



INTERIM FINANCIAL REPORT
For the six months ended 30 September 2024



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Letter from our Chair and CEO



Last year marked a successful transition for My Food Bag and during the first half of FY25 we've been pleased to build on this momentum.

Supported by strong brands and an attractive customer offering, we have further stabilised active customer numbers and the business in general, and are well-positioned to capture a larger share of New Zealand's online food market.

During the first half of the year, outside of our usual focus to strengthen all marketing and product-led initiatives, we invested in building a more flexible operating model and redesigning the user experience of our online apps and website.

We also designed the new My Food Bag Shop, offering a range of delicious foodie gifts and care packages available as one-off purchases delivered within 48 hours, opening up a new customer segment for the business.

We are also delighted to launch our new purpose 'Helping Aotearoa, New Zealand to live and eat well' – which exemplifies our dedication on providing simple, healthy and delicious solutions to households across New Zealand and is a driving force behind the key initiatives across the business.

Financial performance

In the first half of FY25 (FY25 H1), revenue was down 1.9% year-on-year, to \$82.2 million. EBITDA was up 5.7% to \$7.8 million in FY25 H1, and NPAT was \$3.0 million, compared to \$2.5 million during the same period last year.

Deliveries were down 1.5% against the comparative period (FY24 H1), with average order value being \$128.00 across the first half, slightly down from \$128.50 FY24 H1. This was largely due to changes in our portfolio mix, with Bargain Box experiencing the highest growth and therefore bringing the average order cost down.

Gross margin percentage has also improved at 49.8%, versus 47.9% during FY24 H1. Contribution margin sat at 24.1% during the first half of the financial year, versus 22.0% in FY24 H1. We continue to see the benefit of productivity improvements made in FY24 including the consolidation of Auckland sites and the investment in pick technology.

At the end of the first half we had 60,100 active customers across all My Food Bag brands and continues to hold steady subsequent to 30 September 2024. This compares to 56,800 active customers at 31 March 2024.

Across FY25 H1 we continued our focus on paying down debt and reduced net debt from \$11.8m at the end of FY24 to \$9.7m at the end of September 2024.

Based on the performance across the first half of FY25, the Board is pleased to declare an interim dividend and confirms a fully imputed dividend of 0.65 cent per share.



Business update

ENHANCING THE CUSTOMER EXPERIENCE

Improving customer experience across multiple aspects of our business has been a significant focus since the beginning of the year. As an e-commerce business, it's critical our customers have the most seamless experience possible when interacting with us via both our website and our app.

During the first half of FY25 we advanced a full UX redesign of our customer buying journey across all web and mobile platforms to provide a seamless buying experience for new and existing customers.

The new UX offers easy navigation of our expanded meal range with an intuitive layout and sorting features. Customers can set preferences for a more personalised experience, with tailored meals shown first. New features also include the My Food Bag Cookbook for saved, upcoming, and past recipes, an ingredient checklist as well as an integrated My Food Bag Shop tab for simple one-off deliveries within the app.

This redesign is strategically important for our business. It will not only enhance the buying experience, but will support conversion of customer loyalty and long-term business growth.

It will also enable us to more efficiently continue to evolve our website and in-app experience.

MY FOOD BAG SHOP

Growing meal kit subscriptions is core to our strategy to grow active customers long term by improving convenience, flexibility and great value.

Alongside this, we're focused on launching initiatives to support the growth of our core offering, with a specific focus on capturing market share by targeting people without meal kit subscriptions.

Our My Food Bag Shop launched during November. In phase one, customers can choose from a selection of care packages, gifting and ready-made meal bundles, which they or their chosen recipient can receive within 48 hours of ordering without a subscription. This new initiative marks My Food Bag's first major move to offer products without a subscription and shorter delivery times.

Our FY24 investment in pick to light technology, as well as the app and website redesign, have been foundational to launching this more flexible offering.

During the initial phase we'll learn what draws new customers in and persuades current customers to buy more from us, as well as how best to use our existing supply chain assets to maximise utilisation.



