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NZX/ASX Code: MFB

## **My Food Bag achieves record earnings and confirms maiden dividend**

My Food Bag is pleased to release its half year results for the six months ended 30 September 2021. These results demonstrate a strong first half of the year for the business, underpinned by a combination of operational achievements and further product innovation.

### **Highlights include:**

- NPAT of \$9.4 million, up 24.6% on H1 FY21
- EBITDA<sup>1</sup> of \$16.0 million, up 11.6% on H1 FY21
- Active customers up 3.3% compared to the end of H1 FY21
- High value active customers<sup>2</sup> up 3.1% year-on-year
- Revenue of \$98.4 million, down 6.5% year-on-year due to 2020 nationwide lockdown spike
- Launch of My Food Bag Kitchen, the business' first significant step outside of weeknight meals
- Expanded recipe choice to include Bargain Box and Fresh Start brands
- Fully imputed interim dividend of 3.0 cents per share declared

Tony Carter, Chairman of My Food Bag says "These results mark the halfway point of our first full year as a publicly listed company and demonstrate clear progress, and the achievement of some important milestones, as we grow within New Zealand's \$37 billion retail food sector.

"We are pleased to have achieved record earnings as a business and to be in a position to declare our first dividend as a listed company. While demand remained solid through the half year period, total deliveries of 808k and an average order value of \$121.81 were lower than the same period in FY21, owing to a spike during the 2020 nationwide lockdown in the early part of the pandemic response.

"Pleasingly, during H1 FY22, the business increased active customer numbers by 3.3% and grew high value active customers<sup>2</sup> by 3.1% year-on-year, with margin improvements further increasing their value. Retained customer numbers remained strong at around 60% of active customers throughout the last six months."

As a result of H1 FY22 performance and outlook, the Board is pleased to reaffirm its FY22 EBITDA guidance of \$34.2m, which represents an 18% improvement year-on-year. While revenue for FY22 is now anticipated to be slightly improved on the Prospective Financial Information (PFI), this is not expected to result in an increase in earnings for the period given higher input costs and operating expenses associated with operating safely during the pandemic and introducing new product initiatives.

The Board has declared a fully imputed interim dividend of 3.0 cents per share, payable on 16 December 2021, with a final dividend of 4.0 cents per share forecast to be paid in 2022 following the release of FY22 results. This dividend allows for sufficient retained cash to fund growth requirements internally and, on a full year basis, represents a distribution of approximately 85% of anticipated net profit after tax (within My Food Bag's distribution policy which aims to distribute between 70% and 90% of NPAT).

CEO, Kevin Bowler, commented: "During the first half of FY22, we launched the first phase of the My Food Bag Kitchen, which is an important step towards expanding our offering beyond meal kits and ready made meals. We now offer a range of curated go-to grocery products and recipes, specifically selected by our chefs, that customers can add to their orders. This is our first significant step outside of weeknight meals and signals our

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<sup>1</sup> EBITDA is a non-GAAP measure. It has been calculated on a consistent basis to the EBITDA measure presented in the FY22 PFI. A reconciliation from GAAP NPAT to non-GAAP EBITDA can be found in the appendices of the accompanying investor presentation.

<sup>2</sup> High value active customer is a customer who has taken at least 20 deliveries in the past 12 months.



move beyond providing a solution to the original question of 'What's for dinner?' towards providing more everyday solutions for our customers for more meal occasions.

"Throughout the first phase of the Kitchen, we achieved attachment rates in line with internal targets of 10% to 15% and an average order value in excess of \$20. We also identified significant opportunities to invest and accelerate further to establish ourselves as a source of highly valued solutions, beyond meals, for our customers," says Bowler.

The business also expanded its recipe choice offering. My Food Bag My Choice now has 15 meal options a week and meal choice is also now part of the Bargain Box and Fresh Start brands.

"Our data demonstrates that recipe choice is driving higher active customer growth and increasing order frequency. So, the expansion of choice is one of the underpinning factors of our confidence in H2 performance," says Bowler.

Looking beyond the PFI period and into FY23, the business continues to see opportunities for growth from its core product offering and its expansion of the My Food Bag Kitchen, and is well positioned to pursue inorganic growth opportunities that arise and offer value to the business.

**Ends**

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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.