

Maggie Beer Holdings Ltd

ABN 69 092 817 171

Appendix 4D & Half-Year Report - 31 December 2022

1. Company details

Name of entity:	Maggie Beer Holdings Ltd
ABN:	69 092 817 171
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

2. Results for announcement to the market

				\$'000
Revenues from ordinary activities	down	4.5%	to	49,942
Profit from continuing operations after tax attributed to the owners of Maggie Beer Holdings Ltd	up	10.2%	to	7,221
Loss from discontinuing operations after tax attributed to the owners of Maggie Beer Holdings Ltd	down	14.7%	to	(1,181)
Profit from ordinary activities after tax attributable to the owners of Maggie Beer Holdings Ltd	up	9.8%	to	6,062
Profit for the half-year attributable to the owners of Maggie Beer Holdings Ltd	up	9.8%	to	6,062

Comments

The profit for the consolidated entity after providing for income tax amounted to \$7.2 million (31 December 2021: profit of \$6.6 million).

Dividends

A fully franked dividend of half a cent per share has been declared as at the date of this report, payable in March 2023.

Review of operations

Financial Performance

The group's financial results for the 6 months ended 31 December 2022 (H1 FY23) reflects the strong underlying trading position of its Continuing Operations, Maggie Beer Products (MBP) and Hampers & Gifts Australia (HGA), in what continues to be a challenging economic climate.

Following the MBH Board's strategic decision in Q4 FY22 to sell the Company's legacy Dairy Assets, St David Dairy was sold on 31st August 2022 and Paris Creek Farms remains as an asset held for sale and is reported separately as Discontinued Operations.

The group's substantial e-commerce business represented 71.9% of the group's total net sales in H1 FY23 (H1 FY22 73.4%), which reflects the uplift in online trade over the Christmas period for both HGA and MBP. The balance of the sales are predominately from retail grocery, with the split between retail grocery and online becoming more balanced in H2 FY23.

Key Results were as follows:

H1 FY23

- Net sales of \$49.9 million for H1 FY23 were 4.5% lower than the prior comparative period (pcp), with a strong performance in Q2 FY23 with:
 - Total net sales increasing by 4.3% in Q2 FY23 vs pcp
 - E-commerce net sales increasing by 4.2% in Q2 FY23 vs pcp
 - Retail grocery sales increasing by 4.6% in Q2 FY23 vs pcp
- 4-year net sales CAGR of 27.5%
- Gross Margin improved by 0.3% to 53.3% in H1 FY23 vs pcp
- Delivered \$5.6 million of trading EBITDA & NPAT of \$7.2 million
- NPAT was positively impacted by the \$4m remeasurement of the carrying value of the HGA contingent earn-out liability, which reduced it from \$14 million to \$10 million as at 31 December 2022
- Business continues to be resilient with positive operating cashflow, \$17.4m in cash at H1 FY23 & no debt

H2 FY23

- MBP will launch 5 new innovative cooking products nationally in a major grocery retailer in April 2023
- Launching the new “Maggie’s Living” range in e-commerce & selected specialty retail stores in time for Mother’s Day
- Continue to invest in strategic marketing to launch new products, build brand awareness, loyalty and maintain revenue

The Discontinued Operations performed in line with expectations and achieved a net loss after tax of \$1.2 million (H1 FY22 \$1.0 million). This result includes the final transactional costs for the sale of Saint David Dairy.

Overall, the group achieved \$6.1 million net profit after tax which was an increase of \$0.6 million on H1 FY22 (H1 FY22 profit: \$5.5 million).

Dividends & Capital Management

The MBH Board announces it will commence paying dividends with a fully franked dividend of half a cent per share to be paid in March 2023. The incoming CEO and MBH Board will review the Group’s capital management plan and communicate it to shareholders in H2 FY23.

Corporate

Shared services and corporate office costs of \$2.5 million are \$1.0 million lower than H1 FY22 mainly due to the JobKeeper repayment in H1 FY22 of \$0.8 million.

Balance Sheet and Cashflows

The group is supported by a strong balance sheet with net assets of \$93.1 million (30 June 2022: \$90.9 million), including a cash balance at 31 December 2022 of \$17.4 million (30 June 2022: \$10.8 million) and an undrawn working capital facility of \$5.0 million. The group has no non-asset backed debt at 31 December 2022.

The group achieved a strong operating cashflow position for H1 FY23 of \$10.8 million (H1 FY22 \$11.4 million). This demonstrates the group’s successful diversification into the direct-to-consumer channel and trading over H1 FY23.