OUR PORTFOLIO OF BRANDS

We went into the first half of FY25 with new learnings and have optimised what's in play to continue to protect and grow our core My Food Bag, Fresh Start and Bargain Box brands, while strengthening them with new offerings.

Through our understanding of the evolving tastes of New Zealanders, part of our strategy is to continue to curate and refine our offering to meet dietary preferences. Since bringing our ready-made offering under the My Food Bag brand, re-launching our My Gluten Free Bag and increasing the number of low-carb options across our meal kit offering, we've seen an encouraging sales uplift.

In May we announced a partnership with the New Zealand Olympic Committee, supporting the New Zealand team as they headed to the Paris 2024 Olympics. This partnership performed well for the brand, reinforcing our New Zealand heritage and demonstrating the different ways the business gives back to Kiwis.

We saw exceptional engagement across both our social media platforms and with our existing customers, as we ran initiatives such as our 'Sweet Taste of Success' which rewarded customers every time NZ won a medal.

As New Zealand's most affordable meal kit, Bargain Box continues to be well-positioned and well-suited for the current economic environment.

We are committed to helping Kiwi households continue to eat great quality food for less and have seen continued year-on-year sales growth of Bargain Box, along with significant improvements in customer NPS. A key element of the success of Bargain Box is its price competitiveness to supermarkets, which we measure regularly and use in communications. For the fourth consecutive year, Bargain Box also received Canstar's 'Most Satisfied Customers' award, as rated by Kiwi households.





IMPROVED CONVENIENCE

Pick technology introduced in FY24 has continued to drive customer satisfaction through improved service performance. This has resulted in notably improved Net Promoter Scores being up 8ppt YoY across the half, and a reduction in customer compensation.

In addition, we have expanded our delivery options including the new early bird delivery offering in Auckland, extending our service to deliver from 7am on a Monday. As well as opening new delivery routes to further upweight the convenience and flexibility we provide Kiwis.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

We continued to focus on learning and development across the first half of FY25 with development programmes targeting business improvement. This included our Operational Excellence programme, designed to upskill our team across the wider supply chain.

Following our investment in Pick to Light technology and a step change in our operational performance, our operational team are measured across customer-facing quality metrics, pick accuracy and delivery. To take this to the next level, we recognise we need to further strengthen our processes and standards, and our new operational excellence programme is delivering this across the business.

We've long demonstrated our commitment to supporting local suppliers by sourcing more than 98% of fresh proteins and produce from New Zealand. We are now taking this a step further and we recently celebrated local suppliers by holding our inaugural Supplier Awards.

In addition, we remain dedicated to advancing circular packaging within our business and are working with our suppliers on initiatives such as shifting from ingredient delivery in cardboard boxes to reusable crates in our distribution centres to reduce our packaging usage.

Conclusion

Convenience has never been more important to Kiwis and, as a leading meal solutions business, we're continuing to evolve our business to ensure we're meeting the needs of Kiwi households and their tastes.

We have a clear strategy designed to grow active customers by becoming more relevant through improved convenience, flexibility and great value.

While market conditions will remain challenging during FY25 H2, we expect to continue to trade broadly in line with the prior year. We are underway to execute our long-term plan to improve the customer experience in order to drive conversions, customer loyalty and business growth as New Zealand's economic outlook improves.

We thank our shareholders for their commitment to the business during this time and acknowledge the whole My Food Bag team and our partners for their dedication during the first half of this financial year.

Tony Carter
Chair

Mark Winter
Chief Executive Officer

Directory

BOARD OF DIRECTORS

Tony Carter (Chair)

Jen Bunbury

Sarah Hindle

Mark Powell

Cecilia Robinson

SENIOR LEADERSHIP TEAM

Mark Winter

Chief Executive Officer

Louise Newsome

Chief Financial Officer

Paul Kelly

Chief Supply Chain Officer

Craig Jordan

Chief Digital & Growth Officer

Cassie Ormand

Head of People & Culture

Polly Brodie

Head of Development Kitchen

Trish Whitwell

Chief Marketing Officer

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Ernst & Young, Auckland

SOLICITORS

Russell McVeagh

BANKERS

ASB Bank

SHARE REGISTRY

My Food Bag's share register is maintained by MUFG Corporate Markets (formerly Link Market Services Limited). MUFG Corporate Markets 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 Investor Centre at investorcentre.linkmarketservices.co.nz.

