

ASX Announcement

Maggie Beer Holdings Limited (ASX:MBH)

19 August 2021

2021 FULL YEAR RESULTS (FY21)

Maggie Beer Holdings Ltd (**MBH** or the **Company**) is pleased to announce its results for the 12 months ended 30 June 2021 (**FY21**), a year in which MBH reaped the benefits of its turnaround and e-commerce strategy.

Key FY21 highlights (compared to FY20):

- Net sales up 18.8% to \$52.9 million
- Trading EBITDA up 177% to \$3.1 million
- Positive net profit after tax of \$1.9 million (FY20: net loss after tax of \$14.8 million)
- Successful acquisition of the highly complementary premium e-commerce business Hampers & Gifts Australia (HGA) completed on 21 May 2021
- Pro-forma* FY21 combined results of MBH and HGA - \$86.7 million net sales and \$12 million trading EBITDA
- HGA's integration into the group successfully completed with benefits already being realised & Maggie Beer Products (MBP) range now included in HGA's hampers
- All businesses in the group recorded revenue growth in FY21. Maggie Beer Products was the strongest driver of growth while St David Dairy continued to perform solidly and the turnaround at Paris Creek Farms is gaining traction
- Strong balance sheet with \$13.5 million cash at 30 June 2021 and \$3 million in undrawn debt facilities
- We will continue to review our asset portfolio to maximise shareholder value

Strong growth expected in FY22:

- FY22 starting strongly with HGA's net sales up 36% in July 2021 vs July 2020 and MBP's e-commerce net sales up 90% in July 2021 vs July 2020
- We expect to deliver group revenue of \$100m in FY22, with a trading EBITDA of between \$13.5-\$15.5m, subject to any unforeseeable changes in the economic outlook created by COVID-19

Commenting on MBH's performance, CEO & MD Chantale Millard said:

"FY21 saw all of the MBH's businesses perform well, with strong growth across the group. With the successful integration of Hampers & Gifts Australia complete, we now have a large premium e-commerce business that can be quickly scaled at the same time as we grow our retail grocery business"

A strong set of numbers despite COVID-19 impacts

The COVID-19 pandemic continued to cause disruption with lockdowns impacting all four businesses to varying degrees. Pleasingly the group continued to perform well and showed resilience through its diversification – channels, customers, and brands – continuing to grow despite COVID-19 related headwinds.

Net sales were up 18.8% to \$52.9 million, with continued growth from all businesses and the inclusion of HGA (from 21 May 2021). Pleasingly, the growth trajectory has continued post acquisition, with group sales increasing by 62% in July 2021 compared to July 2020. Growth is expected to accelerate in Q2 FY22 in line with the seasonality of HGA and MBP's e-commerce and retail businesses and the launch of new products in August and September 2021.

The Company achieved a positive net profit after tax of \$1.9 million (FY20: net loss of \$14.8 million), reflecting the underlying strength of MBH's premium brands, diversified business model, tight cost control and focus on continuous improvement and innovation.

Strong balance sheet and positive cashflow

MBH has a strong balance sheet with \$13.5 million cash at 30 June 2021, and an undrawn debtor finance facility of \$3 million.

With continued growth from all businesses, in particular MBP's retail grocery and e-commerce business positive operating cashflow of \$1.5 million was generated in FY21, a \$1.7 million turnaround on FY20's cash outflow of \$(0.2) million. This positive result also includes the one-off acquisition costs for the purchase of HGA and some large working capital payments for HGA as it starts building inventory ahead of the Christmas trading peak period

Successful acquisition and integration of Hampers & Gifts Australia fast tracks MBH's direct to consumer and e-commerce growth

The purchase of the highly complementary premium e-commerce business, HGA, was completed on 21 May 2021. HGA is an impressive business, led by a highly capable team, with a market leading position, high gross margins, strong cash generation and excellent EBITDA contribution. The acquisition has fast tracked MBH's key strategic goals of growing its direct to consumer and e-commerce business and diversifying revenue beyond the retail grocery, export and food service sectors.

On a full year basis, HGA's net sales were up 98% to \$36.0 million, with Q4 FY21 net sales up 26% on Q4 FY20. Growth has continued into July 2021 with net sales increasing by 36% over July 2020 highlighting the new base and upside in the business.

HGA will be launching its new Christmas hamper range and revamped 'everyday' hamper range in September 2021, containing approximately 10 of MBP's products. The hampers will also include new products developed between MBP and HGA which are exclusive to the HGA and MBP hamper range.

The marketing teams of HGA and MBP have been fully integrated, with HGA managing the digital marketing for MBP since 1 July 2021; this collaboration has already achieved great results with further benefits expected. The MBP e-commerce business was relocated to Sydney in July, to enable better customer service and improved delivery times and HGA implemented its new ERP system in July, which will provide better financial reporting and operational insights to the group.