The increase in group net assets is mainly attributed to the net profit after tax of \$6.1 million offset by the \$3.5 million return of capital paid to Shareholders in November 2022.

Outlook

Against a challenging and changing economic environment, the MBH group has performed strongly for the first half of FY23. The group has been investing in our brands and has some exciting new products launching in H2 FY23, which are aligned to the trend of people returning to home cooking and entertaining as discretionary spending slows.

MBH now has a solid foundation in place, ready for its next phase of growth, which can be funded by the group's strong cash flows and balance sheet. Based on our confidence in our business model, the Board has announced the commencement of its dividend program with a fully franked dividend of half a cent per share payable in March 2023.

This dividend is intended to reward our shareholders whilst still providing balance sheet flexibility to support the growth initiatives and ambition of the incoming CEO.

MBH's brand strength, diversified revenue streams, and strong cash position means it is very well placed to weather any sustained economic headwinds.

With new CEO Kinda Grange starting with MBH on 1 March 2023, we have a thorough handover process in place as outgoing CEO Chantale Millard transitions from the business.

The MBH Board and Management Team are excited about MBH's next phase of growth.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>8.98</u>	<u>7.99</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

St David Dairy was sold on 31 August 2022 with effect from 1 September 2022 and is reported in the financial statements for the half-year ending 30 June 2022 as a discontinued operation.

6. Dividends

Current period

A fully franked dividend of half a cent has been declared during the current financial period. The record date for determining entitlements to the dividend is Friday 3 March 2023, with the shares trading ex-dividend from Thursday 2 March 2023 and the dividend payable on Friday 31 March 2023.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Appendix 4D & Half-Year Report.

11. Attachments

Details of attachments (if any):

The Half-Year Report of Maggie Beer Holdings Ltd for the half-year ended 31 December 2022 is attached.

12. Signed

Signed



Date: 23 February 2023

Reg Weine
Non-Executive Chairman

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Directors	Reg Weine (Non-executive Chairman) Chantale Millard (Chief Executive Officer/Executive Director) (Resigned as Executive Director 31 December 2022 and CEO 28 February 2023) Maggie Beer AM (Non-executive Director) Tom Kiing (Non-executive Director) Hugh Robertson (Non-executive Director) Sue Thomas (Non-executive Director) (appointed 1 July 2022)
Company secretary	Sophie Karzis
Registered office	2 Keith St Tanunda SA 5352 Tel: +61 8 7004 1307 Fax: +61 8 9077 9233
Principal place of business	2 Keith St Tanunda SA 5352 Tel: +61 8 7004 1307 Fax: +61 8 9077 9233
Share register	Boardroom Pty Limited Level 12, 225 George Street, Sydney NSW 2000 GPO Box 3993, Sydney NSW 2001 Tel: 1300 737 760 Fax: 1300 653 459
Auditor	PricewaterhouseCoopers Level 19/2 Riverside Quay Southbank VIC 3006
Stock exchange listing	Maggie Beer Holdings Ltd shares are listed on the Australian Securities Exchange (ASX code: MBH)
Website	www.maggiebeerholdings.com.au
Corporate Governance Statement	The company's Corporate Governance charters are located on the Company's website at the following link: www.maggiebeerholdings.com.au/investors/corporate-governance/

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'group') consisting of Maggie Beer Holdings Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

Directors

The following persons were directors of Maggie Beer Holdings Ltd during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Reg Weine (Non-executive Chairman)
Chantale Millard (Executive Director/Chief Executive Officer) (Resigned from Executive Director position 31 December 2022 and will step down as CEO on 1 March 2023)
Maggie Beer AM (Non-executive Director)
Tom Kiing (Non-executive Director)
Hugh Robertson (Non-executive Director)
Susan Thomas (Non-executive Director) (Appointed 1 July 2022)

Principal activities

During the financial half-year, the principal continuing activities of the consolidated entity were the expansion of its activities in the food and beverage industry with a particular focus on premium products. This includes:

- expanding its activities in the food and beverage industry and e-commerce sector with a particular focus on premium products;
- managing its investment in Maggie Beer Products Pty Ltd ("MBP");
- managing its investment in Hampers & Gifts Australia; and
- managing its investment in B.-d Farm Paris Creek Pty Ltd ("Paris Creek Farms")

Non-IFRS measures

The directors' report includes references to Non-IFRS financial measures such as Trading EBITDA and pro-forma results. Trading EBITDA has been used by the group for a number of years to present financial information that is helpful to readers of this financial report and the directors believe that it best reflects the underlying operating performance of the group. Trading EBITDA is used as a measure of financial performance by excluding non-recurring transactions and long term non-cash share based incentive payments. Trading EBITDA is also utilised by senior management to manage and measure the performance of the business and for discussions with and disclosures to the market. Non-IFRS measures are not subject to audit or review.