NEW ZEALAND REGISTRY

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My Food Bag Group Limited

NZBN 6113607



Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

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Statement of Financial Position

AS AT 30 SEPTEMBER 2024

NZ\$000	Note	Unaudited 30 September 2024	Audited 31 March 2024
ASSETS			
Current			
Cash and cash equivalents		1,763	150
Trade and other receivables		598	311
Inventories		320	449
Prepayments		1,347	728
Total current assets		4,028	1,638
Non-current			
Property, plant and equipment		7,440	8,035
Intangible assets	5	86,580	85,912
Right-of-use assets		7,474	8,418
Other receivables		-	116
Total non-current assets		101,494	102,481
Total assets		105,522	104,119
LIABILITIES			
Current			
Bank overdraft	6	-	472
Trade and other payables		11,506	10,767
Deferred revenue		-	257
Lease liabilities		2,396	2,383
Other current liabilities		2,043	1,570
Tax liability		1,359	949
Total current liabilities		17,304	16,398
Non-current			
Lease liabilities		6,143	7,324
Borrowings	6	11,460	11,446
Deferred tax liability		3,699	4,029
Provisions		330	330
Total non-current liabilities		21,632	23,129
Total liabilities		38,936	39,527
NET ASSETS		66,586	64,592
EQUITY			
Share capital		59,813	59,336
Retained earnings		6,293	4,420
Share-based payment reserve		480	836
Total equity		66,586	64,592

For and on behalf of the Board of Directors who authorised the issue of the financial statements on 20 November 2024.

Tony Carter
Chair

20 November 2024

Jen Bunbury
Director

20 November 2024

Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

NZ\$000	Note	Unaudited 6 months ended 30 September 2024	Unaudited 6 months ended 30 September 2023
Income	1	82,216	83,835
Cost of sales		(62,413)	(65,375)
Gross profit		19,803	18,460
Marketing expenses		(3,299)	(2,702)
Financing expenses		(882)	(1,033)
Indirect expenses		(11,594)	(11,364)
Other income	1	80	135
Net profit before tax		4,108	3,496
Income tax expense		(1,156)	(990)
Net profit after tax		2,952	2,506
Total comprehensive income		2,952	2,506
Earnings per share		NZ\$	NZ\$
Basic and diluted earnings per share	3	0.01	0.01

Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

NZ\$000	Note	Share capital	Retained earnings	Share-based payment reserve	Total equity
At 1 April 2024		59,336	4,420	836	64,592
Net profit for the period		-	2,952	-	2,952
Total comprehensive income for the period		-	2,952	-	2,952
Issuance of shares under share schemes		477	142	(619)	-
Dividend	4	-	(1,221)	-	(1,221)
Share-based payments		-	-	263	263
At 30 September 2024 (Unaudited)		59,813	6,293	480	66,586
At 1 April 2023		59,336	(1,624)	266	57,978
Net profit for the period		-	2,506	-	2,506
Total comprehensive income for the period		-	2,506	-	2,506
Dividend	4	-	-	-	-
Share-based payments		-	-	276	276
At 30 September 2023 (Unaudited)		59,336	882	542	60,760

Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

NZ\$000	Note	Unaudited 6 months ended 30 September 2024	Unaudited 6 months ended 30 September 2023
OPERATING ACTIVITIES			
<i>Cash was provided from:</i>			
Receipts from customers		81,854	83,463
Interest received		61	35
Proceeds from insurance		6	-
<i>Cash was applied to:</i>			
Payments to suppliers		(73,716)	(75,917)
Interest paid		(869)	(1,020)
Tax paid		(1,076)	(1,632)
Net cash flows from operating activities		6,260	4,929
INVESTING ACTIVITIES			
<i>Cash was provided from:</i>			
Proceeds from the sale of property, plant and equipment		-	14
<i>Cash was applied to:</i>			
Purchase of property, plant and equipment		(197)	(1,345)
Payments for development of software		(1,608)	(1,140)
Net cash flows from investing activities		(1,805)	(2,471)
FINANCING ACTIVITIES			
<i>Cash was provided from:</i>			
Proceeds from borrowings		-	5,000
<i>Cash was applied to:</i>			
Principal payments on leases		(1,149)	(1,300)
Dividends paid	4	(1,221)	-
Repayment of borrowings		-	(4,000)
Net cash flows from financing activities		(2,370)	(300)
Net increase / (decrease) in cash		2,085	2,158
Cash and cash equivalents at the beginning of the period		(322)	(3,845)
Net (bank overdraft) / cash and cash equivalents at the end of the period		1,763	(1,687)
Represented by:			
Cash and cash equivalents		1,763	152
Bank overdraft		-	(1,839)
Net (bank overdraft) / cash and cash equivalents at the end of the period		1,763	(1,687)

