

ASX Announcement

Maggie Beer Holdings Limited

(ASX:MBH)

30 March 2021

Maggie Beer Holdings to acquire 100% of The Hamper Emporium and Gifts Australia businesses and announces Capital Raising

Highlights

- Maggie Beer Holdings (**MBH**) to acquire 100% of The Hamper Emporium and Gifts Australia businesses, through the acquisition of Hampers & Gifts Australia Pty Ltd (**HGA**)
- These are leading e-commerce gourmet hamper and gift businesses with strong underlying financial attributes: FY21F Revenue of approximately \$36.4 million and EBITDA of approximately \$9.07 million
- The acquisition fits strategically into MBH's e-commerce and digital transformation strategy
- Immediately EPS accretive
- Synergies and growth initiatives expected to deliver strong EBITDA growth in FY22
- Acquisition price of \$40 million plus Earnout
 - Initial Price 50% cash and 50% MBH shares (under a 2-year escrow)
 - Earnout subject to the HGA businesses achieving a combined \$10m EBITDA in FY23
- Acquisition funding to be secured through a \$30 million capital raising consisting of a Placement and Accelerated Non-Renounceable Entitlement Offer (**Capital Raising**)
- All Directors and CEO intend to participate in the Capital Raising¹
- Certain elements of the acquisition will be subject to shareholder approval to occur post the completion of the Capital Raising

Detail

Maggie Beer Holdings Limited (**MBH** or **the Company**) is pleased to announce that it has signed a conditional agreement to purchase 100% of the shares in Hampers & Gifts Australia Pty Ltd (**HGA**) (**Acquisition**).

Maggie Beer Products e-commerce business grew 167% in H1 FY21 compared to H1 FY20 and MBH has a clearly defined e-commerce and digital transformation strategy that includes the following elements:

- Create a substantial e-commerce and direct to consumer business to give MBH a stronger direct relationship with its customers

¹ Subject to shareholder approval in respect of the Chair's participation

- Continue to build the MBH Group's digital marketing expertise and digital marketing plan to increase its e-commerce presence & better utilise Maggie Beer Products' 60k Food Club members, 285k Instagram, 115k Facebook followers & 2.1m p.a. website visits
- Relocate its hamper distribution to an east coast location, to allow faster delivery times and same day delivery options
- Utilise the approximately 6m viewers of the "Cooking with Maggie" series
- Develop new hamper products and hamper ranges, utilising own and 3rd party products to create year-round and more occasion-based offers

MBH believes that the Acquisition dovetails perfectly into this strategy.

MBH CEO Chantale Millard said: "it is a key strategy of the MBH Group to grow its e-commerce and direct to consumer business. This exciting opportunity will allow us to do this whilst partnering with a fantastic e-commerce hamper and gifting business, which has an amazing team and is very profitable and cash generating. It will help us transform the MBH Group and move it to its next level of growth."

Emily Mc Waters, Founder and Creative Director said: "I am so pleased to continue in my role in the business as it moves into its next exciting phase of growth with Maggie Beer Holdings. There is significant mutual benefit across the two businesses, and we look forward to working with Chantale and the team to create an even better customer experience. Maggie Beer is a premium iconic Australian gourmet brand that will only further enhance our offering of affordable luxury. I grew up in South Australia and live on Kangaroo Island, and so a partnership with an iconic South Australian brand such as Maggie Beer could not be more perfect."

About The Hamper Emporium and Gifts Australia

With a strong management team led by Amy McWaters (CEO HGA), The Hamper Emporium and Gifts Australia are leading e-commerce gourmet hamper and gift businesses, respectively, both with strong underlying financial attributes. Founded in 2014 and wholly owned by Emily McWaters and David Morgan, the businesses have become one of Australia's leading online hamper, gifts and experience retailers. Following a restructure being undertaken by Emily and David as part of the Acquisition, HGA will consist of two business units:

The Hamper Emporium

- Providing premium quality hampers at an affordable price, utilising a combination of own-brand and high margin third party brands and products
- Customers include corporates and consumers, who typically arrive at the website with the intent of purchasing a hamper (high conversion)
- >125,000 hampers sold in FY20 and on track to sell > 250,000 in FY21

Gifts Australia

- Providing products designed to be affordable, with gifts across different price ranges that appeal to specific customer groupings based on demographics, special occasions, and calendar events
- Primarily individual consumers
- >64,000 items sold in FY20

The HGA businesses have strong underlying financial attributes and cash generation:

- Projected FY21 Revenue of approximately \$36.4 million and EBITDA approximately \$9.07 million
- Revenue 4-year CAGR of approximately 43%
- EBITDA 4-year CAGR of approximately 63%

Acquisition Rationale & Levers for Growth beyond FY21

MBH believes the Acquisition will be highly complementary to the MBH business and brings material skills, expertise and business opportunities. Specifically, MBH has identified the following key aspects of the Acquisition that will be attractive to investors:

- Well established high growth, high margin business with strong cash generation
- Market leading direct to consumer (**DTC**) platform with combined active customers >100k
- Creates a large scale premium branded DTC business that leverages and strengthens the core Maggie Beer Products business
- Highly capable management team with strong e-commerce and digital marketing experience who will be retained by the business
- Strong alignment from vendors to the future growth of the combined business through employment, scrip and escrow
- Distribution platform is highly complementary with existing MBP business - synergy opportunity from products & operations

MBH believes that the Acquisition creates a significant opportunity for the combined businesses to continue to grow and MBH Non-Executive Director Maggie Beer said: “the most exciting thing for me is that ability to have a direct link to our customer, that online sales provide. We can learn so much about each other! Hampers & Gifts Australia is the perfect business for us to partner with to do this.”