	Consolidated	
	31 December 2022	31 December 2021
	\$'000	\$'000
Statutory profit/(loss) before income tax from continuing operations	7,243	6,550
Finance costs	69	97
Depreciation expense	854	704
Amortisation expense	1,178	1,178
Tax	598	-
Statutory EBITDA from continuing operations	9,942	8,529
Non-Trading Items:		
Non-recurring items:		
JobKeeper refunded	-	821
Professional fees	84	97
(Gain)/Loss on disposal of fixed assets / right-of-use assets	-	(54)
Non-cash items:		
LTI - non-cash options and performance issued/lapsed	(435)	501
(Gain)/Loss on contingent consideration	(4,000)	-
Trading EBITDA from continuing operations	5,591	9,894

Review of operations

The profit for the consolidated entity after providing for income tax amount to \$6.1 million for the financial period (31 December 2021: \$5.5 million).

The net assets of the consolidated entity increased by \$2.2 million to \$93.1 million (30 June 2022: \$90.9 million). The increase was mainly due to the \$6.1 million profit offset by \$3.5 million return of capital to shareholders in November 2022.

A summary of the consolidated entity's review of operations for the six month period is included in Appendix 4D, which is attached to this half-year report.

Significant changes in the state of affairs

On 19 October 2022 Chantale Millard announced her intention to resign from her role as CEO and Managing Director of MBH and resigned as Executive Director on 31 December 2022, remaining as CEO until 28 February 2023. On 28 December 2022, the Company announced the appointment of Kinda Grange as Chief Executive Officer commencing 1 March 2023.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Rounding of amounts

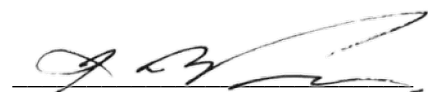
The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Reg Weine
Non-Executive

23 February 2023



Auditor's Independence Declaration

As lead auditor for the review of Maggie Beer Holdings Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Maggie Beer Holdings Limited and the entities it controlled during the period.

A handwritten signature in black ink that reads 'Brad Peake'.

Brad Peake
Partner
PricewaterhouseCoopers

Melbourne
23 February 2023

		Consolidated	
		31 December	31 December
	Note	2022	2021
		\$'000	\$'000
Revenue from continuing operations			
Revenue	5	49,925	52,263
Other income		17	14
Total revenue		<u>49,942</u>	<u>52,277</u>
Expenses from continuing operations			
Raw materials and consumables used		(23,299)	(24,568)
Overheads		(302)	(248)
Occupancy and utilities costs		(342)	(326)
Employee benefits expense		(6,452)	(7,663)
Other gains	15	4,000	-
Transportation expense		(5,139)	(4,672)
Professional fees		(295)	(432)
Marketing and advertising		(6,485)	(4,503)
Other expenses		(1,686)	(1,336)
Depreciation expense		(854)	(704)
Amortisation expense		(1,178)	(1,178)
Finance costs		(69)	(97)
Profit before income tax expense from continuing operations		7,841	6,550
Income tax expense		(598)	-
Profit after income tax expense from continuing operations		7,243	6,550
Loss after income tax benefit from discontinued operations	6	<u>(1,181)</u>	<u>(1,030)</u>
Profit after income tax (expense)/benefit for the half-year attributable to the owners of Maggie Beer Holdings Ltd		6,062	5,520
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net change in the fair value of cash flow hedges taken to equity, net of tax	9	<u>28</u>	-
Other comprehensive income for the half-year, net of tax		<u>28</u>	-
Total comprehensive income for the half-year attributable to the owners of Maggie Beer Holdings Ltd		<u><u>6,090</u></u>	<u><u>5,520</u></u>
Total comprehensive income for the half-year is attributable to:			
Continuing operations		7,271	6,550
Discontinued operations		<u>(1,181)</u>	<u>(1,030)</u>
		<u><u>6,090</u></u>	<u><u>5,520</u></u>

Prior year comparatives have been restated due to discontinued operations, refer to note 6 for details.