Notes to the Financial Statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

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.

The unaudited 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 unaudited 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 unaudited 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 2024.

FUNCTIONAL AND PRESENTATION CURRENCY

These unaudited interim financial statements are presented in New Zealand dollars (NZ\$), which is the 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 unaudited interim financial statements were consistent with those applied in the Group's annual financial statements for the year ended 31 March 2024.

KEY SOURCES OF ESTIMATION UNCERTAINTY AND KEY JUDGMENTS

In preparing these unaudited 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 2024.

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.

The Group operates in one geographical area, New Zealand.

Notes to the Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

Financial Information

1. Income

NZ\$000	Unaudited 6 months ended 30 September 2024	Unaudited 6 months ended 30 September 2023
Contracts with customers	82,216	83,835
Total income	82,216	83,835
Interest income	61	35
Insurance proceeds	6	92
Other income	13	8
Total other income	80	135

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 2024	Unaudited 6 months ended 30 September 2023
Staff expenses		
Salaries and wages	8,296	7,773
Defined contribution	255	239
Share-based payment expense	263	276
Interest expense	631	742
Interest on leases	251	291
IT expenses	1,399	1,542
Amortisation of intangible assets	940	800
Depreciation of property, plant and equipment	792	750
Depreciation of right-of-use assets	1,112	1,312

3. Earnings per Share

	Unaudited 6 months ended 30 September 2024	Unaudited 6 months ended 30 September 2023
<i>Basic and diluted earnings per share</i>		
Net profit attributable to equity holders (NZ\$000)	2,952	2,506
Weighted average number of shares for basic EPS (000)	242,791	242,438
Weighted average number of shares for diluted EPS (000)	248,335	243,470
Basic and diluted earnings per share (NZ\$)	0.01	0.01

Notes to the Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

4. Dividends

NZ\$000	Unaudited 6 months ended 30 September 2024	Unaudited 6 months ended 30 September 2023
Final dividend for 2024 – 0.5 cents per share	1,221	-

DIVIDEND DECLARED AFTER THE REPORTING PERIOD

On 20 November 2024, the board declared a fully imputed dividend of 0.65 cent per share, to be paid on 16 December 2024 to shareholders on the companies register on 2 December 2024.

5. Intangible Assets

NZ\$000	Goodwill	Brands	Software	Software work in progress	Total
Net book value at 30 September 2024 (Unaudited)	63,631	18,357	3,540	1,052	86,580
Net book value at 31 March 2024 (Audited)	63,631	18,357	3,476	448	85,912

SOFTWARE ASSETS

During the prior period, the Group reassessed the expected useful life of software assets, including those with an opening book value at 1 April 2023 and determined the useful life of the majority of software assets to be 3 years instead of 2 years. This resulted in an increase in amortisation of \$146,000 in the current period (30 September 2023: \$279,000 reduction in amortisation).

IMPAIRMENT INDICATORS

The Group performs a detailed impairment assessment annually and considers indicators of impairment at each reporting date. At 30 September 2024, consistent with the position at 31 March 2024, the carrying amount of the net assets of the Group is more than its market capitalisation, which is an indication that goodwill and indefinite life brands may be impaired.

There has been no change in forecast cash flows or market conditions since 31 March 2024, when the Group has last carried out an impairment test that would indicate a significant deterioration in the recoverable amount of the Group or impairment of goodwill or indefinite life assets.

