

28 February 2024

Me Today Ltd announce six-month results and restructure plan to support growth and improved value of Me Today brand

- **Results for the six months ended 31 December 2023 show revenues down but reduced / improved operating EBITDA losses.**
- **China licensing deal unlocks potential for Me Today brand, which is also preparing to launch a new supplements range and reports positive trading developments.**
- **Plans to sell the King Honey business.**
- **Up to \$2.78m capital raise and debt restructure proposed to strengthen foundations for growth of Me Today brand.**
- **Stephen Sinclair, ex Trilogy CEO, steps into CEO seat.**

Me Today Limited (NZX: MEE) has released its unaudited Group results for the six months ended 31 December 2023. The Company says it now plans to try to sell the King Honey business, to focus on growing and improving the stronger performing Me Today brand.

A comprehensive debt restructuring plan and proposed capital raise will provide the underlying foundations for growth and increasing value.

Results show revenue of \$2.3m, compared to \$3.6m for the six months ended 31 December 2022, and a loss after tax of \$7.25m, compared to \$5.81m in the six months in the year prior. The operating EBITDA loss for the period is \$2.22m, before adjusting for the write down of the customer relationship asset of \$3.45m. By comparison operating EBITDA for the same period last year was a loss of \$3.08m, indicating an improved position.

Further explanation of the result is included below, with a reconciliation of the costs that account for the difference between operating EBITDA and the net loss after tax.

Gross revenue for the Group, before the costs of marketing services provided by a customer, was \$2.9m. This was split between the Honey segment at \$1.15m, Me Today branded sales of \$1.43m and agency services revenue of \$0.3m.

Capital Raise

On 22 February the company confirmed details of a special meeting of shareholders to be held on 8 March 2024 to seek approval for a recapitalisation and restructuring plan for the Me Today Group.

Me Today Limited is seeking approval from shareholders to raise up to \$2.78m in new capital, supported by an underwrite of the first \$2m from trusts associated with directors Grant Baker and Stephen Sinclair. Shareholders will also be asked to ratify confirm and approve the variation and extension to the Jarvis Trust Loan, advised to the market on 20 December 2023.

Subject to approval from shareholders, the new capital is being raised at 8 cents per share. The raise will be via a partially underwritten non-renounceable rights issue, providing all shareholders the opportunity to participate in the raise should they wish to do so.

Licensing Deal for Me Today brand In China

Me Today has signed a 'heads of agreement' with a large Chinese sports nutrition company for a licensing arrangement which will see Me Today included in its extensive product portfolio. The heads of agreement includes an upfront payment for the use of the Me Today trademark and sets out the basis under which a long-term licensing arrangement would operate.

The arrangement is an exciting partnership for the Me Today brand which, as well as creating new revenue, will increase global brand visibility, provide access to new product development concepts and potential manufacturing benefits from economies of scale, including potentially more competitive pricing on bulk raw materials.

Debt Restructure

Following the acquisition of King Honey, the Group has borrowings of \$7.0m with the BNZ and a subordinated note payable to the Jarvis Trust of \$5.5m. Given the performance of the King Honey business, payments to both the BNZ and the Jarvis Trust have not been able to be made as scheduled. The group has therefore agreed new terms with the lenders.

The loans payable to the BNZ and the Jarvis Trust have different security profiles. The BNZ debt is secured by a first ranking general security agreement over the entire Me Today group and its subsidiaries. The Jarvis debt is secured by a second ranking general security agreement over just the King Honey business.

As part of the agreement to inject new capital into Me Today Limited, the BNZ has agreed that Me Today Limited be removed from the debt security group, except for an amount of \$2m. The \$2m continues to rank ahead of the Jarvis Trust.

The restructure is a comprehensive proposal to ring fence the Me Today business from the King Honey business while the group works to sell King Honey.

Trading Update

Me Today and the Good Brand Company

The founders of Me Today, Michael Kerr, Grant Baker and Stephen Sinclair, continue to believe in the strength of the Me Today brand and say they want to continue to support the growth of this through the proposed capital raise.

Currently, the Me Today brand is sold in seven international markets including New Zealand, Australia, USA, China, Japan, Ireland and the UAE. Me Today produces approximately 70 different products across the three distinct categories of Natural Skincare, Manuka Honey and Supplements. In development is a new supplement range that focuses on anti-aging and regeneration.

In New Zealand the brand is distributed nationwide in approximately 500 retail outlets across pharmacy, health stores, grocery and gift stores. The brand is in discussion with a local retail group in respect to a range which is specific to its consumer base, and hopes to launch this range in stores during mid-2024.

In the US the Me Today brand continues to grow its online business through its presence on three large online platforms. In retail, Me Today Manuka is about to be stocked in a large US grocery chain, with that retailer also recently agreeing to stock the Me Today Skincare range in their 400 stores from late April.