Maggie Beer Holdings Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022



		Cents	Cents
Earnings per share for profit from continuing operations attributable to the owners of Maggie Beer Holdings Ltd			
Basic earnings per share	13	2.07	1.85
Diluted earnings per share	13	2.02	1.82
Earnings per share for loss from discontinued operations attributable to the owners of Maggie Beer Holdings Ltd			
Basic earnings per share	13	(0.34)	(0.29)
Diluted earnings per share	13	(0.34)	(0.29)
Earnings per share for profit attributable to the owners of Maggie Beer Holdings Ltd			
Basic earnings per share	13	1.73	1.55
Diluted earnings per share	13	1.69	1.53

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

		Consolidated	
	Note	31 December 2022 \$'000	30 June 2022 \$'000
Assets			
Current assets			
Cash and cash equivalents		17,394	10,801
Trade and other receivables		6,426	5,632
Inventories		11,291	15,813
Derivative financial instruments		84	153
Other assets		2,800	2,459
		<u>37,995</u>	<u>34,858</u>
Assets classified as held for sale		13,222	14,976
Total current assets		<u>51,217</u>	<u>49,834</u>
Non-current assets			
Property, plant and equipment		2,750	2,472
Right-of-use assets		3,039	3,973
Intangibles	7	61,164	62,337
Deferred tax		1,691	2,064
Total non-current assets		<u>68,644</u>	<u>70,846</u>
Total assets		<u>119,861</u>	<u>120,680</u>
Liabilities			
Current liabilities			
Trade and other payables		9,533	6,875
Contract liabilities		652	460
Lease liabilities		941	1,313
Employee benefits		1,397	1,222
Contingent consideration	15	10,000	-
		<u>22,523</u>	<u>9,870</u>
Liabilities directly associated with assets classified as held for sale		2,209	3,552
Total current liabilities		<u>24,732</u>	<u>13,422</u>
Non-current liabilities			
Lease liabilities		1,836	2,179
Employee benefits		223	156
Contingent consideration		-	14,000
Total non-current liabilities		<u>2,059</u>	<u>16,335</u>
Total liabilities		<u>26,791</u>	<u>29,757</u>
Net assets		<u>93,070</u>	<u>90,923</u>
Equity			
Issued capital	8	166,045	169,561
Reserves	9	3,129	3,556
Accumulated losses		(76,104)	(82,194)
Total equity		<u>93,070</u>	<u>90,923</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Maggie Beer Holdings Ltd
Statement of changes in equity
For the half-year ended 31 December 2022



Consolidated	Contributed capital \$'000	Share based payment reserves \$'000	Cashflow hedge reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2021	169,386	3,267	-	(69,869)	102,784
Profit after income tax expense for the half-year	-	-	-	5,520	5,520
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	5,520	5,520
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 14)	100	502	-	-	602
Balance at 31 December 2021	169,486	3,769	-	(64,349)	108,906
Consolidated	Contributed capital \$'000	Share based payment reserves \$'000	Cashflow hedge reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2022	169,561	3,556	153	(82,347)	90,923
Profit after income tax expense for the half-year	-	-	-	6,062	6,062
Other comprehensive income for the half-year, net of tax	-	-	(69)	97	28
Total comprehensive income for the half-year	-	-	(69)	6,159	6,090
<i>Transactions with owners in their capacity as owners:</i>					
Return of capital	(3,516)	-	-	-	(3,516)
Share-based payments (note 14)	-	57	-	-	57
Share-based payments forfeited (note 14)	-	(484)	-	-	(484)
Balance at 31 December 2022	166,045	3,129	84	(76,188)	93,070

The above statement of changes in equity should be read in conjunction with the accompanying notes

Note	Consolidated	
	31 December 2022 \$'000	31 December 2021 \$'000
Cash flows from operating activities (continuing activities)		
	58,134	66,103
	(47,324)	(54,727)
	<u>10,810</u>	<u>11,376</u>
Cash flows from investing activities (continuing activities)		
	(323)	(700)
7	(100)	(97)
6	603	-
	<u>-</u>	<u>(3)</u>
	<u>180</u>	<u>(800)</u>
Cash flows from financing activities (continuing activities)		
	(822)	(972)
8	(3,521)	-
	(69)	(130)
	<u>15</u>	<u>14</u>
	<u>(4,397)</u>	<u>(1,088)</u>
	6,593	9,488
	<u>10,801</u>	<u>13,542</u>
	<u>17,394</u>	<u>23,030</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Maggie Beer Holdings Ltd as a consolidated entity consisting of Maggie Beer Holdings Ltd and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Maggie Beer Holdings Ltd's functional and presentation currency.