Notes to the Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

6. Borrowings

The Group's net debt position is shown below.

	Unaudited 30 September 2024	Audited 31 March 2024
NZ\$000		
Bank loan – non-current	11,460	11,446
Total borrowings	11,460	11,446
Less: cash and cash equivalents	(1,763)	(150)
Add: bank overdraft	-	472
Net debt /(cash)	9,697	11,768

Borrowings are initially measured at fair value, net of transactions costs incurred. Borrowings are subsequently measured at amortised costs using the effective interest method.

FUNDING ARRANGEMENTS

The Group's funding arrangements are shown below.

	Unaudited 30 September 2024	Audited 31 March 2024
NZ\$000		
Revolving credit facility	25,000	25,000
Bank overdraft	5,000	5,000
Total facilities	30,000	30,000
Revolving credit facility utilised	(11,500)	(11,500)
Bank overdraft utilised	-	(472)
Total undrawn facilities	18,500	18,028

LOAN COVENANTS

The group is required to comply with the following financial covenants:

- (a) The Interest Cover Ratio is not less than 3.50
- (b) The Leverage Ratio must be less than 3.00 times

The Group was in compliance with its banking covenants during the period, and at 30 September 2024. The Group was also in compliance with its banking covenants during the prior year and at 31 March 2024.

Notes to the Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

7. Share-based Payments

ESOS

The Employee Share Ownership Scheme (ESOS) is an equity-settled share-based payment scheme. There were no ESOS rights offered to Employees during the period to 30 September 2024 (30 September 2023: none). 268,869 rights vested during the period to 30 September 2024 (30 September 2023: none).

LTI

LTI – FY25 awards

The CEO and members of the Senior Leadership team are eligible to participate in the Long Term Incentive (LTI) scheme. 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 LTI is an equity-settled share-based payment scheme. The performance share rights vest after 3 years subject to achievement of continued employment with the Group and the relative Total Shareholder Return (TSR) compared to Cost of Equity + premium. Accelerated vesting (up to 50%) after 2 years will occur if performance conditions are met.

The Board approved 6,321,585 LTI performance share awards during the period to 30 September 2024 (30 September 2023: 6,922,230).

For the period to 30 September 2024 463,179 rights vested in respect of the FY23 LTI scheme (30 September 2023: none)

Number of rights outstanding	ESOS	LTI
At 1 April 2024	290,852	6,913,939
Granted – July 2024	-	6,321,585
Vested – July 2024	(268,869)	(463,179)
Lapsed ¹	-	(519,563)
Forfeited ²	(21,983)	-
At 30 September 2024	-	12,252,782

Number of rights outstanding	ESOS	LTI
At 1 April 2023	360,183	1,164,001
Granted – July 2023	-	6,922,230
Forfeited ²	(47,348)	(360,560)
At 30 September 2023	312,835	7,725,671

¹ Lapsed rights refer to the share rights that have not vested due to performance criteria not being met

² Forfeited rights relate to the share rights of eligible employees who have finished their employment with the Group during the period

For further information on share-based payments, refer to the Group's annual financial statements for the year ended 31 March 2024.

Notes to the Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

8. Related Party Transactions

Key management personnel remuneration

Key management personnel comprise members of the Board and members of the Senior Leadership Team (SLT). The Board comprised five members (2023: six members) and the SLT comprised seven members (2023: seven members).

NZ\$000	Unaudited 6 months ended 30 September 2024	Unaudited 6 months ended 30 September 2023
Short-term employee benefits	1,514	1,343
Share-based payment transactions	184	136
Directors' remuneration	240	283
Key management personnel remuneration	1,938	1,762

9. Contingent Liabilities

The Group has no contingent liabilities (31 March 2024: Nil).

11. Capital Commitments

The Group has capital commitments of \$12,000 (31 March 2024: \$81,000).

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 2024	Unaudited 6 months ended 30 September 2023
Net profit before tax	4,108	3,496
Add: Depreciation and amortisation	2,844	2,862
Add: Net financing costs	821	998
EBITDA	7,773	7,356



myfoodbag.co.nz