

29 August 2022

## Me Today results for the fifteen months ended 30 June

Me Today Limited (NZX: MEE) has released its audited Group results for the fifteen months ended 30 June 2022.

The result includes twelve months trading of the King Honey business since acquisition on 30 June 2021, together with fifteen months trading for the other members of Me Today Group. The Group recently changed its balance date to 30 June.

The result for the Group records net revenue of \$8.27m and a loss after tax of \$19.544m. Included within the loss after tax are one off and amortisation items which total \$14.47m. These items are explained further below and include a \$9.9m impairment recognised on the goodwill and intangible assets of the King Honey business. This impairment is consistent with the amount recognised in the interim financial statements for the period to 31 March 2022.

### ***Capital Raise and Restructuring***

During June and July 2022, the Company undertook a capital raise through a rights issue and shortfall placement to existing and new shareholders. In total the Group raised \$7.5m at the rights issue price of 1 cent per share.

The purpose of the Capital Raise Funds was to;

- enable continued investment in brands
- take advantage of international opportunities
- lessen cashflow pressure
- meet additional working capital requirements

Since announcing the interim result on 30 May 2022 the Group has continued to implement plans to reduce costs within the King Honey operation.

With the significant volume of honey stocks, the Group made the decision to downsize its beekeeping operations and reduce the cashflow draw created by the next season's harvest. As advised on 30 May 2022 the decision had been made to close the Kaitaia, Kerikeri and Blenheim beekeeping operations. In addition, the Group is reviewing the remaining operations in the Wairarapa and Central Plateau with a view of reducing total hive numbers to approximately 4,000. The business proposes to continue to operate reduced beekeeping operations in these areas to provide a geographical spread to help mitigate the impact of weather on the harvest. The changes made to take physical hive numbers from 15,595 to 4,000 will reduce the cost of the harvest by approximately \$5m per annum.

At 30 June 2022 the Group has 630 tonnes of Mānuka honey. The Group's strategy is to sell down honey stocks in a managed way through investment in brand creating increased demand for jar honey sales, together with sales of drum honey on the wholesale market as appropriate opportunities arise.

The Group will continue to optimise its Beekeeping operation and its production and storage facility in Taupō.

Given the recent capital raise, the restructuring and the sales pipeline, the Group believes it has sufficient funding to meet operational requirements while it focusses on strong sales growth through FY23.

### **Strategy and opportunities within the 2023 Financial Year**

The Group now operates in 3 clear health and wellness categories:

1. Mānuka Honey
2. Supplements
3. Skincare

The focus for FY23 and beyond remains to grow brands locally and internationally within the Health and Wellness spaces. The Group will expand this strategy through three brands, Me Today, SuperLife, and BEE+.

Investment in brand and international opportunities will continue through FY23 meaning that the brands and the Group will continue to be loss making. The investment will provide revenue growth and growth in the value of brands.

Further explanation of the opportunities and strategy by brand are explained further below.

#### ***Me Today***

Me Today continues to expand internationally with Me Today products now available in New Zealand, Australia, Japan, Ireland (and other selected EU countries), and the United Kingdom.

- In New Zealand Me Today continues to grow its retail footprint and is now available in selected Unichem and Life Pharmacy stores, independent pharmacy stores, Chemist Warehouse and Bargain Chemist. Fourteen Me Today supplements have been ranged in 190 Countdown stores New Zealand-wide and five Me Today Womens Daily Skincare products have also been accepted into the Countdown range.
- In Australia Me Today launched nine TGA approved supplements and eleven skincare products into Adore Beauty's Australian and New Zealand websites late 2021. Four more online retailers have also accepted the Me Today brand.
- The UK and Irish markets continue to show interest in the Me Today brand with Me Today supplements and skincare now in John Bell & Croydon alongside SuperLife Mānuka honey. Me Today is now in approximately to 200 retail stores in Ireland including selected pharmacy outlets, online and through Chemist Warehouse Ireland stores. Me Today launched into Dunne's stores in April 2022. 12 skincare SKUs have been launched into Tesco supermarkets and Tesco have accepted a range of Me Today supplements that will be in stores from September 2022.
- Me Today has launched a range of Me Today skincare into Mash Beauty's Biople stores across Japan in partnership with Mash Beauty Co Lab. Mash Beauty introduced the brand at its Biople Fes in October 2021 to media and influencers with the brand being well received. Mash has also accepted Me Today skincare products into its Cosme Kitchen stores meaning

that the brand is now available in approximately 80 premium stores in Japan. A pipeline of New Products are being developed for the Japanese market across all key categories.

- Me Today has signed an agreement with a distributor and launched a range of skincare into retail and online in Romania and Hungary. The distributor has also agreed to distribute the SuperLife brand.
- In other parts of Europe, the Group is progressing discussions around distribution of Me Today and SuperLife products in Sweden, Finland, Italy, Austria, France and Poland.
- The Group also sees the US market as an opportunity with a strategic focus to drive branded presence through online and retail sales across supplements, skincare and Mānuka honey. The Group has employed a senior sales manager and engaged a broker to work directly with potential key partners in market. A pipeline of product has been through initial regulatory review with launch into market late 2022/ early 2023.