Maggie Beer Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

2 Keith St
Tanunda SA 5352
Tel: +61 8 7004 1307
Fax: +61 8 9077 9233

A description of the nature of the consolidated entity's operations and its principal activities are included in appendix 4D and the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 23 February 2023. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Assets held for sale and discontinued operations

The fair value of assets held for sale are recognised at the lower of their carrying amount or fair value less cost of disposal. The fair value less cost of disposal is based on offers received and any anticipated costs management are aware of.

Contingent Consideration

Refer to Note 15 for the contingent consideration, in conjunction with the 30 June 2022 annual statements.

Note 4. Operating segments

Identification of reportable operating segments

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the board of directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

There are currently two operating segments under the criteria set out in AASB 8, being Hampers & Gifts Australia Pty Ltd ("Hampers & Gifts Australia"), Maggie Beer Products Pty Ltd ("Maggie Beer Products") and other corporate costs. Paris Creek Farms and St David Dairy are classified as discontinued operations and no longer disclosed as an operating segment. Refer to note 6 for further information.

Information regarding these segments is set out below.

All operations were in Australia for both current and comparative period.

Operating segment information

Consolidated - 31 December 2022	Hampers & Gifts Australia \$'000	Maggie Beer Products \$'000	Other segments \$'000	Total \$'000
Revenue				
Sales to external customers	32,889	17,892	-	50,781
Intersegment sales	(41)	(815)	-	(856)
Total sales revenue	32,848	17,077	-	49,925
Other revenue	6	10	1	17
Total revenue	32,854	17,087	1	49,942
EBITDA	5,836	1,601	(1,495)	5,942
Depreciation and amortisation	(1,384)	(618)	(30)	(2,032)
Other gains	-	-	4,000	4,000
Finance costs	(39)	(30)	-	(69)
Profit before income tax expense	4,413	953	2,475	7,841
Income tax expense				(598)
Profit after income tax expense				7,243
Assets				
Segment assets	79,702	29,411	24,081	133,194
Intersegment eliminations				(13,333)
Total assets				119,861
Liabilities				
Segment liabilities	19,408	3,893	3,707	27,008
Intersegment eliminations				(217)
Total liabilities				26,791

Note 4. Operating segments (continued)

	Hampers & Gifts Australia \$'000	Maggie Beer Products \$'000	Other segments \$'000	Total \$'000
Consolidated - 31 December 2021				
Revenue				
Sales to external customers	34,722	18,176	-	52,898
Intersegment sales	(14)	(621)	-	(635)
Total sales revenue	34,708	17,555	-	52,263
Other revenue	-	14	-	14
Total revenue	34,708	17,569	-	52,277
EBITDA				
Depreciation and amortisation	(1,246)	(609)	(962)	(2,817)
Finance costs	(34)	(58)	(38)	(130)
Profit/(loss) before income tax expense	8,474	1,270	(4,224)	5,520
Income tax expense				-
Profit after income tax expense				5,520
Consolidated - 30 June 2022				
Assets				
Segment assets	72,274	28,594	19,812	120,680
Total assets				120,680
Liabilities				
Segment liabilities	6,545	3,345	20,453	30,343
Intersegment eliminations				(586)
Total liabilities				29,757

Note 5. Revenue

The group derives the following types of revenue from contracts with customers:

	Consolidated	
	31 December 2022	31 December 2021
	\$'000	\$'000
Continuing operations - Types of goods		
Sale of goods - retail	14,048	13,904
Sale of goods - online	35,877	38,359
Discontinued operations - Type of goods		
Sale of goods - retail	9,681	12,262
	59,606	64,525

All revenue is recognised at a point in time.

Note 6. Discontinued operations

On 22 June 2022, the group announced the appointment of an advisor in relation to the non-core dairy assets and initiated an active program to locate potential buyers for the dairy subsidiaries of Paris Creek Farms and St David Dairy. The associated assets and liabilities were consequently presented as held for sale in the FY22 financial statements.

St David Dairy was sold on 31 August 2022 with effect from 1 September 2022 and was reported in the financial statements for the half-year ending 31 December 2022 as a discontinued operation. Refer to the below details of sale.

Note 6. Discontinued operations (continued)

The remaining discontinued operations, Paris Creek Farms, are expected to be sold within 12 months and is reported in the current period as a discontinued operation. The financial performance and cash flow information presented reflects the operations of Paris Creek Farms for the half year ended 31 December 2022 and St David Dairy for the two months ended 31 August 2022 and subsequent adjustments to the contingent consideration receivable.

