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NZX/ASX Code: MFB

My Food Bag FY21 results ahead of PFI and FY22 forecast reaffirmed

- Revenue of \$190.7 million, up 24% on FY20 and up \$1.2 million on PFI forecast
- Pro forma EBITDA¹ of \$29.0 million, up 78% on FY20 and \$0.5 million on PFI forecast
- NPAT of \$2.4 million, which includes one-off transaction costs relating to the IPO of \$14.1 million
- 4.8 million meals delivered during FY21, up 22.6% on FY20
- Active customers² of 66,492 in the last quarter of FY21

My Food Bag Group Limited (NZX / ASX: MFB) has announced that its FY21 results were ahead of the forecast outlined in the company's prospective financial information (PFI) prepared in connection with its IPO. My Food Bag reported revenue of \$190.7 million, up 24% on FY20 and up \$1.2 million on the PFI.

The growth experienced in FY21 is attributed to the success of new products, particularly through the introduction of My Choice for My Food Bag. It is also attributed to margin improvements as a result of supply chain optimisation and the macro societal effects of the COVID-19 pandemic, which led to faster adoption of online shopping.

Chairman, Tony Carter, says My Food Bag's IPO was a significant milestone for the company and that the business' significant investment in innovation and technology, and commitment to operational efficiencies, in the lead up to the IPO has helped underpin this year's strong growth.

"I would like to welcome all the people who bought a slice of My Food Bag this year and recognise their support of this iconic Kiwi business. As a Board, we are conscious of how the share price has performed since the IPO. We want to reassure investors that My Food Bag remains a very high-quality business positioned for growth and committed to achieving what was laid out in the recent product disclosure statement.

"We're therefore very pleased to confirm that our financial performance for FY21 has been stronger than the PFI and to reaffirm the forecast provided in the PFI for FY22. At My Food Bag, we're all working hard to ensure that the business continues to grow, and we expect that growth to be reflected in the share price over time."

Kevin Bowler, CEO of My Food Bag, says during FY21 My Food Bag saw a connection between product innovation and higher order frequency, as well as higher levels of customer retention.

"Our high value customers are now buying more frequently, and we have increased our active customer base, which sat at 66,492 in the final quarter of FY21. Introducing My Choice, a product that gives customers the ability to choose what recipes they want in their bag each week, is a key driver of our growth since its launch in July 2020.

"As a result of the success of My Choice for the My Food Bag brand, in April 2021 we began offering recipe selection across Bargain Box," says Mr Bowler.

¹ Pro forma EBITDA is a non-GAAP measure that includes pro forma adjustments. These adjustments include adding incremental costs associated with running a listed company and removing the one-off transaction costs associated with the IPO. A reconciliation from GAAP NPAT to non-GAAP pro forma EBITDA can be found in the appendix of the accompanying FY21 results presentation. Pro forma EBITDA has not been separately audited but has been derived from My Food Bag's audited financial statements for the year ended 31 March 2021.

² My Food Bag uses the industry standard definition of "active customers" which includes acquired customers, retained customers and reactivated customers and is generally measured over a 13-week period.



Operational highlights

Throughout the year, My Food Bag welcomed new suppliers and strengthened its relationships with its cornerstone partners. Of particular note is the entry into a new five-year agreement with New Zealand Post. The arrangement with New Zealand Post underpins My Food Bag's commitment to superior customer service and, alongside many other benefits, gives My Food Bag exclusive access to a Sunday delivery network provided by New Zealand Post.

"We began a review of our supply chain during the year. This has resulted in added confidence in our supplier contracts, further assuring us of accessing the best quality ingredients, delivered in full, on time, and at competitive prices. This review has already realised considerable gross margin improvements for the business," says Mr Bowler.

My Food Bag also committed to a soft plastics recycling programme and launched it in partnership with the NZ Packaging Forum and Future Post in March 2021. This programme leads the category by offering a direct pick-up recycling solution to customers for their entire households' soft plastics and is one of the many initiatives My Food Bag is focusing on to reduce the business' environmental impact.

In mid-2020, the business also implemented an integrated Enterprise Resource Planning (ERP) system which provides the foundation for scalability. The system strengthens My Food Bag's control environment and provides improved margin visibility.

"To set us up for growth, in FY21 we also signed a contract to design and build a facility to be leased by My Food Bag in Christchurch. It is custom made for our growing needs in the South Island and we anticipate this will be operational in 2022," says Mr Bowler.

Dividend and forecast

Mr Carter says the company has ended FY21 in a strong financial position with a balance sheet well positioned for growth opportunities, alongside continued strong cash flow generation.

"It has been a busy start to the new year. Trading and operations during the first seven weeks of FY22 have been in-line with expectations. We've launched Bargain Box choice and an up-graded iOS app, as well as delivered strong margins through on-going improvements to our supply chain," says Mr Carter.

My Food Bag is pleased to reaffirm the FY22 forecast provided in its PFI, being revenue of \$186.4 million, EBITDA of \$34.2 million and NPAT of \$20.1 million for FY22.

As outlined during the IPO process, My Food Bag expects to declare and pay dividends twice yearly following our interim and annual results. My Food Bag's first dividend as a listed company is expected to be the interim dividend paid in December 2021.

Authorised by:

Board of Directors of My Food Bag Group Limited

Ends

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This release should be read in conjunction with the audited financial statements accompanying this release and the NZX results announcement form. My Food Bag intends to finalise and release its annual report shortly.