continuing since the two recent long weekends.

"We have continued to proactively manage input cost pressures and ingredient supply challenges, ensuring that our product offering remains attractive and our gross margin levels remain strong.

"Within our brand portfolio, we have seen Bargain Box (our lowest cost brand) perform relatively strongly in this environment. While this has had an unfavourable impact on brand mix from an earnings perspective, we have seen the contribution from our growing range in the My Food Bag Kitchen continuing to support average order value.

"Our investment in pick technology at our major Auckland assembly facility is substantially complete, and is expected to be commissioned and go live in the coming weeks. Following this, we expect to roll out the same pick technology at our Christchurch facility in May 2023.

"In terms of financial performance, as at the end of January, revenue was down 8.0% and EBITDA¹ was down 39.2%, when compared to the same time last year.

"At this time, our thoughts are with those affected by the recent extreme weather events affecting much of the North Island, including our customers and suppliers. While our facilities continue to operate as normal, we expect some additional challenges and cost as a result of disruption to deliveries to the worst affected regions, and from the impact on our suppliers. We continue to monitor the situation carefully and work closely with our team of excellent suppliers, " says Winter.

Outlook

As a consequence of these ongoing challenges, EBITDA for FY23 is currently expected to be between \$17m and \$19m. At this stage, the Board does not intend to pay a final dividend for FY23, having already declared and paid a fully imputed interim dividend of 3.0 cents per share.

¹ EBITDA means earnings before interest, tax, depreciation and amortisation. EBITDA is a non-GAAP measure and information provided in this announcement in respect of the year-to-date is preliminary and unaudited.



Tony Carter, Chairman of My Food Bag, says "While the financial result for FY23 is likely to be disappointing, the Board is confident in the long term outlook for My Food Bag.

"My Food Bag remains a profitable Kiwi business, has low levels of debt and continues to generate positive cashflow. The business continues to progress strategic initiatives in order to pursue growth. We are carefully reviewing our cost base and exploring cost-saving initiatives. Our investment in pick technology will deliver a material reduction in operating costs when fully commissioned.

"The Board expects to continue paying dividends in FY24," says Carter.

My Food Bag will release its audited results in respect of FY23 to the market in May. At this time, a further update on the ongoing operational and productivity initiatives underway at My Food Bag will be provided, and investors will also be invited to attend a virtual briefing with management.

Authorised by:
Board of Directors of My Food Bag Group Limited

Ends

For investor or analyst queries, please contact:
Mark Winter
+64 9 886 9840
ir@myfoodbag.co.nz

For media queries, please contact:
Louisa Kraitzick
021 299 2628
louisa.kraitzick@pead.co.nz