Financial performance information

	Consolidated	
	31 December 2022	31 December 2021
	\$'000	\$'000
Revenue	9,681	12,262
Expenses	<u>(11,087)</u>	<u>(13,292)</u>
Loss before income tax benefit	(1,406)	(1,030)
Income tax benefit	<u>225</u>	<u>-</u>
Loss after income tax benefit from discontinued operations	<u><u>(1,181)</u></u>	<u><u>(1,030)</u></u>

Cash flow information

	Consolidated	
	31 December 2022	31 December 2021
	\$'000	\$'000
Net cash used in operating activities	<u><u>(1,020)</u></u>	<u><u>(606)</u></u>

Carrying amounts of assets and liabilities disposed

	Consolidated	
	31 December 2022	31 December 2021
	\$'000	\$'000
Cash and cash equivalents	82	-
Trade and other receivables	658	-
Inventories	257	-
Other current assets	188	-
Property, plant and equipment	<u>1,294</u>	<u>-</u>
Total assets	<u><u>2,479</u></u>	<u><u>-</u></u>
Trade and other payables	718	-
Accrued expenses	22	-
Provisions - Employees	107	-
Employee benefits	66	-
Lease liabilities	<u>436</u>	<u>-</u>
Total liabilities	<u><u>1,349</u></u>	<u><u>-</u></u>
Net assets	<u><u>1,130</u></u>	<u><u>-</u></u>

Note 6. Discontinued operations (continued)

Details of the disposal

	Consolidated	
	31 December 2022	31 December 2021
	\$'000	\$'000
Total sale consideration	1,130	-
Carrying amount of net assets disposed	(1,130)	-
	<hr/>	<hr/>
Gain on disposal before income tax	-	-
	<hr/>	<hr/>
Gain on disposal after income tax	-	-
	<hr/> <hr/>	<hr/> <hr/>

St David Dairy was sold on 31 August 2022 with effect from 1 September 2022 and was reported in the financial statements for the half-year ending 31 December 2022 as a discontinued operation.

Note 7. Intangibles

Recoverable amount of goodwill

In accordance with AASB 136, impairment testing has been undertaken for all cash generating units (CGUs) with indefinite intangibles where there is an indication of impairment. There was no indication of impairment for the Maggie Beer Products CGU at 31 December 2022 and no impairment testing was deemed necessary.

As at 31 December 2022, for HGA, the recoverable amounts have been determined based on value-in-use calculations which uses cash flow projections based on financial forecasts covering a five-year period, including changes in working capital and expenditure for maintenance. Cash flows are extrapolated using estimated growth rates beyond the five-year period. Key assumptions used in the value-in-use calculations for HGA is based on management's latest forecasts. These assumptions include:

- Risk adjusted post-tax discount rate – 10.45%
- Revenue growth
- Long-term growth rate
- Inflation impact on costs

The Company has considered a range of possible scenarios to changes in the key assumptions and has not identified any instance causing the carrying amount of the assets in the CGU to exceed the recoverable amount.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Goodwill - Paris Creek \$'000	Goodwill - St David Dairy \$'000	Goodwill - Maggie Beer Products \$'000	Goodwill - Hampers & Gifts Australia \$'000	Brand \$'000	Customer Contracts \$'000	Other Intangible \$'000	Total \$'000
Balance at 31 December 2021	-	11,802	3,585	40,717	14,355	5,910	664	77,033
Additions	-	-	-	210	-	-	40	250
Impairment of assets	-	(11,802)	-	-	(1,424)	(480)	(62)	(13,768)
Amortisation expense	-	-	-	-	(589)	(564)	(25)	(1,178)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2022	-	-	3,585	40,927	12,342	4,866	617	62,337
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Note 7. Intangibles (continued)

Consolidated	Goodwill -	Goodwill -	Goodwill -	Goodwill -	Brand \$'000	Customer Contracts \$'000	Other Intangible \$'000	Total \$'000
	Paris Creek \$'000	St David Dairy \$'000	Maggie Beer Products \$'000	Hampers & Gifts Australia \$'000				
Balance at 1 July 2022	-	-	3,586	40,926	12,342	4,866	617	62,337
Additions	-	-	-	-	-	-	70	70
Classified as held for sale	-	-	-	-	-	-	(65)	(65)
Amortisation expense	-	-	-	-	(589)	(564)	(25)	(1,178)
Balance at 31 December 2022	-	-	3,586	40,926	11,753	4,302	597	61,164