The brand also continues to expand its product offering. The Me Today brand now includes an extensive skincare and supplement range, with a new Mānuka Active skincare range launching in August 2022 as well as three new Mānuka honey products launching in September 2022. New product development continues to be a core part of the growth strategy for the brand. In the second half of the 2022 calendar year Me Today expects to launch nine new supplements, further expanding its presence in the growing supplement category.

## **SuperLife**

- SuperLife is available in selected SuperDrug stores in the UK and on SuperDrug online.
- SuperLife launched in New Zealand into selected Pharmacy and Pak n Save stores and is now also available in several other stores around New Zealand.
- SuperLife is available through SuperLifeManuka.co.nz and SuperLifeManuka.co.uk and on Amazon.co.uk.
- Purchase orders have been received from the company's German distributor. Airfreight and Sea Freight orders will depart NZ in September 2022.
- The UK and Irish markets continue to show interest in the SuperLife brand with the product now available in John Bell & Croydon in London.
- The brand is about to be launched in Romania and Hungary through its distribution partnership in both countries.
- In Switzerland the Group has signed an agreement with a partner to distribute Me Today supplements and skincare as well as SuperLife Mānuka honey.
- The Group has secured a relationship with a US Grocery chain and a purchase order has been received for a select honey product. The order is the initial pipe fill order however, the Group is expecting additional sell through orders on an ongoing basis.

## **BEE +**

The largest opportunity the Group has is with Bee+ through Access Corporate Group (ACG) & its brand management division Access Brand Management (ABM). ABM and the Me Today Group jointly own the Bee+ Mānuka Honey brand. ABM continues to sell through its high levels of BEE+ inventory and the Group continues to closely work with ABM to maximize the opportunities that their network offers. Discussions are ongoing with ACG in respect to sales plans and market opportunities into 2023 and beyond. Sales are expected to resume on a regular basis to ABM through the later part of the 2022 calendar year and into 2023. The opening of borders has enabled

in-market promotional activity to occur. King Honey hosted 50 members of the ABM sales team in Auckland and Taupō during June 2022. ABM have also started to promote the brand outside of China in markets such as Canada and South East Asia and are also looking at opportunities for Bee+ on other e-commerce platforms.

As borders continue to open, the Group expects to see more interest in its products from global travellers. The opening up of the Duty-Free channel and the Tourism channel will bring revived demand from an area of retail that was strong for King Honey prior to the COVID-19 pandemic. The opportunity now exists across all Group brands; Me Today, SuperLife and BEE+.

At Me Today our Group mission is “To produce world leading products that support people to manage their overall health and wellness”. We believe we will do this “by formulating, manufacturing and marketing desirable consumer products that help people to live better lives daily”.

**The key aspects of the Group’s consolidated financial statements for the 15 months to 30 June 2022 are explained further below:**

- Total revenue for the Group for the period is \$8.81m less marketing services provided by customer of \$0.54m resulting in net revenue of \$8.27m
  - Gross revenue for the Me Today sale of goods and agency services segments was \$3.79m an increase of 160% on revenue of \$1.46m in the twelve months to 31 March 2021.
  - Gross revenue for King Honey segment was \$5.02m for the 12 months from acquisition to 30 June 2022.
- The operating EBITDA loss for the Group was \$5.65m, split between the business divisions as follows.
  - The Me Today sale of goods and agency services segment operating EBITDA loss was \$2.22m compared to an EBITDA loss of \$1.86m for the 12 months ended 31 March 2021.
  - The King Honey segment operating EBITDA loss was \$1.88m.
  - The listed company and shared services operating costs were \$1.55m compared to \$982k for the 12 months ended 31 March 2021.
- The Group incurred one off and amortisation items of \$14.47m. Further explanation of these are provided below.
  - **Goodwill and intangible asset impairment and amortisation of customer contract.**

The Group has considered the future cash flows arising out of the sale of Mānuka Honey through the King Honey division. As at 31 March 2022, the result of the completion of discounted cashflow modelling performed by the Group has determined that the carrying value of goodwill and the customer relationship intangible asset, should be impaired by \$9.9m. The Group completed a valuation of intangibles acquired at acquisition. The ABM contract was separately identified and has been valued at \$9.3m at acquisition date. The Group has determined 8 years as the appropriate useful life for this asset. An amortisation charge of \$1.08m has been included in these consolidated financial statements.

○ **Fair value loss on the 2022 season harvest.**

The accounting policies of the Group require honey to be valued at fair value at harvest date. The Group has made an assessment of the fair value of honey taking into account the value of the Unique Mānuka Factor (UMF) rating of the new harvest. The value of the honey at harvest on 30 June 2022 has been determined at \$6.95m. The total cost to produce the 380 tonnes of honey in the year to 30 June 2022 was \$8.67m. As a result, a fair value loss of \$1.72m has been recorded as in the consolidated financial statements. The harvested honey will increase in value over time as its chemical markers improve and any financial benefit of that increase in value will be recorded in gross margin as the honey is sold.

○ **Closure of beekeeping branches.**

As a result of the decision to close the three Beekeeping branches, the following costs have been incurred:

- The reduction in hive numbers has resulted in a biological asset fair value loss of \$0.72m.
- Property, plant and equipment and biological assets with a combined carrying value of \$1.063m have been identified as assets held for sale. These have been assessed at fair value resulting in a write down of \$0.54m.
- Restructuring costs of \$0.49m have been incurred in relation to closing beekeeping branches.

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