Acquisition Summary

MBH has designed the Acquisition structure and price to reflect alignment of the HGA vendors and business with the objectives of the MBH strategy. As such the details are:

- A headline \$40 million purchase price that is to be paid as follows:
 - \$20 million of the purchase price as cash at completion
 - \$20 million of the purchase price as ordinary, fully paid shares in MBH issued at \$0.35 per share
 - Scrip consideration subject to escrow restrictions (50% until after FY22 and 50% until after FY23)
- An Earnout of \$10 million will be paid subject to the HGA businesses achieving no less than \$10 million in EBITDA for the financial year ending 30 June 2023 (**Earnout Period**) (**Base Earnout Amount**) as follows:
 - 50% of that portion to be paid as cash; and
 - 50% of that portion to be provided as shares in MBH (with the number of shares to be issued determined using the higher of the 20-trading day VWAP immediately prior to 30 June 2023 and the \$0.35 Capital Raise price)

Note: in addition to the Base Earnout Amount, the vendors will be entitled to an additional \$1 million for every increase of \$1 million in EBITDA of the HGA business (up to a maximum of an additional \$5 million) over and above the Base Earnout Amount during the Earnout Period in the same portions of cash and shares and in accordance with the same terms as the Base Earnout Amount

Financial Overview

- The combined MBH and HGA business is expected to generate revenue in excess of \$85 million p.a.
- Immediately EPS accretive
- Synergies and growth initiatives expected to deliver strong EBITDA growth in FY22

Amy McWaters HGA CEO said: “from our dispatch operations in Sydney, we can't wait to make it even easier for households Australia-wide to enjoy iconic Maggie Beer products in their homes, whether that be for gifting or personal use. Having spent time with Chantale and her team, there is a clear alignment in company culture and drive for continued improvement and growth.”.

Capital Raising Summary

MBH is undertaking a capital raising to fund the cash component of the Acquisition as well as provide sufficient cash for working capital purposes and the costs of the Acquisition. Key components of the capital raising are as follows:

- A capital raise to raise gross proceeds of \$30 million at \$0.35 per share through:
 - A Placement of \$10.9 million (under MBH LR 7.1 capacity less any Director participation)
 - A pro-rata (1 new share for every 3.8 existing fully paid ordinary shares held in MBH), accelerated, non-renounceable entitlement offer comprising an Institutional Entitlement Offer and a Retail Entitlement Offer (**Entitlement Offer**) to raise approximately \$19.1 million, which is intended to be fully underwritten
- Any Earnout consideration, to the extent paid, is intended to be funded from operating cash flow
- All MBH Directors who are shareholders intend to participate in the Entitlement Offer
- Chairman and CEO intend to participate in the Placement (subject to shareholder approval in respect of the Chairman)

A key element of the Capital Raising is that it is not conditional on shareholders approving the particular elements (as set out below) of the Acquisition.

Shareholders Meeting

Particular elements of the transaction are required to be approved by shareholders at a MBH general meeting which is expected to be held on Thursday 13 May 2021. Resolutions for this meeting are intended to include:

- Approval of the shares to be issued as part consideration for the Acquisition
- Directors' participation in the Capital Raising

- Ratification of the issue of shares under the Capital Raising to refresh MBH's placement capacity

All Directors, who account for approximately 8.6% (on a pre Capital Raising basis) intend to vote in favour of all resolutions at the meeting (unless they are specifically excluded from being able to vote).

Indicative Timetable

Set out below is an indicative timetable for the completion of the Acquisition and the Capital Raising.

Item	Timetable
Trading Halt	Tuesday, 30 March 2021
Transaction announced	Tuesday, 30 March 2021
ANREO announced	Tuesday, 30 March 2021
Institutional entitlement offer opens	Tuesday, 30 March 2021
Trading halt lifted	Thursday, 1 April 2021
Record date	Thursday, 1 April 2021
Dispatch of retail entitlement offer materials	Thursday, 8 April 2021
Retail entitlement offer closes	Monday, 19 April 2021
Extraordinary general meeting (EGM)	Thursday, 13 May 2021
Completion under SPA	Friday, 14 May 2021

Chantale Millard CEO said: "we are looking forward to completing the transaction over the coming weeks and creating greater shareholder value in the MBH Group."

-Ends

Authorised by the Board

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