Note 8. Issued capital

	Consolidated			
	31 December 2022	30 June 2022	31 December 2022	30 June 2022
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	352,439,920	351,839,920	166,045	169,561

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2022	351,839,920		169,561
Performance rights	30 September 2022	600,000	\$0.000	-
Return of capital \$0.01	18 November 2022	-	\$0.000	(3,516)
Balance	31 December 2022	352,439,920		166,045

Note 9. Reserves

	Consolidated	
	31 December 2022	30 June 2022
	\$'000	\$'000
Share based payment reserve	3,129	3,556

Note 9. Reserves (continued)

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Share based payment reserve \$'000
Balance at 1 July 2022	3,556
Share based payments	57
Share based payments forfeited	(484)
	<hr/>
Balance at 31 December 2022	<u>3,129</u>
	<hr/>
	Cashflow Hedge reserve \$'000
Balance at 1 July 2022	153
Raw materials and consumables used	(97)
Other comprehensive income hedge gain/(loss)	28
	<hr/>
Balance at 31 December 2022	<u>84</u>

Note 10. Dividends

Since the end of the half-year (as at the date of this report), the directors have declared an interim dividend of half a cent per fully paid ordinary share (2021 - nil), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 31 March 2023 out of current half year profits, but not recognised as a liability at the end of the half-year, is \$1.76 million.

There were no dividends paid, recommended or declared during the previous financial half-year. The \$3.5 million repayment to shareholders in November 2022 was a return of capital.

Note 11. Contingent assets and liabilities

The directors are not aware of any contingent assets or contingent liabilities as at 31 December 2022 (2021: Nil).

Note 12. Events after the reporting period

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 13. Earnings per share

	Consolidated	
	31 December 2022 \$'000	31 December 2021 \$'000
<i>Earnings per share for profit</i>		
Profit after income tax attributable to the owners of Maggie Beer Holdings Ltd	<u>6,062</u>	<u>5,520</u>

Note 13. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	1.73	1.55
Diluted earnings per share	1.69	1.53
	Number	Number
<i>Weighted average number of ordinary shares</i>		
Weighted average number of ordinary shares used in calculating basic earnings per share	350,227,747	354,997,207
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	<u>7,459,238</u>	<u>5,622,124</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u><u>357,686,985</u></u>	<u><u>360,619,331</u></u>

Note 14. Share-based payments

Set out below is a summary of options outstanding at reporting date:

The options and performance rights hold no voting or dividend rights and are not transferable.

Options

Set out below is a summary of options outstanding at reporting date:

**31 December
2022**

Grant date	Vesting date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the half-year
16/07/2020	16/07/2020	\$0.150	1,000,000	-	-	-	1,000,000
16/07/2020	16/07/2020	\$0.180	1,500,000	-	-	-	1,500,000
16/07/2020	16/07/2020	\$0.200	1,500,000	-	-	-	1,500,000
28/10/2020	01/07/2021	\$0.150	3,000,000	-	-	-	3,000,000
28/10/2020	01/07/2023	\$0.200	3,000,000	-	-	(3,000,000)	-
			<u>10,000,000</u>	-	-	<u>(3,000,000)</u>	<u>7,000,000</u>

**30 June
2022**

Grant date	Vesting date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the half-year
16/07/2020	16/07/2020	\$0.150	1,500,000	-	(500,000)	-	1,000,000
16/07/2020	16/07/2020	\$0.180	1,500,000	-	-	-	1,500,000
16/07/2020	16/07/2020	\$0.200	1,500,000	-	-	-	1,500,000
28/10/2020	01/07/2021	\$0.150	3,000,000	-	-	-	3,000,000
28/10/2020	01/07/2022	\$0.180	3,000,000	-	-	(3,000,000)	-
28/10/2020	01/07/2023	\$0.200	3,000,000	-	-	-	3,000,000
			<u>13,500,000</u>	-	<u>(500,000)</u>	<u>(3,000,000)</u>	<u>10,000,000</u>

Note 14. Share-based payments (continued)

Set out below are the options exercisable at the end of the financial half-year:

Grant date	Expiry date	31 December 2022 Number	30 June 2022 Number
16/07/2020	15/07/2024	1,000,000	1,000,000
16/07/2020	15/07/2024	1,500,000	1,500,000
16/07/2020	15/07/2024	1,500,000	1,500,000
28/10/2020	27/10/2024	3,000,000	3,000,000
28/10/2020	27/10/2024	-	3,000,000
		<u>7,000,000</u>	<u>10,000,000</u>