In support of its US market development, the brand has also taken space at the upcoming 'Expo West' trade show in Anaheim in Mid-March, where Michael Kerr and the team will showcase it to a large wholesale audience.

These developments complement the new China licensing agreement highlighted above well to underpin good progress in the trading outlook for Me Today. Further updates will be provided once the licensing agreement is fully negotiated and signed.

King Honey and Manuka Honey

The Group remains committed to optimizing performance of the King Honey business until a sale is achieved, albeit acknowledging tough market operating conditions.

There are three separate strategies in place to grow the sales of Manuka as follows:

- **Access Corporate Group (ACG) and the BEE+ Brand**
- **Branded opportunity through Me Today and SuperLife**
- **Contract pack and OEM opportunities.**

King Honey continues to partner with ACG in respect to the BEE+ brand. The brand is established in the Chinese market and continues to be a focus for ACG. ACG have placed purchase orders with King Honey for products to be delivered between now and 30 June. Discussions are centered on the design look and feel of the brand and marketing initiatives to drive brand growth. In addition, ACG are looking to expand the product offering of the BEE+ brand into other wellness categories. Discussions are ongoing with the next meeting with the ACG team scheduled for mid-March.

The most secure opportunity to create sales of Manuka Honey is through established brands. The Manuka Honey industry is competitive and currently price conscious, meaning a point of difference through brand is even more important. The highest interest in branded sales comes through the Me Today brand and its ability to offer a point of difference through the multi category approach including Supplements and Skincare. In the situations where brand is not as important, and there is an opportunity based on price, then 'SuperLife' is available as a brand alternative to the customer.

In addition, King Honey continues to provide contract pack and OEM services to a number of customers. It receives regular inbound enquiry in this area. The focus of this customer is price, and King Honey will be price competitive whilst ensuring it can recover the carrying value of Manuka Honey inventory.

2024 Harvest

The harvest of Manuka Honey from the 23/24 season is underway. Initial indications are that the season will be strong. The weather patterns through the summer have provided more productive conditions, especially in comparison to the previous season which was impacted by cyclone and extreme flooding events. We expect the volume harvested to be higher than the 22/23 season off half the number of hives in the field.

Refocused management structure

Given the challenges created by the King Honey acquisition and the resulting restructure plan, the potential is for management time to become absorbed by the restructure. Structuring, asset sales and funding also require a different skill set and focus.

The board have reviewed its operating structure, and the decision has been taken to appoint Stephen Sinclair to the role of CEO for the group.

This change in structure will allow Michael Kerr, founder of the Me Today brand, to focus on the growth of Me Today in New Zealand and internationally, as well as wider sales and marketing for the Group including King Honey.

This change in management structure will take effect immediately.

We are confident that by focusing on Me Today brand growth, resolving King Honey challenges, and pursuing international opportunities, we will improve value for all stakeholders. We remain committed to open communication and will continue to update you on our progress.

Half Year Results Further explained.

The key aspects of the Group's consolidated financial statements for the six months to 31 December 2023 are explained further below:

- The operating EBITDA loss for the Group was \$2.22m, split between the business divisions as follows.
 - The Me Today sale of goods and agency services segments combined operating EBITDA loss was \$0.81m compared to an EBITDA loss of \$1.33m for the 6 months ended 31 December 2022.
 - The King Honey segment operating EBITDA loss was \$0.77m compared to an EBITDA loss of \$1.06m for the 6 months period ended 31 December 2022.
 - The listed company and shared services operating costs were \$0.65m compared to \$0.69m for the 6 months ended 31 December 2022.

Deducted from operating EBITDA were expenses amounting to \$5.03m resulting in a net loss after tax of \$7.25m.

The \$5.03m of expenses consisted of the following.

• Finance Costs	\$0.33m
• Fair Value loss on Biological assets	\$0.35m
• Depreciation and Amortisation	\$0.18m
• Amortisation of Customer Relationship asset	\$0.54m
• Impairment of Customer Relationship asset	\$3.45m
• Restructuring costs	\$0.15m
• Write Down of assets held for sale	\$0.03m

Total Expenses deducted from EBITDA **\$5.03m**

Further explanation of the customer relationship asset is provided below.

○ **Amortisation and impairment of the Customer Relationship Asset**

As part of the review of the half year financial statements the directors completed a discounted cashflow valuation of the King Honey cash generating unit. Following the completion of this assessment a decision has been taken to write down the intangible asset completely. The half year financial statements record an amortization of the asset of \$0.54m and an impairment of \$3.45m. The value of this at 31 December 2023 is now recorded as zero in the financial statements.

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