HGA's inhouse digital marketing expertise, e-commerce, logistics and customer value proposition, combined with MBP's operational expertise and premium food range, provide the platform for the ongoing growth of the group's e-commerce businesses.

Maggie Beer Products continued to deliver strong results

Net sales grew by 23% to \$25.6 million (FY20: \$20.8 million) driven by the launch of new products, growth in its core retail grocery range and a continued focus on growing its e-commerce business. The MBP cheese range was the best performing category with 50% growth on FY20. The core portfolio of products including cooking stocks, fruit paste and pate continued to achieve solid year on year growth.

The launch of MBP's new e-commerce platform in early November 2020 gave consumers an enhanced and much improved shopping experience, contributing to online sales increasing 103% in FY21 compared to FY20.

Tight expense control continued to be a focus of the management team throughout the year, with total expenses as a percentage of net sales reducing by a further 2.3 points to 30.2% in FY21 (FY20: 32.5%). While focusing on the business's cost base, management has also been concentrating on keeping up with consumer trends by developing innovative new products including a range of 100% natural Finishing Sauces and Bone Broths launching nationally in August 2021.

Trading EBITDA was up 22.6% to \$3.9 million (FY20: \$3.2 million).

Paris Creek Farms' (PCF) turnaround progressing well

Net sales (excluding intercompany) grew 3.5% to \$16.1 million (FY20: \$15.5 million). Sales growth was impacted by PCF's private label business review in Q4 FY21 and it electing to no longer pursue unprofitable white milk arrangements. This has also impacted factory overheads in the short term but will see the business in a stronger position in the medium term as sales from branded products grow.

FY21 gross profit was up 9% to \$7.6 million (FY20: \$6.9 million), with gross margin improving by 3.7 percentage points to 47%, reflecting further refinement of its cost base and the sale of a more profitable mix of products.

Overall, PCF's FY21 trading EBITDA was \$0.6 million higher than FY20, narrowing the loss to \$(0.3) million. Further refinements to its cost base, marketing plan and improving sales and product mix, are expected to underpin further growth, and a return to a sustained positive trading EBITDA.

We are progressing well with the ongoing strategic review of the business with a focus on returning the business to profitability and increasing returns for shareholders.

St David Dairy's (SDD) net sales up 10%, despite COVID-19 impacts

SDD has continued to be resilient in the face of the on-going COVID-19 related restrictions and lockdowns throughout the year in Melbourne. The business continued to diversify its mix of customers with revenue from the speciality retail sector now comprising 25% of sales.

Despite the restrictions and lockdowns, net sales grew by 9.9% to \$9.0 million (FY20: \$8.2 million), with the number of ordering customers up 17% from FY20. Milk sales performed strongly, up 4%, and continued to be the largest product category at 67% of total net sales (FY20: 67%). Plant-based milk sales continued to gain momentum, now making up 7% of total net sales (FY20: 4%).

SDD generated a positive trading EBITDA of \$0.9 million (FY20: \$1.1 million), with the decrease mainly due to the loss on raw milk 'swap' sales. With new supplier arrangements in FY22 there will be no loss on raw milk sales in FY22. Costs have improved and the new truck fleet is continuing to deliver savings, with transport costs being 46% lower than FY20. Labour costs were impacted by COVID-19 but have now stabilised and finished 0.7 points less than FY20 as a percentage of sales.

The future is bright

MBH has a clear path to sustained earnings and revenue growth, with four premium brands that remain on-trend and continue to resonate with Australian and international consumers. Following the purchase of HGA, MBH has a large e-commerce business that will accelerate growth, while leveraging its manufacturing operations and premium brands, to its expanded consumer base.

The group has ambitious growth plans with a clear strategy to achieve sustained double-digit growth in net sales and earnings with four key initiatives:

- Growing our e-commerce business with the combined fire power of HGA and MBP
- Increased ranging in Australian and export markets for its core MBP range
- New product development and product launches
- Upweighted investment in marketing and advertising to increase brand awareness, improve conversion and build loyalty

CEO, Chantale Millard said: "We are looking forward to FY22, with exciting growth prospects for Maggie Beer Holdings combined e-commerce and retail grocery businesses, as we push towards \$100 million in revenue over the next 12 months."

**The pro-forma FY21 combined results includes pre-acquisition results for HGA. The pre-acquisition results for HGA are unaudited.*

Conference call details

A briefing for analysts and investors will be held by CEO and Managing Director, Chantale Millard and CFO, Eddie Woods on **Thursday 19 August 2021 at 11.15 am** (AEST).

An accompanying presentation will be made available via the ASX announcement platform prior to the call.

Details of the call are as follows:

<https://zoom.us/j/95731912939?pwd=VDVOYXpuVjRWaUxaRVVLCnBjSm9Sdz09>

Meeting ID: 957 3191 2939

Passcode: 12345

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Authorised for release by the Board

For enquiries please contact:

Chantale Millard, Chief Executive Officer and Managing Director +61 3 8539 4875