Performance rights

Set out below are summaries of performance rights granted:

31 December 2022

Grant date	Expiry date	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
01/07/2021	31/08/2022	300,000	(300,000)	-	-	-
01/07/2021	31/08/2022	300,000	(300,000)	-	-	-
01/07/2021	30/06/2023	319,286	-	-	(319,286)	-
01/07/2021	30/06/2024	319,286	-	-	(71,428)	247,858
		<u>1,238,572</u>	<u>(600,000)</u>	-	<u>(390,714)</u>	<u>247,858</u>

Valuation of options and performance rights

31 December 2021

Grant date	Expiry date	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
01/07/2021	31/08/2022	-	300,000	-	-	300,000
01/07/2021	31/08/2022	-	300,000	-	-	300,000
01/07/2021	30/06/2022	-	185,714	-	(185,714)	-
01/07/2021	30/06/2023	-	319,286	-	-	319,286
01/07/2021	30/06/2024	-	319,286	-	-	319,286
		-	<u>1,424,286</u>	-	<u>(185,714)</u>	<u>1,238,572</u>

Details of key inputs into the valuation of options issued during the period are as below:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
16/07/2020	15/07/2024	\$0.225	\$0.150	90.00%	-	0.26%	\$0.131
16/07/2020	15/07/2024	\$0.225	\$0.180	90.00%	-	0.26%	\$0.121
16/07/2020	15/07/2024	\$0.225	\$0.200	90.00%	-	0.26%	\$0.115
28/10/2020	27/10/2024	\$0.321	\$0.150	90.00%	-	0.11%	\$0.220

There are service period and non-market conditions attached to the options issued on 28 October 2020, which require reaching trading EBITDA targets each financial year. Management has assessed the probability of these targets, excluding FY24 performance rights, being reached as 0% as at 31 December 2022, and subsequently have been reversed. Additionally, an employee has resigned, forfeiting their FY24 performance rights, which have subsequently been reversed.

Note 14. Share-based payments (continued)

The \$ value of shares remains constant with the number of shares being variable.

For the performance rights granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
01/07/2021	31/08/2022	\$0.400	90.00%	-	0.06%	\$0.400
01/07/2021	30/06/2024	\$0.400	90.00%	-	0.20%	\$0.350

There are service period and non-market conditions attached to the performance rights granted, which require reaching trading EBITDA targets in the respective periods. The performance rights expiring on 30/06/2023 have been forfeited due to performance hurdle not being met. Management has assessed the probability of FY24 performance rights targets being reached as 90% as at 31 December 2022.

Note 15. Business combinations

Hampers & Gifts Australia

Contingent consideration

The contractual contingent consideration arrangement requires the group to pay the former owners of HGA (the **Vendors**) a base earnout consideration of \$10.0 million (50% cash and 50% shares) subject to HGA achieving no less than \$10.0 million EBITDA for the financial year ending 30 June 2023 (**Earnout Period**). However, in addition to the base earnout amount, the Vendors will be entitled to an additional \$1.0 million for every increase of \$1.0 million in EBITDA (up to a maximum of an additional \$5.0 million) during the Earnout Period in the same portions of cash and shares. For example, if HGA achieves no less than \$14.5 million in EBITDA for the Earnout Period, then the total earnout amount will be \$14.0 million and if HGA achieves no less than \$17.0 million in EBITDA for the Earnout Period, then the total earnout will be \$15.0 million.

The potential undiscounted amount payable under the agreement is between \$0 for EBITDA less than \$10.0 million for the Earnout Period and \$15.0 million for EBITDA above \$15.0 million. As at 30 June 2022, the fair value of the contingent consideration of \$14.0 million was estimated by calculating the expected trading EBITDA to be achieved.

As at 31 December 2022, there was a decrease of \$4.0 million recognised in other gains in profit or loss for the contingent consideration arrangement as the assumed probability-adjusted EBITDA for HGA was recalculated to be no more than the base earnout of \$10.0 million. The current liability is presented within contingent consideration in the balance sheet.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Reg Weine
Non-Executive

23 February 2023



Independent auditor's review report to the members of Maggie Beer Holdings Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Maggie Beer Holdings Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Maggie Beer Holdings Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.



Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers

Brad Peake

Brad Peake
Partner

Melbourne
23 February 2023